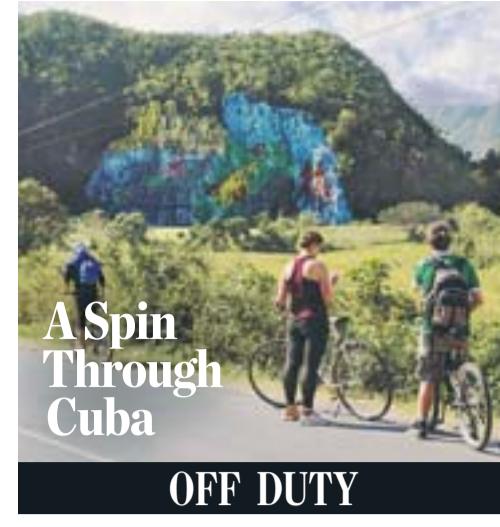


The Key to Success?
Doing Less

REVIEW

THE WALL STREET JOURNAL. WSJ



A Spin
Through
Cuba

OFF DUTY

VOL. CCLXXI NO. 11

WEEKEND

★★★★ \$5.00

DOW JONES | News Corp

SATURDAY/SUNDAY, JANUARY 13 - 14, 2018

WSJ.com

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World-Wide

The Trump administration vowed to pull out of the Iran nuclear deal unless there are substantial changes and imposed separate sanctions on Tehran. A1

◆ **A Trump lawyer arranged in 2016 to pay a former adult-film star in return for her silence about an alleged sexual encounter with Trump.** A1

◆ **Prospects dimmed for a "Dreamers" deal and the odds of a government shutdown appeared to be growing.** A4

◆ **Merkel's party and the rival SPD agreed on the broad lines of a renewed German governing alliance.** A6

◆ **China reported a record annual trade surplus with the U.S. for last year.** A7

◆ **Saudi Arabia is assuming supervisory control of Saudi Binladin Group.** A9

◆ **The current flu season is one of the worst in nearly a decade, the CDC said.** A3

◆ **Kentucky won approval for a plan to mandate Medicaid work requirements.** A4

Business & Finance

◆ **JPMorgan and Wells Fargo reported results that were roiled by the tax overhaul but forecast the changes will bolster future profits.** A1

◆ **Digital publishers are reckoning with the potential impact of Facebook's planned changes to its news feed.** B1

◆ **Pickens is closing the energy-focused hedge fund he has run for two decades.** B1

◆ **Stocks capped the week with records. The Dow rose 228.46 points to 25803.19.** B12

◆ **Consumer prices posted a modest rise for December, while retail sales grew.** A2

◆ **Visa will stop requiring customers' signatures for card transactions.** B1

◆ **Facebook COO Sandberg and Twitter CEO Dorsey are leaving Disney's board.** B4

◆ **Wal-Mart Stores is planning to cut more than 1,000 corporate jobs.** B3

◆ **BlackRock took in a record \$367.3 billion in 2017, as assets topped \$6 trillion.** B10

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Trump, Oprah
And the Art
Of Deflection

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In Saudi Arabia, Women Sports Fans Show Their True Colors



SCORE! Fans wore green and white to show their support for Al-Ahli, a local soccer team in Jeddah, Saudi Arabia, on Friday. The kingdom, which has moved to relax some social restrictions, for the first time allowed women to attend a professional soccer match. A9

U.S. Warns Over Iran Deal

The Trump administration vowed on Friday to pull out of the landmark 2015 Iran nuclear accord without substant-

new actions not directly related to Iran's nuclear program meant to pressure Tehran over ongoing missile tests and a recent crackdown on Iranian protesters. After waiving penalties against Tehran on Friday, Mr. Trump next faces such a decision in May.

"I have outlined two possible paths forward," Mr. Trump said in a statement. "Either fix the deal's disastrous flaws, or the United States will withdraw."

While Mr. Trump says the 2015 deal gives Iran too much

in sanctions relief for too few curbs on its nuclear program, European leaders have pushed back against major revisions. That, they fear, could give Tehran an excuse to walk away from the deal entirely, accelerating Iran's path to a nuclear weapon.

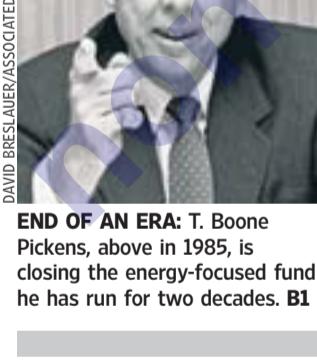
The EU's foreign service unit on Friday said the bloc would discuss Mr. Trump's announcement. "We remain committed to the continued full and effective implementation" of the Iranian nuclear accord,

a spokeswoman said.

Javad Zarif, Iran's foreign minister, said in a Twitter message after Mr. Trump's announcement that the administration's Iran policy amounts "to desperate attempts to undermine a solid multilateral agreement, maliciously violating" its terms. The deal "is not renegotiable: Rather than repeating tired rhetoric, U.S. must bring itself into full compliance—just like Iran," he tweeted.

Please see IRAN page A9

Famous Oilman Calls It Quits



END OF AN ERA: T. Boone Pickens, above in 1985, is closing the energy-focused fund he has run for two decades. B1

Trump Lawyer Paid Porn Star

Payment was arranged in 2016 for actress's silence on alleged sexual encounter with Trump

By MICHAEL ROTHFIELD
AND JOE PALAZZOLO

A lawyer for President Donald Trump arranged a \$130,000 payment to a former adult-film star a month before the 2016 election as part of an agreement that precluded her from publicly discussing an alleged sexual encounter with Mr. Trump, according to peo-

ple familiar with the matter.

Michael Cohen, who spent nearly a decade as a top attorney at the Trump Organization, arranged payment to the woman, Stephanie Clifford, in October 2016 after her lawyer negotiated the nondisclosure agreement with Mr. Cohen, these people said.

Ms. Clifford, whose stage name is Stormy Daniels, has privately alleged the encounter with Mr. Trump took place after they met at a July 2006 celebrity golf tournament on the shore of Lake Tahoe, these people said. Mr. Trump married Melania Trump in 2005.

Mr. Trump faced other allegations during his campaign of inappropriate behavior with women, and vehemently denied them. In this matter, there is no allegation of a non-consensual interaction.

"These are old, recycled reports, which were published and strongly denied prior to the election," a White House official said, responding to the allegation of a sexual encounter involving Mr. Trump and Ms. Clifford. The official declined to respond to questions about an agreement with Ms. Clifford. It isn't known

Please see TRUMP page A4

An Opera Lost Its Soprano— It Had 36 Hours to Find Another

* * *
'Rigoletto' diva's illness was do-or-die opportunity for a fill-in from Madrid

By GEORGI KANTCHEV

Singer Sabina Puertolas was buying groceries in Madrid when her agent called with a question. Would she like to perform one of opera's most prestigious roles on a world-famous stage?

Yes, she said, of course, when?

Tomorrow, the agent replied, with Ms. Puertolas as Gilda in a production of Giuseppe Verdi's "Rigoletto" at the Royal Opera House in London, one of the company's biggest, most popular titles.

Last week's sudden illness of the diva originally cast as the heroine confronted the

Royal Opera with a crisis every director dreads. How do you find a really good soprano on short notice who already knows the music and can quickly figure out the rest?

A continentwide scramble resulted in Ms. Puertolas racing to London to appear with a co-star she had never met on a set she had never seen. All before an audience of more than 2,000 who had paid as much as £185 (\$250) to see someone else.

Seated in the balcony, opera aficionado John Darlington had his doubts as soon as he heard the announcement of a replacement.

Please see OPERA page A9

BOSTON—Gabriel Krause-Grosman, 12 years old, spent family dinners for the greater part of a year on a smartphone offensive. He hounded. He pleaded. All his friends had one, he prodded. Yet his parents stood firm.

"Who the hell would give a junior-high schoolchild a gaming platform to walk through the world with?" said Ellen Krause-Grosman, his mother. "It feels a little like trying to teach your kid how to use cocaine, but in a balanced way."

She and her husband worried if they could shield their son from addictive video-

Please see PHONE page A10

◆ Facebook's planned changes put publishers on edge..... B1

By BETSY MORRIS

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Please see PHONE page A10

◆ Facebook's planned changes put publishers on edge..... B1

Parents' Dilemma: When to Give the Children Smartphones

Families in a tug of war with tech companies over time and attention



Gabriel Krause-Grosman, of Boston, works Snapchat.

Banks Upbeat As Taxes Muddy Earnings

BY EMILY GLAZER
AND PETER RUDEGEAIR

JPMorgan Chase & Co. and Wells Fargo & Co. posted fourth-quarter earnings that were roiled by the recent tax overhaul but forecast the changes will bolster future profits and stoke the broader U.S. economy.

JPMorgan, the biggest U.S. bank by assets, said a \$2.4 billion charge related to the tax law caused its profit to fall 37% from a year earlier to \$4.23 billion. Even so, Chief Executive James Dimon said the tax law enacted late last year was "a big, significant positive and much of it will fall to our bottom line in 2018 and beyond."

Other big banks, including Citigroup Inc. and Goldman Sachs Group Inc., have said the tax law will result in billions of dollars in one-time charges when they report fourth-quarter results next week. They, too, have said those hits will give way to substantial long-term gains.

That bodes well for banks, coming at a time when the economy is showing strength, unemployment remains low and interest rates are inching higher.

"The backdrop is set up well for these banks: higher Please see BANKS page A2

◆ Heard on the Street: Bank on JPMorgan, not Wells..... B12

Taxing Time

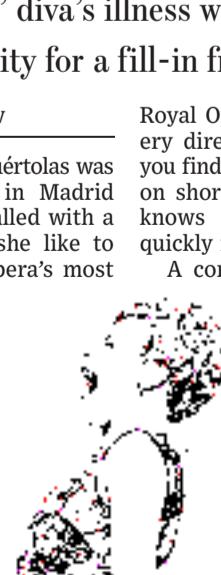
Gains and losses related to the tax overhaul had a mixed impact on results at JPMorgan and Wells Fargo.

■ Reported ■ Adjusted

Net income, in billions	
JPMorgan Chase	\$4.2
Wells Fargo	\$6.2
	\$2.9

Note: Data are reported figures excluding impact of tax-related gains and charges. Source: the companies

THE WALL STREET JOURNAL.



Sabina Puertolas

Inside

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U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

Pay It Back: Postholiday Blues for Retailers



Retailers score big over the holidays. But in late December and January, when disputes over purchases spike, it's time for payback.

According to one analysis, U.S. merchants and credit-card issuers can expect to see \$980 million in disputed charges reversed in consumers' favor for this past holiday season.

The volume of these post-holiday chargebacks is 25% to 35% higher compared with other times of the year, according to Aite Group, a research firm focused on the financial-services industry, which also estimated the chargeback total.

Several factors contribute to the bump:

The disputes rise proportionately as holiday spending increases. Online retailers, eager to cash in on the buying bonanza, relax security rules for approving transactions. And scam artists, using stolen card numbers, take advantage of the opportunities, leading to even more disputes.

Also playing a role is so-called friendly fraud, when consumers make online purchases with their own cards and then, after receiving the goods or services, request chargebacks without returning the merchandise.

Less than 1% of transactions result in chargebacks, but given that payment-card purchases—which include credit, debit and prepaid

cards—exceed \$5 trillion annually, they quickly add up. Aite estimated that U.S. chargebacks totaled \$5.6 billion in 2017, or 0.1% of transactions, down from \$5.8 billion the previous year.

As many as five parties are involved in a chargeback, including the cardholder, card issuer, card network, merchant processor and merchant.

Card issuers are typically banks. The networks are Visa, Mastercard, American Express and Discover. And the processors, or acquirers, are banks that handle card transactions for retailers.

A chargeback occurs when a card issuer or retailer pays back a cardholder for a disputed transaction. When the issuer and retailer disagree over who is liable for the charge, the network decides.

Often, the retailer is left holding the bag. A recent study by economists Fumiko Hayashi and Richard J. Sullivan and risk specialist Zach Markiewicz of the Federal Reserve Bank of Kansas City found that 70% to 80% of chargebacks resulted in a loss to merchants.

The data—a sample that may not be representative of all transactions—included 20% of signature-based (non-PIN) transactions in the U.S. from Oct. 1, 2013, to Sept. 30, 2014.

Fraud was the most common explanation for the chargebacks, accounting for



DANIEL ACKER/BLOOMBERG NEWS

Disputes between consumers and credit-card issuers and merchants rise as holiday spending increases.

40% to 50% of disputes.

Aite puts the total even higher, attributing 60% to 70% of chargebacks to fraud, often in transactions when a consumer doesn't physically present a card (as with online shopping).

"We estimate that for card-not-present fraud losses, we're looking at around \$3.3 billion for calendar-year 2017," said Julie Conroy, the research director for Aite's banking and payments practice.

Other reasons consumers give for seeking chargebacks include: The purchased goods or services were never deliv-

ered; the product quality was inferior; the charge was for a subscription or service that had been canceled; or they didn't recognize the purchase.

If a charge is disputed in error, perhaps because the vendor name appearing on the billing statement is unfamiliar, a chargeback won't be issued.

"Retail Brand Alliance is a classic example," said Craig Shearman, a spokesman for the National Retail Federation. "Cardholders don't recognize that name on their credit-card bill, but they certainly have heard of Brooks Brothers, and that's who Re-

tail Brand Alliance is."

To identify suspicious online transactions, retailers use fraud filters to spot inconsistencies in billing and shipping information, unusual purchases and other red flags.

Relaxing the settings over the holidays contributes to the subsequent surge in chargebacks, but businesses loosen the controls with a combination of good intentions and self-interest.

At any time of the year, a portion of legitimate credit-card transactions are erroneously declined, sometimes because

the transaction occurs at a location outside a consumer's normal orbit or the purchase doesn't fit with established shopping patterns. But during the free-spending holidays, merchants hope to avoid false declines.

"In 2017 in the U.S. market alone, there were \$303 million of false declines on payment-card transactions," Ms. Conroy said. "That's why retailers like to loosen up controls at the holiday season. They want to make sure they're not tripping up good consumers to maximize the revenue they can get through the funnel."

The relaxed settings are invisible to consumers, but criminals are aware of the practice—and merchants know that, as well.

"A lot of merchants I talk to, especially larger and more sophisticated ones, are more concerned about losing revenue for false declines than they are about talking on more fraud," Ms. Conroy said.

Still, chargebacks are a serious enough issue that an entire industry—including companies such as Verifi and Accertify—is dedicated to reducing and resolving them.

"Chargebacks are the bane of merchants," said Susan Herbst-Murphy, a consumer-credit and payments-industry expert at the Federal Reserve Bank of Philadelphia. "Can they be misused? They can. But every silver lining has its cloud."

Prices Data Bolster Inflation View

BY BEN LEUBSDORF
AND NICK TIMIRAO

A modest rise in consumer prices in December and solid growth in retail sales bolstered expectations that inflation is firming after a long run of softness and that U.S. economic growth ended 2017 on a robust note.

Forecasters on Friday raised their expectations for fourth-quarter growth after the Commerce Department reported sales at U.S. retailers, restaurants and websites rose a seasonally adjusted 0.4% in December from the prior month.

Macroeconomic Advisers estimated a 2.7% annual growth rate for gross domestic product in the final three months of 2017, up from its

2.3% estimate as of Thursday.

Forecasters also saw signs of inflation picking up after the Labor Department reported stronger-than-expected growth last month in core prices, which exclude often-volatile food and energy. The consumer-price index rose just 0.1% from November, but core prices jumped 0.3%, the most in 11 months.

"We've been seeing stronger gains in core inflation, and I think there are good reasons to expect core inflation will be stronger this year as well," said Michael Pearce, senior U.S. economist at Capital Economics.

U.S. inflation has been largely subdued for the past half-decade, perplexing Federal Reserve officials who predicted bigger wage and price

increases as the supply of labor and other economic resources became more scarce.

Many central bankers say inflation is finally poised to strengthen a bit.

Investors, too, appear to be anticipating higher inflation. The yield on the benchmark 10-year U.S. Treasury note closed above 2.5% this past week for the first time since March. The 10-year breakeven inflation rate, derived from Treasury inflation-protected securities, has climbed since November.

Friday's report on consumer prices offered the latest evidence to support the Fed's view that decelerating price pressures last spring would prove transitory.

On a six-month annualized basis, core consumer prices

rose 2.2% in December, up from a 0.9% gain in July and the strongest such increase since declines in prices for wireless-phone plans last March and prescription-drugs in April led to a string of soft inflation readings.

At their latest meeting in December, Fed officials revised up their forecasts for economic growth this year and lowered their forecast for the unemployment rate.

But they didn't change their projections for gradually raising interest rates, citing in part restrained inflation pressures.

Friday's Labor Department report didn't show a broad breakout for inflation. A 0.4% rise in shelter costs from the prior month accounted for much of December's uptick.

positive for economic growth," Wells Fargo CEO Tim Sloan said on an analyst call.

JPMorgan's Mr. Dimon also was optimistic, noting the bank expects to have roughly \$3.6 billion in additional net income as a result of the tax overhaul.

He cautioned that there are uncertainties ahead since many of the business-tax changes will require new regulations from the Treasury Department, and that has yet to happen. But the bank has ideas on how it can use the windfall.

JPMorgan finance chief Marianne Lake said the bank plans to "continue to lean into" investment opportunities such as its own bankers and offices, potential global expansion, digital capabilities and payments. JPMorgan's strategy on dividend increases and its repurchase programs "might be a bigger dollar number," too, she said.

More broadly, Ms. Lake said she expects small business and commercial banking will have new catalysts for spending because of the tax overhaul. "Already very good credit trends we think will be good for longer," she said.

The new tax code also could prompt greater competition for new business among banks.

"If the economy heats up because of tax reform and everybody's got higher loan growth, then somebody may very well begin to defend their deposit franchise in order to fund it," said John Shrewsbury, Wells Fargo's finance chief.

"There have been millions of employed folks across the country that have gotten pay raises and bonuses and the like and I think that's a net

normal it may become harder to impress the markets," said Mr. James, whose firm's James Balanced: Golden Rainbow Fund owns about \$11.5 million of JPMorgan shares.

For JPMorgan, the one-time charge is related to changes in the value of the bank's deferred tax assets and the need to repatriate profits held overseas. Its corporate and investment bank, in particular, felt the blow.

Wells Fargo and PNC, on the other hand, had net deferred tax liabilities. The changes to the tax code caused them to write down that part of that liability—taxes payable in the future—which resulted in a gain that boosts reported results.

The varied effects of the tax law and the complexity it introduced into earnings masked differences in the underlying performance of JPMorgan and Wells Fargo.

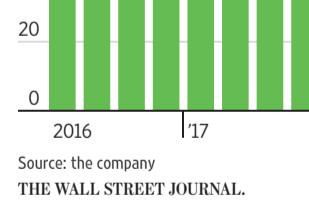
JPMorgan's results were solid, led by a record profit in its commercial bank, which jumped 39% to \$957 million from the year-earlier period. Profit in its consumer and community bank unit rose 11% to \$2.63 billion from the fourth quarter of 2016.

But JPMorgan's corporate and investment banking unit was weighed down by weak trading, slumping 17% to \$3.37 billion after stripping out the tax-overhaul impact. It also was hit with losses as high as \$273 million related to client Steinhoff International Holdings NV, which is dealing with a wide-ranging accounting probe that is expected to also dig into other large banks' results.

"If this becomes the new

Cost of Business

Wells Fargo's efficiency ratio, a measure of costs as a percentage of revenue



Source: the company

THE WALL STREET JOURNAL.

U.S. WATCH

NEW YORK

City Won't Remove Columbus Statue

New York City's Christopher Columbus statue will stay where it is, Mayor Bill de Blasio said.

A commission formed by the mayor to determine what to do with monuments some consider offensive has recommended that the city move just one statue: that of J. Marion Sims, a 19th century doctor who performed gynecological experiments on American slaves.

Instead of removing the Columbus statue, de Blasio administration officials said they would commission a new monument to honor indigenous peoples somewhere in the city.

The mayor's commission drew an angry reaction from some Italian-Americans, who said the statue of Columbus was a positive symbol meant to honor that community's contribution to New York City and the nation. Mr. de Blasio said he was sympathetic to those concerns.

—Mara Gay

WASHINGTON, D.C.

Fight Continues Over Agency's Leadership

An Obama-era official seeking to remove the Trump-appointed interim leader of the Consumer Financial Protection Bureau appealed her case Friday, two days after a federal judge sided with the White House for a second time.

Leandra English, the agency's deputy director, has claimed she is the CFPB's rightful acting director after being chosen by former Director Richard Cordray just before he stepped down.

On Wednesday, a district court denied her motion for a preliminary injunction in her attempt to unseat Mick Mulvaney, named by President Donald Trump in November as the agency's interim chief.

Mr. Mulvaney has effectively controlled the agency since his appointment, making personnel appointments and implementing policy changes. Ms. English serves as the No. 2 official.

—Yuka Hayashi

CORRECTIONS & AMPLIFICATIONS

Chuck Grom, a retail analyst at **Gordon Haskett Research Advisors**, wrote: "The \$300 million of incremental labor expenses in 2018 only represents about 15% of the potential cash windfall we estimate that [Wal-Mart Stores Inc.] could enjoy" from the U.S. tax overhaul. Mr. Grom also expects Wal-Mart will dedicate at least as much to lowering prices and use much of the money to boost dividends and buy back stock. A Page One article Friday about

Wal-Mart's plans to increase wages incorrectly attributed Mr. Grom's remarks to Ray Young, Gordon Haskett Research Advisors' public-relations representative, and it incorrectly said Mr. Young is a retail analyst.

Homeland Security Investigations was misidentified as Homeland Security Investigators in a U.S. News article on Thursday about immigration actions at 7-Eleven stores on Wednesday.

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

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U.S. NEWS



Flu-virus transmission is likely to remain intense for several more weeks. Above, a medical assistant in Seattle administering a flu shot.

Flu Virus Extends Its Reach

Worst season in years prompts calls for vaccinations; full protection elusive

By BETSY MCKAY

The flu is widespread across the entire continental U.S., in one of the worst seasons of the illness in nearly the past decade, the Centers for Disease Control and Prevention said Friday.

The agency urged Americans to take precautions and get flu shots, even though the vaccine might not fully protect them.

Transmission is likely to remain intense for several more weeks, though it is possible that it is at its peak, the agency noted in its latest update Friday. Flu is widespread in 49 states, leaving out only Hawaii.

"The flu season may be peaking now, but we know from past experience that it will take many more weeks for flu activity to truly slow down," said CDC Director Brenda Fitzgerald.

This season is bad because the vast majority of flu cases so far have been caused by a

The Degradation Of the Vaccinations

The relatively low effectiveness of flu vaccines may be in part because of the egg-based system used mostly in the U.S., according to an article in the New England Journal of Medicine.

During that process, the virus makes small changes in a protein that allow it to grow better in eggs. But that change can decrease the vaccine's effectiveness, according to the article, by Anthony Fauci, director of the National Institute of Allergy and Infectious Diseases, and colleagues at the Peter Doherty In-

stitute for Infection and Immunity in Melbourne, Australia.

Health officials watch flu season in the Southern Hemisphere to learn what may be to come as those viruses spread to the Northern Hemisphere for the winter.

Australia was hit hard by the H3N2 virus during its most recent winter, and its vaccine proved to be only 10%-effective. The CDC says the vaccine is likely more effective in the U.S. because more people are vaccinated here and the sample size measured is larger.

"Vaccination is our main tool" to prevent the flu, said Daniel Jernigan, director of the CDC's influenza division.

—Betsy McKay

strain known as H3N2, an influenza A virus dreaded by doctors and public-health officials for the heavy toll it can take on the elderly and children, with more hospitalizations and deaths than usual. The virus also has a penchant for mutating rapidly, making it difficult to protect people.

The rate of hospitalizations

rose last week to 22.7 per

100,000 people, up from 13.7 the week before, the CDC reported. The highest rates were among those 65 years old and older—the population group that is traditionally hardest-hit by the flu. But rates are high and rising also among 50- to 64-year-olds, said Daniel Jernigan, director of the CDC's influenza division.

The hospitalization rate

among children under 5 years old also nearly doubled, he said, and seven more pediatric deaths were reported, bringing the total to 20.

The high rates of flu illness make this season one of the worst since 2009, when a novel form of the H1N1 flu virus caused a pandemic, with tens of millions of cases around the world. Still, this season isn't likely to be as severe in the U.S. as in 2014-15, when an H3N2 virus caused hundreds of thousands of hospitalizations and the vaccine protected poorly against it, Dr. Jernigan said.

"It is looking like our season now seems to be tracking somewhat worse than 2012-13 but perhaps not as bad as 2014-15," he said.

In the flu season that began in 2014, the vaccine was only 13%-effective because in the months that it was being manufactured, the H3N2 virus underwent mutations that made it differ from the virus in the vaccine.

This year, preliminary data suggest the vaccines are likely about 30%-effective against H3N2 and closer to 40% against all viruses that the vaccines include, Dr. Jernigan said.

Army Rips Out Chinese Cameras At Missouri Base

By DAN STRUMPF

The U.S. Army said it removed surveillance cameras made by a Chinese state-backed manufacturer from a domestic military base, while a congressional committee plans to hold a hearing this month into whether small businesses face cybersecurity risks from using the equipment.

Fort Leonard Wood, an Army base in Missouri's Ozarks, replaced five cameras on the base branded and made by Hangzhou Hikvision Digital Technology Co., said Col. Christopher Beck, the base's chief of staff. He said officials at the base acted after reading media reports about the firm.

"We never believed [the cameras] were a security risk. They were always on a closed network," Col. Beck said. The decision to replace the cameras was meant to "remove any negative perception" surrounding them following media reports, he added, without elaborating.

A Wall Street Journal article in November highlighted the prevalence in the U.S. of devices made by Hikvision, the world's largest maker of surveillance cameras, which is 42%-owned by the Chinese government. The Journal reported that some security-system vendors in the U.S. refuse to carry Hikvision cameras or place restrictions on their purchase, concerned they could be used by Beijing to spy on

Americans.

A Hikvision spokeswoman said the company "believes the products it builds and distributes around the world must meet the highest standards of not only quality, but also security. We stand by our products and processes."

Hikvision has repeatedly said its devices are safe and secure. The company hasn't been accused by authorities of using its devices to spy.

A Defense Department spokesman said the Hikvision cameras at Fort Leonard Wood weren't connected to the military network. He said the department is conducting a review of all network-connected cameras on the base to ensure they are "in compliance with all security updates." The spokesman declined to comment on whether Hikvision cameras are in use at other military facilities.

In another move highlighting concern over Hikvision's cameras, the chairman of a U.S. House committee said he is calling a hearing that will look into whether Hikvision cameras pose potential risks to businesses as entry ways for hackers.

Rep. Steve Chabot, an Ohio Republican and chairman of the House Committee on Small Business, said he expects the committee to focus closely on potential cybersecurity vulnerabilities in security cameras as part of a hearing scheduled for Jan. 30.



Fort Leonard Wood in Missouri replaced five surveillance cameras.

Push to Recall Judge Clears Hurdle

By SARA RANDAZZO

A rare campaign to recall a California judge who drew controversy for his handling of a sexual-assault case involving a Stanford University swimmer cleared a major hurdle this week and could be headed for a June ballot.

Backers submitted nearly 95,000 signatures Thursday to local officials in support of a recall of Santa Clara County Superior Court Judge Aaron Persky, a former prosecutor who has been on the bench since 2003.

In 2016, Judge Persky sentenced former Stanford University swimmer Brock Turner to six months in jail for sexually assaulting an unconscious woman, a punishment many critics considered too lenient. Mr. Turner had faced a maximum of 14 years in prison for the assault, and prosecutors had sought a six-year sentence.

Judge Persky sued to halt the signature-gathering effort last year, citing alleged violations in how the recall was unfolding and saying California's secretary of state should be the one to oversee the process, not local officials.

Elizabeth Pipkin, an attorney



Michele Dauber hands in petitions to recall Judge Aaron Persky.

for Judge Persky, said Thursday that the recall campaign doesn't comply with the California constitution. "We look forward to defending the constitution and the independence and discretion of superior court judges in the interest of protecting the rights of all citizens," Ms. Pipkin said.

The judge switched to overseeing civil cases in August 2016 following his own request to stop hearing criminal matters, citing the distraction the Turner case was causing.

In December of that year, a

California judicial disciplinary panel found no grounds to sanction Judge Persky, saying Mr. Turner's sentence wasn't an abuse of judicial discretion.

If roughly two-thirds of the collected signatures clear a verification process, a vote seeking to remove and replace the judge could occur as soon as June 5, alongside the gubernatorial primary.

Sitting judges are rarely recalled; the last successful attempt was in 1977 in Wisconsin, according to Joshua Spivak,

an expert on recall elections

and a senior fellow at the Hugh L. Carey Institute for Government Reform at Wagner College. In California, no judges have been recalled since 1932.

Michele Dauber, the Stanford Law School professor leading the recall effort, said the criticisms against the judge extend beyond the Turner case. She pointed also to a case in which the judge sentenced a man convicted of felony child pornography to four days in jail in 2015, and to leniency shown to a college athlete in a domestic-abuse case. "There's a pattern of bias here," she said.

Judge Persky has said he "always tries to be fair and follow the law without regard to public opinion," and said California judges must consider rehabilitation and probation for first-time offenders, even if it's not always popular.

Several dozen law professors spoke out to oppose the recall effort last summer, writing in a joint letter that it "threatens the fundamental principles of judicial independence and fairness."

Mr. Turner ultimately served three months of his six-month sentence and is appealing his conviction.

California Grapples With Rescue Effort

By NOUR MALAS AND MIRANDA GREEN

MONTECITO, Calif.—Four days after a rainstorm unleashed mudslides here, sending house-sized boulders crashing into communities already worn down by a season of severe wildfires, officials and residents are still struggling to size up the scope of this new tragedy.

Search-and-rescue teams combed through debris looking for survivors and hundreds of officials fielded calls about the missing, in what many workers describe as among the most challenging rescue efforts they have faced. Parts of Montecito, where canyons weave in and out of rugged foothills, haven't yet been reached.

The chaos, officials say, has created a disjointed process and caused the number of missing to swing wildly—from 48, to five, and back up to 43 within a 24-hour period. By Friday evening, officials said, the number was back down to five missing.

"We know that number is all over the place. It's entirely possible it's going to change again," said Chris Elms, a spokesman for the California Department of Forestry and Fire Protection, who described the aftermath of the mudslides as similar to wreckage after a tsunami.

The number of dead is, for now, 18. Some of the bodies recovered had been swept for miles by the rush of mud.

"Some of the victims were very far from where they were first affected by this storm," Pat McElroy, fire chief for the city of Santa Barbara, said Thursday.

Firefighters, dressed in yellow protective suits and rubber boots, used bulldozers and diggers to pull back giant piles of debris. Urban search-and-rescue teams in navy balloon suits pried their way into homes filled halfway or more with

mud, guided by search dogs who, in some cases, were on second tours to make sure no ground is left unchecked. On the U.S. 101 freeway, the main artery between California's central coast and Los Angeles, front-end loaders lowered firefighters into a river of mud.

"We don't want to leave anybody behind," said Larry Collins, special operations deputy fire chief at the California Governor's Office of Emergency Services. "There are such huge debris piles, and homes still full of mud, we have to physically dismantle those along the flood

'There are such huge debris piles, and homes still full of mud.'

path.

Law-enforcement officials, meanwhile, have been investigating the huge number of calls from family members and friends reporting missing loved ones, tracking social media and fielding reports from rescuers.

Homages to those killed revealed a tightknit community.

Among messages of shock and grief came notes of admiration and thanks for victims, including Mark Montgomery, an esteemed hand surgeon who died alongside his daughter, Caroline; and Rebecca Riskin, a partner in a real-estate firm that called her "Montecito's beloved and respected luxury real estate maven." Montecito's youth grieved and prayed for the Corey sisters: Sawyer, 12 years old, was announced dead while their twin sister, Summer, and their mother were hospitalized. The twin's older sister, Morgan, 25, is still missing.

BY JACOB GERSHMAN

Prosecutors in Oregon are pushing for a state constitutional amendment that could make it harder for them to win convictions.

District attorneys want to repeal an 84-year-old provision that makes it possible for criminal defendants to be found guilty or acquitted even if one or two members of a 12-person jury disagree.

Federal law requires jury verdicts in criminal cases to be unanimous, following a legal tradition that stretches

back to 14th-century England and was famously dramatized in the film "12 Angry Men." But the Supreme Court held in 1972 that the U.S. Constitution doesn't require jury unanimity in state courts.

Oregon and Louisiana are the only states that allow felony convictions on juror votes of 10-2 or 11-1. Oregon's rule makes an exception for guilty verdicts in first-degree murder cases, which must be 12-0.

The Oregon District Attorneys Association, consisting of the state's 36 county prosecutors, decided to back a repeal

campaign last month. To put the issue before voters, the association would need to gather at least 117,000 signatures from Oregon registered voters.

A 2009 study by the Oregon's Office of Public Defense Services, reviewing trial verdicts in 2007 and 2008, estimated that about 40% of them included a nonunanimous verdict on at least one count.

In the past couple of years, the state's policy has come under more scrutiny from advocates of defendants' rights. The renewed attention followed a 2017 article by a law

U.S. NEWS

Prospects Dim for Deal On Dreamers

President's rejection of bipartisan plan, slur about African nations cast a pall over talks

BY LAURA MECKLER
AND SIOBHAN HUGHES

WASHINGTON—The fate of young undocumented immigrants was in doubt and the odds of a government shutdown appeared to be growing in the wake of President Donald Trump's dismissal of "shithole countries" in Africa and his rejection of a bipartisan proposal to aid the so-called Dreamers.

On Friday, two senators—one Democratic, one Republican—confirmed that Mr. Trump made the incendiary comments during a private meeting on Thursday to discuss legislation to replace the Deferred Action for Childhood Arrivals program, or DACA, which protects young people brought illegally to the U.S. as children.

Mr. Trump questioned why the U.S. would want to admit

people from Africa. "Why do we want all these people from these shithole countries here? We should have people from places like Norway," he said Thursday, according to people at the meeting.

Mr. Trump also said he opposed granting a legal status, in particular, to immigrants from Haiti. "Haitians? Do we need more Haitians?" he said, according to Senate Minority Leader Dick Durbin (D., Ill.), who was at the meeting.

Those comments drew bipartisan condemnation in the U.S. and scorn across the globe. The State Department directed U.S. envoys to listen to countries' concerns and reiterate the respect the U.S. has for them.

On Friday morning, Mr. Trump pushed back. "The language used by me at the DACA meeting was tough, but this was not the language used," he wrote on Twitter.

But the initial reports were confirmed on Friday by Sens. Durbin and Lindsey Graham (R., S.C.), who were both at the meeting.

"In the course of his com-



Donald Trump, center, met several times with lawmakers on immigration this week. He denounced the Graham-Durbin plan on Friday.

ments [Mr. Trump] said things that were hate-filled, vile and racist," Mr. Durbin told reporters in Chicago.

Thursday's meeting was convened to discuss a bipartisan agreement devised by Messrs. Durbin and Graham and four other senators to extend a path to citizenship for the Dreamers; provide \$1.6 billion for Mr. Trump's promised wall, or fence, along the southern border; and overhaul the diversity visa lottery program, which admits immigrants from

underrepresented countries, among other changes.

Mr. Trump's reference to "shithole countries" came in response to the senators' explanation of how they would reshape the visa lottery. Under current law, applicants are chosen at random; the proposal would reallocate some visas to a merit-based system for underrepresented nations.

Democrats view the Graham-Durbin agreement as the most promising option for legislation to help the Dreamers,

as Democrats want, and to bolster immigration enforcement, as Republicans want.

But Mr. Trump rejected it wholesale on Friday, calling the framework a "big step backward."

Other Republicans said the solution should come from a different, more recently convened group. That group consists of each party's No. 2 leaders in the House and Senate: Reps. Kevin McCarthy (R., Calif.) and Steny Hoyer (D., Md.) in the House, and Mr. Durbin

and Sen. John Cornyn (R., Texas) from the Senate.

The group of the No. 2 leaders began meeting only recently and have a long way to go to reach agreement, aides said Friday.

GOP leaders say they view the deadline for acting on Dreamers as March, but Democrats want to use leverage they have over spending bills to force action next week. Congress must pass a new funding measure by Friday to keep the government running.

Pence Is Unlikely To Testify On Russia

BY PETER NICHOLAS

Congressional Democrats want Vice President Mike Pence to testify about what he knows about contacts between aides to President Donald Trump's transition team and Russia, but he isn't likely to comply because he sees no precedent for such an appearance, an administration official said.

Arizona is seen by Democrats as a top pickup opportunity in a year in which they need a net two seats to win a majority but must defend many more seats than the GOP.

In an indication of the challenge posed by the primary, Ms. McSally has tacked right on immigration, an issue likely to dominate debate in Arizona through November.

Ms. McSally retired from the Air Force in 2010 after 26 years of service. While in the Air Force, she challenged a Pentagon policy that required female service members in Saudi Arabia to wear headscarves off-base, becoming the named plaintiff in a lawsuit against Defense Secretary Donald Rumsfeld. Congress later ended that policy.

Mr. Pence headed Mr. Trump's transition team, a role that Democrats believe put him in a position to know about former national security adviser Michael Flynn's dealings with Russia and other foreign governments.

Mr. Flynn is a central figure in the Russia investigation, having pleaded guilty last month to lying to the Federal Bureau of Investigation about his contacts with Russia's ambassador to the U.S. during the transition.

Federal prosecutors are investigating Russia's role in the 2016 presidential race, whether associates of Mr. Trump colluded with Russia to influence the election and whether Mr. Trump obstructed justice in firing former FBI Director James Comey, among other issues.

Mr. Trump has dismissed the probe as a "witch hunt" and denied any collusion with Russian officials. Russia has denied meddling in the election.

Democratic lawmakers and congressional investigators said they would like to hear from Mr. Pence directly about what he knew about Mr. Flynn's actions.

Arizona Lawmaker Joins GOP Senate Race

BY KRISTINA PETERSON

TUCSON, Ariz.—Rep. Martha McSally said Friday she would enter the race for the Arizona Senate seat opened up by the retirement of Sen. Jeff Flake.

Ms. McSally, a Republican, enters a contest upended earlier this past week when Joe Arpaio, a former sheriff known for his hard-line immigration policies, joined the race. His entry ensures the fight for Arizona's GOP Senate nomination would be anything but a humdrum campaign focused on policy differences with the Democrats.

Ms. McSally, who didn't endorse President Donald Trump during the 2016 campaign, sought to align herself with him in a series of speeches across Arizona Friday.

"I will gladly work with our president" on issues including defense and immigration, she said, pledging to never use "the droning, empty platitudes of the politically correct."

Ms. McSally, an Air Force



Rep. Martha McSally waved from a World War II plane as she left a rally Friday in Phoenix.

veteran who was the first female fighter pilot to fly in combat, enters the race as the clear favorite of mainstream Republicans. A general election featuring her against Democratic Rep. Kyrsten Sinema, the front-runner for her party's nomination, would be one of the most competitive Senate races of the year.

But Ms. McSally will first spend the next seven months locked in a fight against two conservatives who were both early allies of Mr. Trump's: Kelli Ward, a former state senator who won 40% of the vote in a 2016 primary challenge to Sen. John McCain, and Mr. Arpaio, the former sheriff of Maricopa County who was convicted of

criminal contempt for defying a 2011 court order to halt immigration raids. Mr. Trump pardoned him last year.

On the first official day of her campaign, Ms. McSally avoided directly criticizing Mr. Trump over his comments Thursday about not wanting to admit people from "shithole countries" in Africa, and his

challenge to the first stone," Ms. McSally said. But she also noted "I've been fighting generalized stereotypes about people for my whole life, so it's not something I would do."

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BY STEPHANIE ARMOUR

The Trump administration approved a plan by Kentucky that will require many of the state's Medicaid recipients to participate in work or related activities to get or keep coverage, launching what conservatives hope is a broad transformation of a safety-net program that covers almost one in five people.

The approval Friday from the federal Centers for Medicare and Medicaid Services is expected to face swift legal op-

position from consumer groups whose leaders say work requirements violate the guarantee that people will get health coverage if they meet certain income criteria. Republicans said this first-ever work mandate is a way to promote jobs and self-sufficiency and reduce what they have said is a mushrooming dependence on the federal-state program.

Other states seeking to impose work-related requirements include Arizona, Arkansas, Indiana, Kansas, Maine, New Hampshire, North Carolina, Utah and

Wisconsin. States are also seeking approval to add drug testing, lifetime limits on benefits, required premiums and a lockout of coverage for people who don't update their eligibility information.

On Thursday, the administration released guidance to states on how to request approval for Medicaid work requirements, a move expected to spur more applications. Under the guidelines, states can't impose such requirements on the elderly or disabled.

Kentucky will be the test

case. The state's Medicaid program covers more than two million people, and many of the new rules proposed by Gov. Matt Bevin, a Republican, will apply to people covered by the state's Medicaid expansion under the Affordable Care Act as well as those who were covered before the expansion.

Under Kentucky's plan, many will be required weekly to meet at least 20 hours of job-related activities, which can include job training and caregiving.

The waiver will impose slid-

ing-scale monthly premiums ranging from \$1 to \$15 on many beneficiaries. Some people may be locked out of coverage for failing to pay premiums or failing to report income changes, unless they take a financial or health-literacy course and pay any owed money.

State officials project the changes will cause a drop in Medicaid enrollment of about 95,000 people after five years, largely due to noncompliance. They also expect the requirements will move people into jobs.

TRUMP

Continued from Page One

whether Mr. Trump was aware of any agreement or payment involving her.

In a statement, Mr. Cohen didn't address the \$130,000 payment but said of the alleged sexual encounter that "President Trump once again vehemently denies any such occurrence as has Ms. Daniels."

Mr. Cohen added in the statement, addressed to The Wall Street Journal: "This is now the second time that you are raising outlandish allegations against my client. You have attempted to perpetuate this false narrative for over a year; a narrative that has been consistently denied by all parties since at least 2011."

The Journal previously reported that Ms. Clifford, 38 years old, had been in talks with ABC's "Good Morning America" in the fall of 2016

about an appearance to discuss Mr. Trump, according to people familiar with the matter. In that article, the Journal reported the company that owns the National Enquirer agreed to pay \$150,000 to a former Playboy centerfold model three months before the election for her story of an affair a decade earlier with the Republican presidential nominee, which the tabloid newspaper didn't publish.

The company said she was paid to write fitness columns and appear on magazine covers.

Mr. Cohen also sent a two-paragraph statement by email addressed "TO WHOM IT MAY CONCERN" and signed by "Stormy Daniels" denying that she had a "sexual and/or romantic affair" with Mr. Trump.

"Rumors that I have received hush money from Donald Trump are completely false," the statement said.

Ms. Clifford didn't respond to multiple emails seeking comment.

After the agreement, Ms. Clifford's camp complained the payment wasn't being made quickly enough and threatened to cancel the deal, some of the people familiar with the matter said.

The payment was made to Ms. Clifford through her lawyer in the matter, Keith Davidson, with funds sent to Mr. Davidson's client-trust account at

City National Bank in Los Angeles, according to the people.

"I previously represented Ms. Daniels," Mr. Davidson said, referring to Ms. Clifford's stage name. "Attorney-client privilege prohibits me from commenting on my clients' legal matters."

A spokeswoman for City National Bank declined to

comment.

The agreement with Ms. Clifford came as the Trump campaign confronted allegations from numerous women who described unwanted sexual advances and alleged assaults by Mr. Trump.

In October 2016, the Washington Post published a videotape made, but never aired, by NBC's "Access Hollywood" in which Mr. Trump spoke of groping women.

Mr. Trump denied all allegations of inappropriate sexual conduct and apologized at the time for his remarks, calling them locker-room banter.

Mr. Cohen worked at the Trump Organization from 2007 until after the election.

"I am the fix-it guy," he said in an interview in January 2017 before Mr. Trump's inauguration.

Ms. Clifford has appeared in



Donald Trump with Stephanie Clifford, whose stage name is Stormy Daniels, in a 2006 photo from her MySpace.com account.

about 150 adult films, and was considered among the industry's biggest stars when the then-27-year-old met Mr. Trump at the American Century Championship in 2006, held at Edgewood Tahoe golf course in Nevada.

Another adult-film star, Jessica Drake, later alleged in an October 2016 news conference that Mr. Trump kissed her and two other women without permission in a hotel suite after the same 2006 golf event.

"I did not sign a nondisclosure agreement], nor have I received any money for coming forward," Ms. Drake said this week in an emailed statement. "I spoke out because it was the right thing to do."

A White House official responded to questions about Ms. Drake by referring to a previous statement by the Trump campaign, which called her account "totally false and ridiculous."

—Alexandra Berzon contributed to this article.

OBITUARIES

PETER SUTHERLAND
1946 – 2018

Global Trade Czar Cajoled Nations Into Creating WTO

BY JAMES R. HAGERTY

When Peter Sutherland became the world's top trade official in July 1993, negotiators had been bickering for nearly seven years in what seemed like a futile quest to reduce tariffs and other barriers to international commerce. Mr. Sutherland, a gregarious Irish lawyer who had broken his nose nine times playing rugby, declared it was no longer enough for national leaders to "mouth good intentions."

Within six months, as director general of the General Agreement on Tariffs and Trade, he had badgered and shamed 117 nations into accepting the market-opening accord that created the World Trade Organization, an engine for globalization that later helped lift China out of poverty and transformed industries world-wide.

By the time Mr. Sutherland died on Jan. 7 at age 71, the backlash against globalization was in full swing. Even so, he remained committed to global rule-making. The alternative, he argued, was a return to nationalism and conflict that could impoverish billions. He described Britain's plan to withdraw from the European Union as "insanity."

Mr. Sutherland found his calling as a globalist in 1985 when the Irish government sent him to Brussels as a commissioner of what was then the European Community. He pushed for freer competition between airlines and telecom companies, cracked down on government subsidies propping up dying industries and helped lead the way to the European Union and its single market.

His experience as a Eurocrat and global trade czar made him irresistible to corporate recruiters. A chance 1980s meeting with a Goldman Sachs Group executive in



an airport lounge eventually led to a partnership in that investment bank that made him rich. He also served as chairman of BP PLC. In his later years, he advised the United Nations on migration and the Vatican on its finances.

One regret was he never was appointed president of the European Commission, the administrative body of the EU. "I would have given my right arm and leg" for that, he said in a 2010 interview.

Peter Denis Sutherland was born April 25, 1946, in Dublin, where his father was an insurance broker. At a Jesuit-run boys school, he relished rugby and debate. After graduating from University College Dublin, he qualified as a lawyer. He married Maruja Cabria Valcarcel, Spanish woman he met while she was working as an au pair in Ireland.

In his mid-20s, he ran for a seat in the Irish Parliament but was trounced. Instead, he became a close adviser to Garret FitzGerald, a leader of the Fine Gael party. When he became prime minister, Mr. FitzGerald named Mr. Suther-

land attorney general, a position that thrust him into tricky battles over abortion and the Irish Republican Army.

After he was sent to Brussels, he was given the European Community's competition portfolio and used it to crack down on cartels and subsidies. He fined 15 chemical companies for fixing prices of polypropylene.

After leaving Brussels in 1989, he became chairman of Allied Irish Banks. When the global trade talks were bogged down in 1993, he was the choice of both U.S. and European politicians to head the global trade bureaucracy in Geneva.

Using a combination of charm and threats, he herded trade negotiators into line. His pitch was that freer trade would create millions of jobs. In December 1993, he banged down a gavel to signal agreement on a 22,000-page trade agreement. Delegates to the Geneva trade talks gave him a standing ovation.

Mr. Sutherland's involvement with Goldman Sachs began in the 1980s when Eugene Fife, an executive of the investment bank, spotted the Irishman as the two prepared to board a Concorde flight across the Atlantic. Mr. Fife was impressed by Mr. Sutherland's insights into politics and economics. "It was very hard to find anybody who didn't like him," Mr. Fife said.

The Irishman first served on an international advisory panel for Goldman and later was chairman of the arm of the bank responsible for Europe, the Middle East and Africa. Colleagues discreetly advised the rumpled Mr. Sutherland that, as a Goldman partner, he could afford to upgrade his suits.

He is survived by his wife, three children and 10 grandchildren.

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U.S. NEWS



Counterfeit products displayed at the Hong Kong Customs headquarters in Hong Kong in 2015.

U.S. Cites China, Russia For 'Notorious Markets'

BY WILLIAM MAULDIN

The Trump administration targeted markets in Russia, China and other countries—including a Chinese mall in Canada—for allegedly turning a blind eye to the sale of counterfeit goods and other intellectual-property violations.

The "notorious markets" list, published Friday by the U.S. Trade Representative's office, names online or physical marketplaces believed to facilitate the sale of pirated goods. The latest version again blames Russian social-media network VKontakte.com for allegedly allowing the exchange of Hollywood movies, as well as naming six physical markets in China blamed for allowing counterfeit goods to be sold or not making enough progress to defend intellectual property.

The annual U.S. review, released for the first time by the Trump administration, once again included the Taobao online platform of Alibaba Group Holding Ltd.

The Obama administration a year ago had reinstated Taobao on the list, provoking protests from Alibaba, which says

it has taken efforts to prevent the sale of counterfeit goods.

"As a result of the rise of trade protectionism, Alibaba has been turned into a scapegoat by the USTR to win points in a highly politicized environment," an Alibaba spokesman said on Friday.

"Alibaba reiterates our point of view: We will continue to strengthen our IP protection system with world-leading technology," he said.

A spokesman for VKontakte said the company "continues active work on licensing audio and video content through the social network" and is also helping to limit access to disputed content when copyright holders show ownership.

Alibaba has formed an alliance with foreign brands including Louis Vuitton to leverage the Chinese company's data-analysis capability to fight fakes on its online retail platforms.

The list typically focuses on emerging markets with lax enforcement of copyright and trademarks, but this year's version included a marketplace outside Toronto, from a developed economy, a U.S. neighbor

and top trading partner that is currently in tense negotiations with the U.S. and Mexico to rewrite the North American Free Trade Agreement.

A spokeswoman for the Canadian government didn't immediately comment.

The list names and shames companies and countries that allegedly don't take steps to stop counterfeiting, but doesn't set official U.S. policy. Still, the prominence of the list can bring significant pressure in Washington's international negotiations and interactions with companies, and U.S. lawmakers frequently cite the markets included on the list.

The latest version targets the Pacific Mall in Markham, Ontario, which U.S. officials call a "well-known market for the sale of counterfeit and pirate goods for over a decade." The mall's website bills the facility, opened in 1997, as the "largest Chinese shopping mall in North America."

A representative from the mall didn't immediately reply to requests to comment on the U.S. accusations.

—Liza Lin in Shanghai contributed to this article.

JOAN LUNTZ
1922 – 2017

Designer Put Style Into Plastic Dinnerware

After graduating from Vassar College in 1944 with a degree in European history, Joan Luntz married George Goulder and started a family that would eventually make her the mother of six children in the upscale Cleveland suburb of Shaker Heights. She didn't seem destined for a career.

Then Mr. Goulder, who owned a plastic-molding company, decided in the late 1940s to make a line of melamine dinnerware for household use. He asked his wife for help with designs and colors.

At the time, plastic plates were mostly for hospitals and prisons. Could they look good enough for the home? Ms. Luntz selected hues including chartreuse, bur-

undy and pearl gray for what became the Brookpark brand. She sketched plates in square shapes with rounded corners.

One magazine ad showed a smiling housewife: "If dishes were wishes, she'd wish for Brookpark." An infomercial touted the dishes as so durable they could be cleaned in a clothes washer.

New York's Museum of Modern Art included her dinnerware in a "Good Design" exhibition for household products in 1950. Among the other items selected were chairs and other furniture by the eminent Charles Eames.

Ms. Luntz died Dec. 25 at a nursing home in Cleveland. She was 95.

—James R. Hagerty

GERHARD ANDLINGER
1931 – 2017

Essay-Writing Contest Launched Entrepreneur

As a boy in Austria during World War II, Gerhard Andlinger was hungry enough to steal sweet potatoes and cold enough to scavenge for coal along railroad tracks. He found a way out when the New York Herald Tribune ran a contest in 1948, inviting high-school students in Europe to write essays titled "The Kind of World I Would Like to Live In."

Young Gerhard was among the winners, earning a trip to the U.S. with other students. They met President Harry Truman and dined at the Waldorf Astoria hotel in New York. He was particularly impressed with Princeton University and won a scholarship to study there. He then earned an

M.B.A. degree from Harvard University.

Mr. Andlinger worked for McKinsey & Co. and International Telephone & Telegraph Corp. before creating his own investment firm to buy struggling companies and whip them into shape. When a colleague listed the risks of one deal, Mr. Andlinger said: "You see problems. I see opportunity."

Tall, trim and dapper, he did well enough to own an 8,300-square-foot apartment overlooking Manhattan's Central Park, buy an airplane and hire a yacht-racing crew.

Mr. Andlinger died in his sleep Dec. 22 at his home in Manhattan. He was 86.

—James R. Hagerty



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WORLD NEWS

Germans Engineer Faulty Warship

Navy's new frigate, with buggy software and uncertain mission, failed its sea trials

By WILLIAM WILKES

BERLIN—Germany's naval brass in 2005 dreamed up a warship that could ferry marines into combat anywhere in the world, go up against enemy ships and stay away from home ports for two years with half its predecessor's crew.

First delivered for sea trials in 2016 after a series of delays, the 7,000-ton Baden-Württemberg frigate was determined last month to have an unexpected design flaw: It doesn't really work.

Defense experts cite the warship's buggy software and ill-considered arsenal—as well as what was until recently its noticeable list to starboard—as symptoms of deeper, more intractable problems: Shrinking military expertise and growing confusion among German leaders about what the country's armed forces are for.

A litany of bungled infrastructure projects has tarred Germany's reputation for engineering prowess. There is still no opening date for Berlin's new €6 billion (\$7.2 billion) airport, which is already 10 years behind schedule, and the redesign of Stuttgart's railway station remains stalled more than a decade after work on the project started. Observers have blamed these mishaps on poor planning and project management, which also figured in major setbacks for several big military projects.

But experts say military efforts have also been hampered by the lack of a strategic vision for Germany's armed forces, resulting in vague, hard-to-execute briefs. Before the frigate project founded, a contract to build a new helicopter hit snags, costs for a new rifle overran and an am-

Germany's Main Warship Puts On Weight but Loses Punch

Germany's next-generation F-125 frigate is supposed to replace the F-122, but naval experts say it lacks the firepower to defend Baltic sea lanes against the Russian navy or to counter well-armed terrorists.



1982 (First commissioned)

€260 million

8 (Peak number in service)

3,860

219

30 knots

2

2

16

4

76 mm

12

Estimated cost per unit

Weight in metric tons

Crew

Top speed

Harpoon anti-ship missile batteries

RAM anti-aircraft missile batteries

Sea Sparrow anti-aircraft missiles

Torpedo tubes

Main naval gun (diameter)

Maximum deployment time (months)

(Likely first commission date) 2018

€650 million

(Planned) 4

7,000

120

35 knots

2

2

0

0

127 mm

24

Sources: staff reports; German Defense Ministry (cost estimates)

Photos: Ann-Kathrin Fischer/Bundeswehr (F-122); Carsten Vennemann/Bundeswehr (F-125)

bitious drone project simply failed to get off the ground.

German military procurement is "one hell of a complete disaster," said Christian Mölling, a defense-industry expert at the German Council on Foreign Relations in Berlin. "It will take years to sort this problem out."

The naval fiasco, on a project with a €3 billion price tag, is particularly startling since Europe's largest exporter relies on open and secure shipping lanes.

The F-125 frigate program was supposed to deliver Germany's four largest military ships of the postwar era, fitted with cutting-edge software allowing high operability with a skeleton crew.

But after the ship failed sea trials last month, naval officials refused to commission it. The German Navy said the Baden-Württemberg's central computer system—the design centerpiece allowing it to sail with a smaller crew—didn't pass necessary tests. The

Kieler Nachrichten, a daily in the German Baltic fleet's home port of Kiel, has reported problems with its radar, electronics and the flameproof coating on its fuel tanks. The vessel was also found to list to the starboard, a flaw a project spokesman says has been corrected. The Baden-Württemberg is now set to return to port next week for an "extended period," the navy said.

A spokesman for Thyssenkrupp, the lead company on the project, said it still planned to

deliver the ship this year. "The frigate-class 125 is a newly designed, technically sophisticated ship with highly complex new developments—including new technologies," the spokesman said. "Delays can never be completely ruled out."

A spokesman for the military-procurement office said it was levying financial penalties on Thyssenkrupp for late delivery.

Even if the ship can be fixed, however, some naval experts worry it would struggle to defend itself against terrorist groups supplied with anti-ship missiles. And in the face of a Russian naval buildup in the Baltic Sea, it lacks its predecessor's sonar and torpedo tubes, making it a sitting duck for submarines.

Those failings, they say, result from Germany's military brass never settling on a defined brief for the vessel. When planning began in 2003, naval staff wanted an all-rounder that could tangle with Russian destroyers in the Baltic and serve as a base for humanitarian missions in tropical waters. Then, in 2005, they decided the ship didn't need all of its predecessor's heavy weaponry and should focus more on attacking enemies on land, including by ferrying marines into combat.

Given Russia's aggressive stance in the Baltic Sea, naval experts say that now appears to have been a miscalculation.

"These problems stem from Germany not having a strategic vision for its military," said Ronja Kempin, defense-industry expert at the German Institute for International and Security Affairs in Berlin. Defense experts say the frigate fiasco also shows the navy, military engineers and the defense-procurement body have lost the expertise to bring big projects to fruition.

World Bank: Our Rankings Were Off

By JOSH ZUMBRUN AND IAN TALLEY

The World Bank repeatedly changed the methodology of one of its flagship economic reports over several years in ways it says were unfair and misleading.

The World Bank's chief economist, Paul Romer, told The Wall Street Journal on Friday he would correct and recalculate national rankings of business competitiveness in the report called "Doing Business" going back at least four years.

The revisions could be particularly relevant to Chile, whose standings have been volatile in recent years—and potentially tainted by political motivations of World Bank staff, Mr. Romer said.

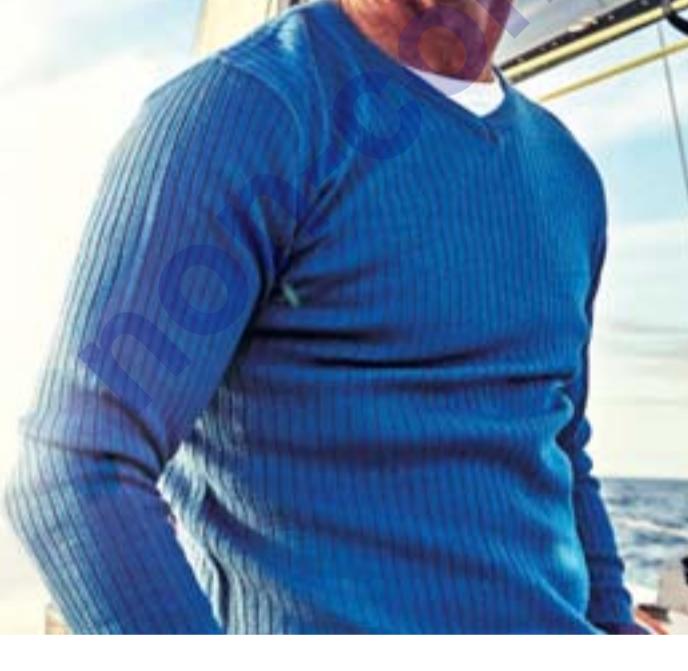
The report is one of the most visible World Bank initiatives, ranking countries by the competitiveness of their business environment. Countries compete to improve their standings, and the report draws extensive international media coverage.

Augusto Lopez-Claros, former director of the group responsible for the report, didn't immediately respond to requests to comment sent to email addresses listed on his personal website.

The focus of the World Bank's corrections will be methodology changes that had the effect of sharply penalizing Chile's ranking under the recent term of Chile's outgoing president, Michelle Bachelet.

"I want to make a personal apology to Chile, and to any other country where we conveyed the wrong impression," Mr. Romer said. He said he couldn't defend "the integrity" of the process that led to the methodology changes.

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Merkel Edges a Step Closer To 4th Term as Chancellor

By ANDREA THOMAS

BERLIN—Angela Merkel took a big step toward clinching a fourth term as Germany's chancellor after her conservative party and its center-left rivals agreed Friday on the broad lines of a renewed governing alliance.

After six days of talks covering areas ranging from taxation to immigration, Ms. Merkel's Christian Democrats and the Social Democrats, or SPD, said they had enough of a basis to begin detailed, formal coalition negotiations.

The agreement, reached after negotiators worked through the night, makes a new government under Ms. Merkel more likely by late March, some six months after last year's inconclusive election. But the effort could still fail, which would likely lead to elections in the spring.

Ms. Merkel's fate will now depend on whether the policy menu hammered out by the two parties proves palatable to lower-ranking functionaries and grass-roots members, who in the case of the SPD have the final say on whether their party should enter a coalition.

Friday's agreement is heavy on extra spending. It foresees some €46 billion (\$55.4 billion) in new expenditures,

mainly benefit increases, and includes a €10 billion tax cut over four years—smaller than anticipated and benefiting only lower earners. Not included in this figure are additional but still unquantified payments to pensioners.

While conservatives in Ms. Merkel's camp will lament the scale of the tax cuts, they will likely welcome a decision to limit the number of new refu-

Christian Democrats and Social Democrats agreed on a basis for formal coalition talks.

ges entering the country to 220,000 a year.

The agreement was a "give and take," Ms. Merkel told journalists Friday. SPD Chairman Martin Schulz called the deal an "excellent" outcome.

The euro jumped to a three-year high against the dollar on the news, and was up 0.9% late Friday afternoon.

The accord is a boost for Ms. Merkel after her unimpressive election victory and the collapse of earlier coalition talks late last year tarnished her reputation at home

and abroad as one of the West's most experienced leaders and an astute pragmatist.

The parties signaled openness to spending more on the European Union budget and making funds available for investments. But they said they would encourage economic overhauls to make members more competitive, a long-established German position.

The progress was welcomed by French President Emmanuel Macron, who has been anxious to start talks with a new German government on reforming the eurozone and the EU.

"I am happy and entirely satisfied that the German Chancellor Merkel can progress favorably toward the formation of a coalition government which will be useful and is awaited by Europe and particularly France," he said.

The agreement is only one step in a complicated process. The text will require approval from skeptical Social Democrats at a party convention on Jan. 21 before actual coalition negotiations can take place.

SPD members would then have to approve whatever coalition agreement emerges from the detailed negotiations, making any alliance's last-minute collapse a possibility.

—William Horobin in Paris contributed to this article.

WORLD NEWS

China Reports Big U.S. Surplus

BY LINGLING WEI

BEIJING—China reported its largest-ever annual trade surplus with the U.S. last year while its overall imbalance with the world shrank, potentially strengthening the Trump administration's case for tougher penalties and other trade actions against Beijing.

A global recovery led by the U.S. provided a shot in the arm for Chinese exporters, boosting China's economy. Rising American demand, in particular, pushed up Chinese shipments, expanding China's trade surplus in goods with the U.S. by 10% to \$275.8 billion in 2017, according to Chinese customs data released Friday.

That figure, a record for the nearly five decades for which such data exist, marks the U.S.'s largest trade deficit with any trading partner. By comparison, China's overall foreign trade surplus contracted 17% as higher prices of oil, iron ore and other commodities raised the value of inbound shipments from countries like Russia, Australia and Saudi Arabia.

The widening of the China-U.S. trade imbalance comes as U.S. and Chinese officials and business groups warn of sharper clashes over trade between the world's largest economies.

"The risks of growing U.S.-China trade conflicts are high," said Zhang Ming, a senior economist at the Chinese Academy of Social Sciences, a government think tank in Beijing.

President Donald Trump has promised sterner measures to curb the U.S.'s chronic trade imbalance with China. In a turnaround in tactics, Trump administration officials have set aside the longstanding practice of eking out piecemeal concessions from Beijing on trade and market access. Instead, U.S. officials are pre-

paring sanctions or other enforcement actions against China to try to challenge practices that the administration says favor Chinese companies and restrict U.S. ones.

The Trump administration faces a series of decisions in the coming weeks and months on whether to enact penalties on imports of Chinese products such as steel, aluminum, washing machines and solar equipment. An investigation is proceeding on whether China is forcing American companies to turn over proprietary technologies and information in exchange for access to the Chinese market.

Mr. Trump savaged China as a predatory trader during his presidential campaign, though he has toned down his rhetoric. In an interview with The Wall Street Journal on Thursday, before the latest trade figures were published, Mr. Trump suggested he would have resorted to stricter measures to correct the trade imbalance if it weren't for Beijing's help in pressuring North Korea over its nuclear-weapons development.

—Liyan Qi contributed to this article.

Made in China

China's long-expanding trade surplus with the U.S. hit its widest level in 2017.



Source: Sources: Wind Information; General Administration of Customs

THE WALL STREET JOURNAL.

Russia Shadows Czech Vote

BY DREW HINSHAW
AND PHILIP HELJMANS

PRAGUE—Czechs were voting in the first round of presidential elections Friday and Saturday and a world power was on the ballot: Russia.

President Miloš Zeman is seeking a second term and has cast himself as Vladimir Putin's partner in Europe. Prague's relationship with Moscow is "10 times" more important than with neighbors like France, he told the Russian president in November, chitchatting in Russian in front of journalists who he berated for their inability to speak the language.

The 73-year-old also has proposed a referendum asking Czechs if they want to leave the European Union and the North Atlantic Treaty Organization.

His praise for Mr. Putin—which extends to approval of Russia's annexation of Crimea and its airstrikes on Syrian cities—has bewildered the roughly 45% of Czechs that disapprove of the president in polls.

The close elections, which will likely go to a Jan. 26 runoff, are seen as a clarifying moment.

"Where do we belong?" said Michal Horáček, a pop-jazz songwriter among the nine competing candidates. "Do we really take seriously our commitments to NATO and the EU? Or are we going to become a Trojan horse of other powers?"

Fifty years ago this August, Soviet tanks rolled through Prague, killing more than 100 dissidents and cementing in many Czechs a generational desire to escape Russian influence and join the West. Now, those memories are bygones for some Czechs who see their country as dominated by Washington and the EU.

Mr. Zeman is the face of a reckoning among the small states of Central and Eastern Europe over their place on the Continent.

An EU decision to settle thousands of refugees in for-



Czech President Miloš Zeman was taken away by security officers while a naked woman in the background shouted at him as he cast his vote Friday in Prague.

HYENA BERAN/CTK/ASSOCIATED PRESS

mer Communists states like the Czech Republic has intensified a feeling that these nations lack a voice in Europe's biggest club. While Czechs overwhelmingly poll positively on the EU, a majority objects to getting more deeply involved in the union, for example, by adopting the euro or allowing the EU to settle refugees in the country.

An influential minority—in Poland, but growing elsewhere—has come to see better relations with Russia as a way to counterbalance Europe's old world powers. Hungary's Prime Minister Viktor Orbán has permitted Russia to build a nuclear-power plant in his country, meets Mr. Putin often and has called Russian democracy a model for Europe.

"Memories fade and there is no imminent threat [from Russia]," said Dalibor Rohac, a research fellow at American Enterprise Institute, who sees Mr. Zeman as a slight favorite to win the Czech vote. "If people associate Russia with anything, it's the Russian wealth that's hidden in the Czech Republic."

Mr. Zeman is leading a country once famous for the dissident and theater-company activists who led this country into Western-style democracy. Mr.

Falling Short

The Russia-leaning incumbent is polling below a majority to avert a second round.

Percentage of support

Milos Zeman

Incumbent, Russia-friendly, skeptical toward EU and NATO

42.5%

Jiri Drahos

Former chemist, pro-European, pro-NATO

27.5

Michal Horacek

Songwriter, pro-European

12.5

Mirek Topolanek

Ex-prime minister, euroskeptic, anti-immigration

6

Others/Don't know

12

Note: Figures don't sum to 100 pct. due to rounding.

Source: TNS Kantar & Media poll of 1,504 recipients, conducted between Jan. 3-7

Zeman, prime minister from 1998 to 2002, was among them.

Mr. Zeman has soured on the West's vision for Europe and his country's democratic institutions have become tarnished by scandals and fraud investigations. The Czech Re-

public has had nine governments in 15 years and there is no government now in place.

In October, billionaire media mogul Andrej Babiš and his party won legislative elections, promising to dismantle the constitutional order, abolish the senate and make the prime minister's role more powerful. Three months later, Mr. Babiš, who won one-third of the vote, is still unable to form a government from the parliament's nine feuding parties. This week, he postponed yet another vote to form one.

Czech presidents share similar powers to the U.S. presidency, and can veto legislation, nominate judges to high courts, serve as commander-in-chief and as the nation's highest representative abroad.

A victory by Mr. Zeman, who likes Mr. Babiš, would help keep the billionaire as a kind of caretaker prime minister. But Mr. Babiš's aides are divided on whether they want to be led by their current president.

"This country needs a president in the next term who is pro-EU and for westernization," said Dita Charanzová, an adviser to Mr. Babiš and the head of his party's delegation to the EU Parliament. "There is quite a lot at stake."

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WORLD NEWS

Signal Lost Before Ships Collided

By COSTAS PARIS

Hours before their deadly crash last weekend off the coast of China, an Iranian oil tanker and Chinese freighter stopped transmitting their locations to naval tracking systems.

"We don't know whether [the tracking system] on the ships was shut down, malfunctioned or could not be picked up," said one of the investigators seeking to piece together what caused the two large vessels to collide.

The operators of the Sanchi oil tanker, which is still on fire with 31 of its crew missing, and the CF Crystal freighter say they can't comment on whether the Automatic Identification System, or AIS, equipment on the two ships was turned on or operating properly.

AIS is used in conjunction with a ship's onboard radar to navigate and prevent collisions. It transmits a ship's type, name and coordinates, along with its course and speed in real time. The AIS is also essential in collision probes as investigators can use it to retrace movements.

The industry's global regulator, the International Maritime Organization, requires that oceangoing ships be



A Chinese supply ship sprayed foam on the burning oil tanker off the coast of eastern China Friday.

equipped with AIS transmitters and that they broadcast data while sailing.

But the system's performance in the busy shipping lanes of the East China Sea isn't always reliable, according

to ship captains, insurers and tracking companies. "The area where the collision happened is one of few areas in the world that AIS coverage is especially difficult," said Demetris Memos, chief executive of

MarineTraffic, a provider of ship-tracking data.

Mr. Memos said the seaway is beyond the range of shore-based AIS receivers, and ship-tracking providers must rely on satellites for coverage.

"Satellite-AIS is suboptimal in high traffic areas because of signal collisions," he said.

The accident took place around 8 p.m. on Saturday, Jan. 5, according to Mohsen Bahrami, a spokesman for the **National Iranian Tanker Co.**, which owns the Sanchi. Ship-tracking websites show the Sanchi's last AIS signal at 10:46 a.m. and the CF Crystal's at 3:58 p.m. on the same day.

Mr. Bahrami said the NITC received a routine email from the Sanchi "about three hours before the crash, but we won't know anything about its navigation safety systems until we get on the ship."

The badly damaged Sanchi on Friday drifted toward Japanese waters. The Crystal, which suffered minor damage, is now in port in Zhoushan, a city south of Shanghai.

The CP Crystal is operated by **CP International Ship Management & Broker Co.**, a business connected to a large Sino-Polish shipping group. The company didn't respond to questions about the vessel.

The 899-foot-long Sanchi was carrying about one million barrels of light crude from Iran to South Korea, and the 738-foot long Crystal was carrying grains from the U.S. to China.

INDONESIA

Facebook Protest Draws Islamists

Hundreds of hard-line Muslims rallied outside Facebook's office in Indonesia's capital Friday, accusing it of blocking accounts and threatening to lobby for its ouster from the world's largest Muslim-majority nation.

Islamic Defenders Front, which helped engineer the defeat of Jakarta's Christian governor, said Facebook had suspended more than 70 accounts of members of groups at the rally. A Facebook representative didn't confirm the suspensions, but said the company removes content that promotes hatred and violence.

—Ben Otto

EUROZONE

Growth Rate Flirts With 2007 High

The eurozone economy grew more rapidly in the three months through September than previously estimated, putting it firmly on track for its best year since 2007.

The European Union's statistics agency Friday said the eurozone's gross domestic product was 0.7% higher than in the three months through June, up from a previous estimate of 0.6% and well placed to reach a 2.4% growth rate for 2017.

—Paul Hannon



Syria Regime Forces Claw Back Rebel Territory

By RAJA ABDULRAHIM

Syrian rebels are fighting to maintain territory amid a new government offensive to capture parts of the country's last opposition strongholds.

The military moves threaten to torpedo cease-fire agreements in place since May and derail peace efforts. Over the past two weeks, about 100,000 people have been displaced in rebel-held Idlib province and neighboring areas in the northwest, according to the United Nations and humanitarian groups.

Regime forces backed by Russian airstrikes and foreign

Shiite militias have captured more than a dozen towns and villages since starting the offensive, according to antigovernment activists and opposition groups. On Friday, they captured two more villages in Idlib and advanced toward an air base that is under opposition control, according to antigovernment activist group Idlib24.

This week, U.N. officials called for an end to the violence, as did Turkey and France. Turkey summoned the ambassadors of Iran and Russia to convey "discomfort" over the regime's violations of the cease-fire agreement reached last year, which re-

duced violence for a time and was meant to set the stage for peace talks.

"It's not just a simple airstrike," Turkish Foreign Minister Mevlut Cavusoglu said Wednesday. "The regime is moving in Idlib. The intent here is different."

There has been no progress in peace talks while President Bashar al-Assad's regime tries to consolidate control over the country. In addition to Idlib, the regime has launched airstrikes on the rebel-held Damascus suburb of Eastern Ghouta.

Rebels have lost a sizable amount of territory since Russia intervened militarily on be-

half of the Syrian government more than two years ago. And, with waning political and military support, they face steep challenges maintaining any significant territory.

Airstrikes on opposition-held territory so far this year have killed at least 155 civilians, with schools, hospitals and rescue centers being targeted, according to the independent Syrian Network for Human Rights.

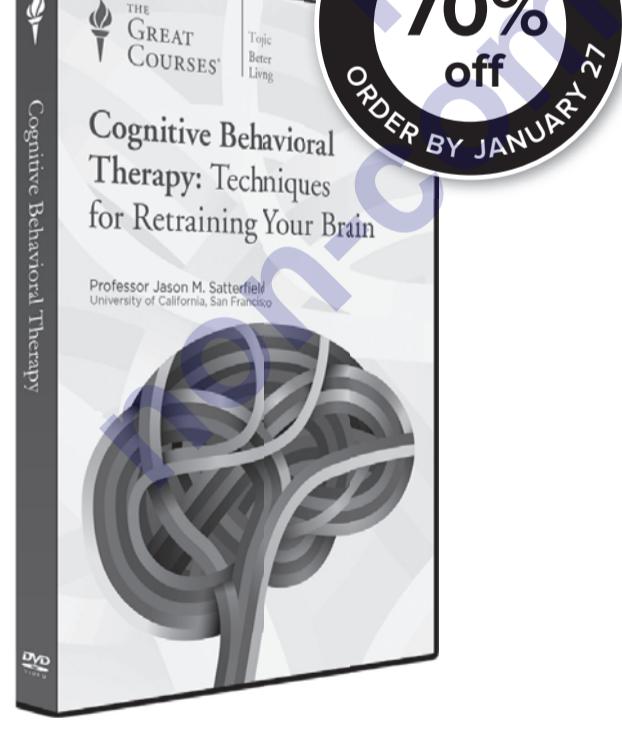
Mr. Assad has vowed to retake every inch of Syria but faces challenges in Idlib, which is almost entirely under opposition control and shelters more than a million people displaced from other parts of the country.

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WORLD NEWS

Saudi Women Cheer a Cause at Stadium

Soccer arena opened to female spectators in latest step to expand freedoms

More than 60 years after the establishment of the Saudi Arabian Football Federation, the gates of a soccer stadium opened to female spectators in the kingdom for the first time on Friday, in one of the first concrete measures aimed at relaxing strict social rules.

By Donna Abdulaziz in Jeddah, Saudi Arabia, and Margherita Stancati in Beirut

"I'm so excited! I can't believe this day has finally come," said May Mahdi, a soccer fan from Jeddah. "I literally thought of dressing like a guy to sneak into a game a couple of times before. Thank God now we don't need to do that."

Lifting the ban is part of the kingdom's effort to loosen social rules. The Saudi government said last year that women would be allowed to drive from June. Cinemas are planned to reopen soon after a 35-year-old ban.

The changes are spearheaded by Crown Prince Mohammed bin Salman, who is overseeing a long-term eco-



REUTERS

A Saudi woman watching a soccer match between two local teams, Al Batin and Al Ahli, in Jeddah on Friday from the 'family section.'

nomic reform plan focused on ending the dependence on oil revenue. Liberalizing the country's ultraconservative society—such as by including more women in the workforce—is an important component.

Saudi Arabia one of the

world's most conservative societies, influenced by tribal customs and an austere interpretation of Islam. Women have long been subject to strict rules. They are required to have a male guardian—typically their husband or father—whose per-

mission they need to marry or travel abroad. Women must wear floor-length gowns known as abayas outside their homes and many restaurants and cafes are open to men only.

Even the new opening in sports stadiums has its limita-

tions. As is the case in most public places, women are restricted to "family sections" reserved for women and their male relatives that are separate from the men-only, or "singles" sections.

Friday's game, which took

Riyadh Shakes Up Binladin Group

BY NICOLAS PARASIE

DUBAI—Saudi Arabia is assuming supervisory control of the Saudi Binladin Group and could take a stake in the construction giant, people familiar with the matter said, a sign of Crown Prince Mohammed bin Salman's willingness to disrupt the established corporate order in the kingdom.

The move further upends a decades-old alliance with the country's rulers that made the bin Ladens one of the kingdom's wealthiest families. It comes as the company's septuagenarian chairman, Bakr bin Laden, remains detained after his arrest in November with several other family members in a wide-ranging crackdown on alleged corruption in the kingdom. Mr. bin Laden and other detained family couldn't be reached and haven't issued comment on the arrests.

The Saudi government has appointed a five-person committee—two bin Laden family members and three Saudi industry leaders—to take on the duties of a supervisory board at the family-owned company, the people said.

It wasn't clear if the appointment of the supervisory board was part of a possible deal to release Mr. bin Laden, who is a major shareholder in the privately held Saudi Binladin Group, and other family members.

Several of those detained by the government have been released in recent weeks, in some cases following cash settlements, people familiar with the matter have said.

But negotiations involving the transfer of assets such as shares of companies to the government have taken longer due to the legalities involved, they added.

"The government is taking control," said one of the people familiar with the Binladin Group matter. "So far, it has not taken ownership, but the chance that will happen is highly likely, sooner or later."

The Saudi government didn't respond to requests for comment.

For more than half a century, the bin Ladens cultivated business ties with Saudi Arabia's rulers, and the Saudi Binladin Group has played a vital part in the kingdom's petrodollar-financed infrastructure development.

Tasked with handling many of the kingdom's most prestigious and complex projects, such as the Holy Mosque expansion in Mecca and the financial district in Riyadh, the company over time built an unrivaled position as the ruling family's preferred contractor.

IRAN

Continued from Page One

China and Russia, which were part of the international group that negotiated the 2015 deal, also have strongly backed the accord and have dismissed the possibility of changing it.

Senior administration officials said the White House would consider remaining party to a nuclear deal with Iran, but only if it was modified. Any new deal requires no expiration on the threat that the U.S. and its European partners could snap stringent sanctions back into place if Iran ramps up its nuclear activities, these people said.

Mr. Trump said any new agreement also must strengthen the ability of international inspectors to investigate all sites in Iran, cover the country's long-range missile program and allow an escalation of punitive measures if Iran gets close to developing a nuclear weapon.

The United Nations Atomic Agency says it has access to all sites in Iran but Tehran has warned it won't allow inspectors access to sensitive military sites. Washington says

the U.N. inspectors need to be more aggressive in overseeing what U.S. officials have called suspicious sites.

U.S. Secretary of State Rex Tillerson has backed European and U.N. contentions that Iran is currently in compliance with the deal.

"My policy is to deny Iran all paths to a nuclear weapon—not just for 10 years, but forever," Mr. Trump said. "If Iran does not comply with any of these provisions, American nuclear sanctions would automatically resume."

Administration officials have been urging Mr. Trump to keep the deal in place for now while they work to address some of his concerns.

When it was forged in 2015, officials from the Obama administration and European Union said the goal was to narrowly focus on Iran's nuclear program. They say Iran committed to the most robust ever inspections and major limits on its program. The agreement committed Iran to never pursue a nuclear weapon.

Under the deal, the U.S. agreed to waive sanctions against Iran that are contained in a series of American laws. The waivers for each law must be renewed periodically to extend the sanctions

relief. Beginning this week, Mr. Trump faced a series of waiver deadlines and needed to approve them to keep the U.S. commitments in place under the accord.

They were the first such deadlines since he declined in October to certify to Congress that Iran was complying with the accord. Mr. Trump said at that time that he would exit from it if European allies and U.S. lawmakers failed to take steps to fix it, but didn't set a deadline.

But the president said Friday's decision to extend relief was intended to buy more time to secure European support for the changes the ad-

ministration is seeking.

The administration is also negotiating with Congress to reimpose certain penalties if Iran takes certain actions.

Although lawmakers are still at odds over the extent of the changes Congress is willing to make, there has been some progress in negotiations between the White House and Sens. Bob Corker (R., Tenn.), Tom Cotton (R., Ark.) and Ben Cardin (D., Md.) on an amendment to 2015 legislation that allows for congressional oversight over the deal. The amendment would address some of Mr. Trump's concerns about the deal, including limits on nuclear behavior that

expire over time.

However, Mr. Trump's announcement likely has harmed negotiations with Congress, Mr. Cardin said.

"Instead of leading an international negotiation on the agreement himself, however, the president's statement making threats and dictating final terms of potential negotiations with Congress and Europe makes it more challenging to achieve this objective."

European officials have largely been digging in their heels, resisting any changes to the deal, putting the U.S. and Europe potentially far apart and raising questions about the fate of the agreement.

Antigovernment protests in Iran this month have added additional uncertainty to Mr. Trump's deliberations, particularly after more than 20 people died and the government arrested over 4,000 people.

In a bid to show support for Iranian protesters, Treasury officials sanctioned the prison where officials say political prisoners suffer human rights abuses and several government agencies responsible for censorship in the country.

The new sanctions also name the head of Iran's judiciary, Sadegh Larijani, as one target.

OPERA

Continued from Page One

"My heart sank," he says.

Ms. Puertolas, a rising Spanish soprano, got her make-or-break opportunity after the Royal Opera House learned Jan. 3 that Lucy Crowe, a well-known British soprano, was unable to perform. Her exact health problems weren't disclosed, but no stand-in was available.

When conductor Alexander Joel arrived at the 19th-century London opera house for an afternoon rehearsal, the first thing he heard was, "we don't have a Gilda," he recalls. He began calling singers he knew all across Europe.

Some didn't have the visa to work in Britain. Others were booked. Mr. Joel says at least a dozen calls were made, though the Royal Opera says only that a number of possible fill-ins were discussed.

The predicament isn't unheard of in the opera world. In 2006, tenor Roberto Alagna left the stage of the storied Teatro alla Scala in Milan in the middle of "Aida" after being booed. A representative says he was feeling unwell. The tenor's stand-in finished the opera while wearing jeans.

Last June, Ioan Hotea was in the audience at Gaetano Donizetti's "L'Elisir D'Amore" in London when the lead tenor dropped out during the first act. Mr. Hotea, the tenor's stand-in, had 10 minutes to put on his costume. "I didn't know any of the movements, and when I got out on stage, I was completely lost," he says.

"Rigoletto" is a 19th-cen-



PATRICK MELLO

Sabina Puertolas as Gilda in a lower-pressure performance of 'Rigoletto' in Santiago, Chile, last July.

tury thriller about cursed love, kidnapping and murder, and features arias such as "La donna è mobile," also known as advertising music for Doritos and tomato paste.

Theatrical agent Alex Fernandez was in a hotel room in Córdoba, Spain, when the Royal Opera called at about 5 p.m. He immediately called Ms. Puertolas, who was shopping with her 12-year-old son.

"Are you sick?" Mr. Fernandez asked. She answered: "No, why?" The agent said: "Are you sure you're fine?" She replied: "Yes, but why?"

Mr. Fernandez got to the point. "OK, you're flying to London tomorrow morning to sing Gilda at the Royal Opera House," the agent recalls telling his client. She was so shocked that she shoved her shopping cart away.

Born and raised in Pam-

plona in northern Spain, Ms. Puertolas has been singing opera since she was 15. She was Gilda several times in smaller opera houses around Europe. Her two previous Royal Opera

Once a babysitter was on the way, Ms. Puertolas tried but failed to get some sleep before a London-bound flight at 8:25 a.m. on Jan. 4. She reached the opera house shortly after 11 a.m. and was rushed into a rehearsal room.

Mr. Joel, the conductor, had to explain how to navigate the set, a palatial facade that revolves to reveal the interior of Rigoletto's home. "I had to show her pictures and videos," he says.

At 6 p.m., or 90 minutes before the opera's start, Ms. Puertolas was getting her makeup and wig adjusted. Gloom set in. She worried the performance might go so badly she would never sing at the Royal Opera House again.

Greek baritone Dimitri Platanias, who was playing Rigoletto, walked into Ms. Puertolas's dressing room. They had

never met. "We will help each other, right?" she asked. "Yes, we will," he replied.

As the audience took its seats, the program still featured Ms. Crowe in the role of Gilda, though the Royal Opera printed the casting change on paper slips. The lights dimmed. Instead of the conductor stepping out, an opera's traditional start, an official took the stage to announce Ms. Puertolas.

"I thought it can't be good. I had no idea who the replacement was," says Clémence Rebourg, who had been late setting into her seat.

Ms. Puertolas says her heart was racing. Then she recalls telling herself: "I am Gilda. I am not Sabina. Sabina is back at the hotel." She walked onto the set for the first time.

Near the end of the first act, Ms. Puertolas stepped up to deliver the opera's most challenging aria, "Caro nome." When she finished, the crowd erupted. "It was absolutely wonderful," Ms. Rebourg says. Near the end of the three-hour opera, the curtains fell. Ms. Puertolas got a standing ovation, leaving her in tears.

After expecting so little from his balcony seat when the substitute was announced, Mr. Darlington was moved by her "splendid" performance. "Knowing about her ordeal made it even more poignant."

With two days until the next performance, Ms. Crowe recovered and retook her leading role. Ms. Puertolas stayed in London for two more nights in case she was needed. She wasn't. On Sunday, she flew home to her son, husband and dog.

IN DEPTH

PHONE

Continued from Page One
games, pornography, online bullying or predatory strangers.

Then they folded. Gabriel got an LG Aristo and has since bent to its demands, sometimes at the expense of playing violin or going outside. "I spend way too much time on it," the boy said.

When to allow children a smartphone has become among the most pivotal of parental decisions in the decade since Apple Inc.'s iPhone remade daily habits. For many families, the choice is as significant as when to hand over the car keys. It pits parents and teachers against some of the largest and most advanced companies in the world—a fight as lopsided as it sounds.

Experience has already shown parents that ceding control over the devices has reshaped their children's lives, allowing an outside influence on school work, friendships, recreation, sleep, romance, sex and free time.

Nearly 75% of teenagers had access to smartphones, concluded a 2015 study by Pew Research Center—unlocking the devices about 95 times a day on average, according to research firm Verto Analytics. They spent, on average, close to nine hours a day tethered to screens large and small outside of school, according to Common Sense Media, a nonprofit that promotes safe media use for children.

The goal of Facebook Inc., Alphabet Inc.'s Google, Snap Inc. and their peers is to create or host captivating experiences that keep users glued to their screens, whether for Instagram, YouTube, Snapchat or Face-



"I was like, 'Oh yeah. We've got this. It's fine.' Well, it's not fine."

Kristin Braun after learning the complications of giving iPhones to her daughters, now ages 9 and 11

letter to offer more choices and tools for parents to control and limit iPhone use.

"Many parents feel they can't keep up with technology and are looking for more control," said Antigone Davis, Facebook's global head of safety.

For children and teens, mobile devices are a social lifeline, and many wage a relentless lobbying campaign at home for permission to join the crowd. It turned out to be the pitch that delivered Gabriel his smartphone.

city where the late Apple Inc. CEO Steve Jobs raised his children, and where Mr. Zuckerberg is raising his.

The parents gathered to hear advice from Devorah Heitner, a consultant and author, about how to raise children with smartphones. She warned that trying to micromanage use of the devices can prompt children to become more deceptive, especially in a fast-shifting digital environment where young people often maintain the upper hand.

Ms. Ho's 16-year-old son, Brian, is an Eagle Scout and chorister, who at times finds it hard to break away from online videogames, even at 3 a.m. The teen recently told his mother he thinks he is addicted. Ms. Ho's daughter, Samantha, 14, also is glued to her device, in conversations with friends.

Ms. Ho, a registered nurse, and her husband, Philip Ho, an otolaryngologist, are trying to teach their children self-control. Brian volunteered to give up gaming until after final exams.

Meantime, Ms. Ho said, "He can't sleep. He can't sit still."

Four years ago, Kristin Braun, of Austin, Texas, got iPhones for her daughters, Ella and Clare, now ages 9 and 11. Her husband works in tech, and the couple were gung-ho about mobile devices, Ms. Braun said. As babies, the girls had iPod shuffles pinned to their crib blankets.

Ms. Braun planned to teach her daughters to use their iPhones gradually, with a short contact list and a few apps. "I was like, 'Oh yeah. We've got this. It's fine,'" she said. "Well, it's not fine."

Right away, Clare received a barrage of unsolicited texts. She was included in a group text from a friend's soccer team that connected her to a circle of children she didn't know. Ms. Braun believed it was too much, too fast.

Then Clare received an email chain letter, decorated with heart-shaped emojis, that threatened bad luck if she didn't forward it to 15 friends. Ms. Braun said her first response was to take away the phones for good.

Instead, she took a deep breath, figuring the devices were a part of life, and she asked her daughters to share with her any disturbing content or messages. She started a class to tell other parents what she

learned so far.

Tina Shepardson, a sixth-grade teacher in Syracuse, N.Y., said the attention span of students has shrunk in the years smartphone habits have grown. She saw it at home with her daughter, Payton, 15.

When Payton was in seventh grade, she asked to join Instagram. "As nervous as you are, you have to jump in," Ms. Shepardson said.

The next year, Payton wanted Snapchat, which features disappearing messages that defy parental monitoring. "I had to trust her," Ms. Shepardson said.

Now a high-school sophomore, Payton wants to keep her smartphone through the night, a common teen plea. When Pay-

ton has to turn over her phone at 10 p.m., she resists.

"You think you're buying a piece of technology," Ms. Shepardson said. "Now it's like oxygen to her."

Many parents are thrilled with the benefits technology delivers for their children. Programs and games teach arithmetic, foreign languages and logic. Online books are nearly limitless.

Smartphones offer children greater independence, with apps that allow parents to locate them instantly. They also make it easy to keep parents at bay.



"I don't care what the other moms think of me. We're happy to be different."

Felice Ahn, who doesn't plan to give her daughters smartphones

ton has to turn over her phone at 10 p.m., she resists.

"You think you're buying a piece of technology," Ms. Shepardson said. "Now it's like oxygen to her."

Psychologists say social media creates anxiety among children when they are away from their phones—what they call "fear of missing out," whether on social plans, conversations or damaging gossip teens worry could be about themselves.

Ms. Shepardson said nighttime texting hurts grades and digital screens impede sleep, according to what she has read. Payton gets the phone overnight on weekends and while doing her homework. She does well in school, her mother said, so "you pick your battles."

About half the teens in a survey of 620 families in 2016 said they felt addicted to their smartphones. Nearly 80% said they checked the phones more than hourly and felt the need to respond instantly to messages, according to Common Sense Media, which sponsored the research.

Children set up Instagram accounts under pseudonyms that friends but not parents recognize. Some teens keep several of these so-called Finsta accounts without their parents knowing.

An app called Secret Calculator looks and works like an iPhone calculator but doubles as a private vault to hide files, photos and videos. For homework, point an iPhone camera at an algebra problem and Photomath solves it.

Serious troubles also loom: from the exchange of sexually explicit photographs or messages—which Dr. Heitner called modern-day flirting—to what the American Psychiatric Association calls "Internet Gaming Disorder" among gamers unable to pull away from their screens.

Apple iPhones allow parents

"I have no idea how much inappropriate stuff they watch."

Allison Dady said of her teenage sons

to control their children's downloads and temporarily disable distracting programs. Apple and other tech companies offer ways for parents to monitor their children's travels. Most have parent instructions online, though they are often difficult to find or follow.

Ms. Dady, a real-estate agent in Austin, took a tough stand against nighttime use. Once, after she caught Reed sneaking into her room to retrieve his device from her nightstand, she slept with it under her pillow for two weeks.

Yet she doesn't set limits on

"competing with sleep on the margins."

Friendly fire

Social media can boost self-esteem, research shows, as well as trigger a sense of inadequacy. Social media users can experience conviviality or hostility, popularity or disfavor—feelings easily amplified by adolescence.

Gretchen Tolbert recalled feeling helpless in the fall of 2016 when her daughter Haley was a freshman at a new high school in McKinney, Texas.

Haley joined the soccer team and attracted followers on Snapchat and Instagram. Then, some classmates turned on Haley, taunting her and circulating disparaging texts and snaps, Ms. Tolbert said.

By Thanksgiving, Haley, normally headstrong and sure of herself, had a hard time getting out of bed. "I'd never seen her so lethargic and hurt," her mother said. "It was gut-wrenching." Haley saw a counselor, took medication for anxiety and tightened her social-media circle.

As a sophomore, Haley is much stronger, but she no longer plays soccer and plans to finish high school as soon as she can, Ms. Tolbert said: "It changed the course of her life."

About 16% of the nation's high-school students were bullied online in 2015, according to the U.S. Centers for Disease Control and Prevention. Children who are cyberbullied are three times more likely to contemplate suicide, according to a study in *JAMA Pediatrics* in 2014.

Tony Prophet, chief equality officer at Salesforce.com Inc., the San Francisco-based business software company, limits screen time for his second-grader, Falco. Mr. Prophet, whose two college-age sons played videogames growing up, worries what today's fast-paced video on high-resolution screens does to the attention



"Who the hell would give a junior-high schoolchild a gaming platform to walk through the world with? It feels a little like trying to teach your kid how to use cocaine, but in a balanced way."

Ellen Krause-Grosman, the mother of Gabriel, right, before she and her husband, left, gave in to their son's smartphone request

watches, which allow calls with a few family members.

"Maybe the pendulum will begin to swing," Ms. Ahn said. "Maybe this approach won't be so much like a fish swimming upstream."

For now, she said, "I don't care what the other moms think of me. We're happy to be different."

Smartphones "bring the outside in," said Ms. Ahn, whose husband works for a major tech company. "We want the family to be the center of gravity."

—Stephanie Stamm contributed to this article.

OPINION

Black Protest Has Lost Its Power

By Shelby Steele

The recent protests by black players in the National Football League were rather sad for their fruitlessness. They may point to the end of an era for black America, and for the country generally—an era in which protest has been the primary means of black advancement in American life.

There was a forced and unconvincing solemnity on the faces of these players as they refused to stand for the national anthem. They seemed more dutiful than passionate, as if they were mimicking the courage of earlier black athletes who had protested: Tommie Smith and John Carlos, fists in the air at the 1968 Olympics; Muhammad Ali, fearlessly raging against the Vietnam War; Jackie Robinson, defiantly running the bases in the face of racist taunts. The NFL protesters seemed to hope for a little ennoblement by association.

Have whites finally found the courage to judge African-Americans fairly by universal standards?

And protest has long been an ennobling tradition in black American life. From the Montgomery bus boycott to the march on Selma, from lunch-counter sit-ins and Freedom Rides to the 1963 March on Washington, only protest could open the way to freedom and the acknowledgment of full humanity. So it was a high calling in black life. It required great sacrifice and entailed great risk. Martin Luther King Jr., the archetypal black protester, made his sacrifices, ennobled all of America, and was then shot dead.

For the NFL players there was no real sacrifice, no risk and no achievement. Still, in black America there remains a great reverence for protest. Through protest—especially in the 1950s and '60s—we, as a people, touched greatness. Protest, not immigration, was our way into the American Dream. Freedom in this country had always been relative to

race, and it was black protest that made freedom an absolute.

It is not surprising, then, that these black football players would don the mantle of protest. The surprise was that it didn't work. They had misread the historic moment. They were not speaking truth to power. Rather, they were figures of pathos, mindlessly loyal to a black identity that had run its course.

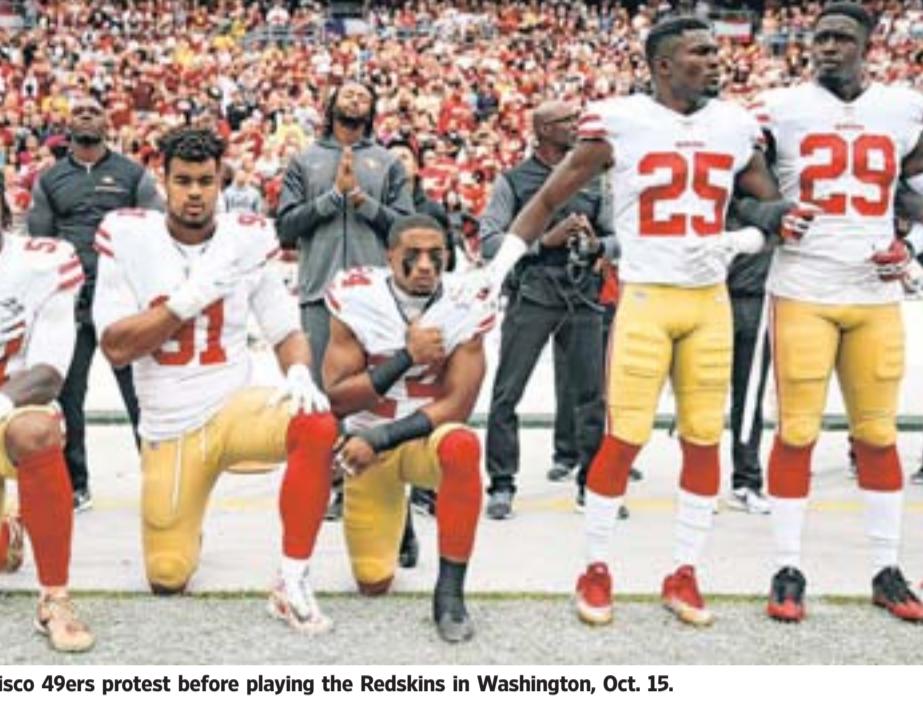
What they missed is a simple truth that is both obvious and unutterable: The oppression of black people is over with. This is politically incorrect news, but it is true nonetheless. We blacks are, today, a free people. It is as if freedom sneaked up and caught us by surprise.

Of course this does not mean there is no racism left in American life. Racism is endemic to the human condition, just as stupidity is. We will always have to be on guard against it. But now it is recognized as a scourge, as the crowning immorality of our age and our history.

Protest always tries to make a point. But what happens when that point already has been made—when, in this case, racism has become anathema and freedom has expanded?

What happened was that black America was confronted with a new problem: the shock of freedom. This is what replaced racism as our primary difficulty. Blacks had survived every form of human debasement with ingenuity, self-reliance, a deep and ironic humor, a capacity for self-reinvention and a heroic fortitude. But we had no experience of wide-open freedom.

Watch out that you get what you ask for, the saying goes. Freedom came to blacks with an overlay of cruelty because it meant we had to look at ourselves without the excuse of oppression. Four centuries of dehumanization had left us underdeveloped in many



San Francisco 49ers protest before playing the Redskins in Washington, Oct. 15.

ways, and within the world's most highly developed society. When freedom expanded, we became more accountable for that underdevelopment. So freedom put blacks at risk of being judged inferior, the very label that had always been used against us.

To hear, for example, that more than 4,000 people were shot in Chicago in 2016 embarrasses us because this level of largely black-on-black crime cannot be blamed simply on white racism.

We can say that past oppression left us unprepared for freedom. This is certainly true. But it is no consolation. Freedom is just freedom. It is a condition, not an agent of change. It does not develop or uplift those who win it. Freedom holds us accountable no matter the disadvantages we inherit from the past. The tragedy in Chicago—rightly or wrongly—reflects on black America.

That's why, in the face of freedom's unsparing judgmentalism, we reflexively claim that freedom is a lie. We conjure elaborate narratives that give white racism new life in the present: "systemic" and "structural" racism, racist "microaggressions," "white privilege," and so on. All these

narratives insist that blacks are still victims of racism, and that freedom's accountability is an injustice.

We end up giving victimization the charisma of black authenticity. Suffering, poverty and underdevelopment are the things that make you "truly black." Success and achievement throw your authenticity into question.

The NFL protests were not really about injustice. Instead such protests are usually genuflections to today's victim-focused black identity. Protest is the action arm of this identity. It is not seeking a new and better world; it merely wants documentation that the old racist world still exists. It wants an excuse.

For any formerly oppressed group, there will be an expectation that the past will somehow be an excuse for difficulties in the present. This is the expectation behind the NFL protests and the many protests of groups like Black Lives Matter. The near-hysteria around the deaths of Trayvon Martin, Michael Brown, Freddie Gray and others is also a hunger for the excuse of racial victimization, a determination to keep it alive. To a degree, black America's self-esteem is invested in the illusion that we live under a cloud of continuing injustice.

When you don't know how to go forward, you never just sit there; you go backward into what you know, into what is familiar and comfortable and, most of all, exonerating. You rebuild in your own mind the oppression that is fading from the world. And you feel this abstract, fabricated oppression as if it were your personal truth, the truth around which your character is formed. Watching the antics of Black Lives Matter is like watching people literally aspiring to black victimization, longing for it as for a consummation.

But the NFL protests may be a harbinger of change. They elicited considerable resentment. There have been counterprotests. TV viewership has gone down. Ticket sales have dropped. What is remarkable about this response is that it may foretell a new fearlessness in white America—a new willingness in whites (and blacks outside the victim-focused identity) to say to blacks what they really think and feel, to judge blacks fairly by standards that are universal.

We blacks have lived in a bubble since the 1960s because whites have been deferential for fear of being seen as racist. The NFL protests reveal the fundamental obsolescence—for both blacks and whites—of a victim-focused approach to racial inequality. It causes whites to retreat into deference and blacks to become nothing more than victims. It makes engaging as human beings and as citizens impermissible, a betrayal of the sacred group identity. Black victimization is not much with us any more as a reality, but it remains all too powerful as a hegemony.

Mr. Steele, a senior fellow at Stanford University's Hoover Institution, is author of "Shame: How America's Past Sins Have Polarized Our Country" (Basic Books, 2015).

Studying Western Civilization in the South Bronx

CROSS COUNTRY
By Jillian Kay Melchior

The Bronx, N.Y. On her first day of English class at Hostos Community College during the fall 2017 semester, Maria Diaz glared at the reading handout, a Plato excerpt on the trial of Socrates. "I used to be like, 'Prof, why are we reading this? It's so boring and confusing,'" she recalls. But only months later, Ms. Diaz would gush about the merits of the Western canon, quoting Socrates' claim that "the unexamined life is not worth living."

While much of academia continues its progressive and postmodern lurch, these courses at Hostos, first offered in 2016, represent a move in the opposite direction. One of the classes even was designed especially for students who score a "high fail" on their literacy tests. Profs. Andrea Fabrizio and Gregory Marks, along with their colleagues in the English Department, created the courses in collaboration with Columbia University. They borrowed heavily from the Ivy League school's core curriculum for liberal-arts undergraduates.

So far about 1,300 students at Hostos, which is part of the City University of New York, have taken these Western Civ classes. "We're trying to make them good writers, good thinkers and ultimately good citizens by talking about these deeply humane questions," Mr. Marks says.

Studying the classics has become an anomaly on many campuses, as once-foundational texts have come under attack. The faculty at Oregon's Reed College recently bumped up their decennial review of a required humanities course that student activists claimed was "Eurocentric," "Caucasoid" and "oppressive." Yale's English Department voted in March to change its curriculum after more than 150 students signed a petition claiming "a year spent around a seminar table where the literary contributions of women, people of color and queer folk are absent actively harms all students." It's now fathomable that a student could get a Yale English degree without studying Chaucer, Shakespeare or Milton.

And in 2016, Seattle University students held a weeks-long sit-in to protest the classical emphasis in the humanities college, ultimately prompting the dean's departure.

One student, Zeena Rivera, complained to reporters that "the only thing they're teaching us is dead white dudes."

Based on demographics alone, Hostos Community College might seem like a probable place for similar protests. Hostos is in the South Bronx, in a congressional district

Hostos Community College overcomes students' resistance to learning about 'dead white dudes.'

that has repeatedly ranked the poorest in the nation. People of color account for more than 98% of the student body. Many are immigrants. In one Western Civ class, the 25 students spoke 10 foreign languages.

Like their counterparts at other colleges, Hostos students are focused on oppression and injustice. During a recent class I sat in on, slavery came up several times, and one student suggested that because of economic disparities and discrimination, "we're still not really free." Several students talked about

how they suffered from racism and sexism.

"These students' interest in rights and equality is just burning," Mr. Marks says. He and Ms. Fabrizio draw on that interest with readings like the Declaration of Independence and excerpts from the Federalist Papers. Students also are given Frederick Douglass's 1852 Fourth of July oration, which venerated America's founding principles but notes that they are "flagrantly inconsistent" with slavery.

Students at other schools often cite this mismatch as a reason to reject the Western canon wholesale. Mr. Marks and Ms. Fabrizio say one of their goals is to cultivate critical thinking, so they encourage classroom debate—as long as students first demonstrate they've understood the writings and have weighed the merits of the author's arguments.

After that, "when we see students ripping apart a classical text, we're like, 'Great,'" Mr. Marks says. But Ms. Fabrizio adds that by the end of the semester, "I think the students appreciate how revolutionary these texts actually are."

In some cases, at least, that seems to be true. "These are books that should be taught," says

Reynaldo Martinez, a freshman studying chemical engineering. "I think the hypocrisy is not behind the papers, the writing. It's the people. These works open your eyes to the way morality and education and equality are still needed in our society. These books don't focus on power, because power is misleading for the purpose of a perfect life."

Ms. Diaz, the student who was initially so skeptical, says that the class has been "really important, and not just because of language." The 32-year-old is adjusting to civilian life after nearly seven years in the Navy. There, Ms. Diaz says, she learned to take orders unquestioningly; in Western Civ class, she's weighing virtues and values and thinking about what it means to live well.

"First, you need to know the concept of what freedom means to be hungry for it," Ms. Diaz says. She adds that these books "are for everyone. They were different people in different centuries, but at the end, they're thinking about the same problems. And if we're talking about this, it's because we're not where we need to be."

Ms. Melchior is a Journal editorial page writer.

EPA Bureaucrats Go Rogue on 'Glider Truck' Emissions

By Steve Milloy

Tommy Fitzgerald Sr. was an experienced mechanic and truck driver with his own one-bay Tennessee service center in 1989, when a customer who couldn't afford a new truck asked Mr. Fitzgerald to salvage, rebuild and transplant the drivetrain from a wrecked truck into a new cab-chassis. His innovation—the "glider kit truck"—took off. Selling for about 25% less than the cost of a new truck, gliders have proved a godsend to smaller trucking companies. Fitzgerald Truck Sales is now a \$700 million company.

Success has enabled Mr. Fitzgerald to become an angel investor for local businesses in rural Kentucky and Tennessee. But instead of encouraging—or even celebrating—his accomplishments, the Obama administration's environmental regulators

tried to kill the glider-truck industry, along with the thousands of jobs it has created nationwide.

The glider market is tiny—only about 5,000 are sold annually, compared with 300,000 new trucks—but some in the new truck industry see

If you put a rebuilt engine in a fresh chassis, does it become a 'new' vehicle subject to tighter rules?

gliders as a threat. Volvo urged the Environmental Protection Agency in 2016 to regulate gliders for their greenhouse-gas emissions. But the Clean Air Act authorizes EPA to regulate only emissions from new trucks. Old engines don't have to meet new standards.

Most gliders are not, technically speaking, new. Their cab-chassis are new, but their engines aren't. The EPA nevertheless claimed gliders could be considered new vehicles because Mr. Fitzgerald had once placed an ad in a trade magazine offering customers the opportunity "to purchase a brand new 2016 tractor." (The EPA conveniently omitted the ad's next sentence, which read: "The end result is a brand new glider with an engine and transmission that has been completely rebuilt from the ground up.")

In October 2016, the agency issued its rule classifying gliders as new trucks, effectively signing the glider industry's death warrant. While gliders can outperform new trucks on some emissions tests, they underperform on others. Most would violate the strict new EPA standards.

In July 2017, Mr. Fitzgerald and other glider-truck manufacturers petitioned the Trump EPA to reverse the Obama-era rule. This prompted a new round of lobbying by anti-glider forces, including Volvo. By October an EPA laboratory in Ann Arbor, Mich., was running two glider trucks through an emissions testing protocol. The resulting report concluded the tested gliders exceeded new truck emissions of nitrogen oxide, particulate and other conventional pollutants.

Staff at EPA headquarters told me that administrator Scott Pruitt had no knowledge of these tests and never authorized them. The renegade report that the tests produced wasn't peer-reviewed, as is customary. It also wasn't printed on official EPA letterhead or assigned an internal EPA document number. It is not even available on

the EPA lab's website. Yet it mysteriously found its way into the hands of glider opponents at the early December public hearing on the proposed rollback.

The effort to destroy the glider-truck industry is a shining example of the regulatory state gone rogue. One hopes the Trump administration's commitment to deregulation will check the impulses of federal bureaucrats who think they are above the law.

"In the business world, employees who actively seek to undermine are usually terminated for insubordination," Mr. Fitzgerald told me in December. "Why should it be different for government?"

Mr. Milloy was on the Trump EPA Transition Team and is the author of "Scare Pollution: Why and How to Fix the EPA" (Bench Press, 2016).

OPINION

REVIEW & OUTLOOK

Trump's Iran Gamble

President Trump said Friday that he's waiving sanctions related to the Obama-era Iran nuclear deal—for the last time. In essence he issued an ultimatum to Congress and Europe to revise the agreement or the U.S. will reimpose sanctions and walk away. His distaste for the nuclear deal is right, but the risk is that Mr. Trump is boxing himself in more than he is the Iranians.

Mr. Trump said in a statement that he is waving sanctions, "but only in order to secure our European allies' agreement to fix the terrible flaws of the Iran nuclear deal." He added: "This is a last chance. In the absence of such an agreement, the United States will not again waive sanctions in order to stay in the Iran nuclear deal. And if at any time I judge that such an agreement is not within reach, I will withdraw from the deal immediately. No one should doubt my word."

That's called a red line, and it means that if his terms aren't met within 120 days, Mr. Trump will have to follow through or damage his global credibility. Presidents should be careful about putting themselves in box canyons unless they have a clear idea of a way out and what his next steps are.

Does Mr. Trump know? It isn't obvious. Mr. Trump rightly focuses on the core faults of the accord: major provisions start sunsetting after 2023; the failure to include Iran's ballistic-missile programs; and inadequate inspections. He wants the European allies that also negotiated the deal—France, Germany and the United Kingdom—to rewrite it with the U.S.

But Iran is sure to resist, and so will China and Russia. French, British and German companies already have billions in business deals invested or being negotiated with Iran, and their political leaders will be loathe to jeopardize them. European leaders have been embarrassingly quiet amid the anti-regime protests in Iran. European Union foreign-policy chief Federica Mogherini hosted the foreign ministers of Britain, Germany, France and Iran this week. They expressed support for the deal and said little about Tehran's protest crackdown.

If the Europeans resist a nuclear renegotiation, Mr. Trump would then have to act alone with U.S. sanctions. While those are potent, to be effective they will have to target non-U.S. companies that do business with Iran, in-

He issues a red line to rewrite the nuclear deal or reimpose sanctions.

cluding our friends in Europe.

Some fear Iran would use reimposed U.S. sanctions as an excuse to walk away from the deal and rush to build a bomb, but we doubt it. The more likely scenario is that Iran will continue to court European business and try to divide the U.S. from its allies and block a new antinuclear coalition. The mullahs will claim to be abiding by the deal even as the U.S. has walked away.

On Friday Mr. Trump also challenged Congress to strengthen the nuclear deal's terms under U.S. law, most likely by amending the 2015 Iran Nuclear Agreement Review Act. This will require 60 votes in the Senate, which means Democratic support. This will test the sincerity of Minority Leader Chuck Schumer, who opposed the deal. But in today's polarized Washington, partisanship no longer stops at the water's edge. Mr. Trump won't persuade Europe if he can't persuade Congress.

The question all of this raises, as British Foreign Minister Boris Johnson put it Thursday, is what is the policy alternative policy to the nuclear deal. The answer is containment with a goal of regime change. The people of Iran have again showed their displeasure with the regime, and the world should support them. We'd back such a strategy, but it isn't clear that this is Mr. Trump's emerging policy, or that he and his advisers know how to go about it.

The Treasury Department is moving ahead with sanctions against Iran for its ballistic missiles, including 14 more individuals and entities "in connection with serious human rights abuses and censorship in Iran." The targets include the head of Iran's judiciary and the cyber units trying to prevent protesters from organizing and accessing reliable news. But Mr. Trump has been reluctant to counteract Iran's adventurism in Syria or Iraq, and a policy of regime change can't be half-baked.

All of this is an enormous undertaking for an Administration already coping with the nuclear and ballistic threat from North Korea. The safer strategy would have been to keep waiving sanctions and let the nuclear deal continue while building support to contain and undermine Iran on other fronts. Mr. Trump can now say he has followed through on his campaign vow on Iran, but building a better strategy will take discipline and much harder work.

Good News You Haven't Heard

Republicans have had a hard time selling tax reform, and no wonder. Donald Trump keeps talking over any good economic news.

This week more companies announced new bonuses as a result of tax reform, and two stories stand out. Fiat Chrysler announced it is relocating a heavy-duty truck factory from Saltillo, Mexico to Warren, Mich., creating 2,500 American jobs. It also announced \$2,000 in bonuses for workers, which it attributed in part to the new Republican tax bill that Mr. Trump signed before Christmas. Also this week, Wal-Mart announced bonuses of up to \$1,000 for its employees, while raising its minimum starting wage to \$11 an hour from \$9. American's largest private

employer says the bonuses and higher pay were also made possible by tax reform.

In a normal week these stories might have dominated headlines. But Mr. Trump has a habit of stepping on his own successes by ensuring that he becomes the story. Though he did tweet about Fiat Chrysler's decision, both stories were swamped by the media coverage of Mr. Trump's use of an expletive to describe some foreign countries in a White House meeting. Mr. Trump denies making the remark, but Sen. Dick Durbin insists he used the language several times. No matter who you believe, this isn't an argument that works to the President's advantage. If Mr. Trump wants Americans to appreciate his policies, he needs to get out of his own way.

California's Political Charity

Much has changed in Donald Trump's first year as President, including some progressive principles. Lo, California Democrats in 2016 campaigned to extend a tax hike on the rich. Now they're promoting a gimmick to help reduce their wealthy residents' tax burden.

State Senate President Kevin de Leon, who is challenging U.S. Senator Dianne Feinstein in the June primary, complained last week that the new GOP tax law "offers corporations and hedge fund managers massive tax breaks and expects California taxpayers to pick up the costs." It's the "worst tax policy in the history of this country. Perhaps the world."

In fact, some California taxpayers are among the law's biggest beneficiaries—to wit, Silicon Valley titans such as Apple, Facebook and Google. California tech companies are sitting on more than \$500 billion in cash overseas, which they will now be able to repatriate at a discounted tax rate.

But speaking of bad tax policies, Mr. de Leon has proposed legislation to help high earners avoid the new \$10,000 state-and-local tax deduction limit. Taxpayers would receive a dollar-for-dollar tax credit for contributions to a new California Excellence Fund, which they could then deduct as charity. Taxpayers can deduct up to 60% of their income for charitable contributions under the new federal reform.

The Senate leader cites as his model private-school scholarship tax-credit programs in other states that function like vouchers. However, these charitable contributions help nonprofits or parents who want to send children to private schools. Mr. de Leon's "excellence fund" would exist within the General Fund, and donations would be appropriated by the legislature. The only beneficiaries of this "charity" would be the donating taxpayer—and politicians.

In other words, Democrats in Sacramento want to help the rich dodge federal taxes. According to IRS data, California's 71,000 taxpayers with million-dollar incomes deducted on av-

Democrats propose a gimmick to help the rich avoid federal taxes.

erage \$462,500 in 2015 compared to \$6,940 for individuals making between \$50,000 and \$100,000. Few California middle-class taxpayers will be harmed by the \$10,000 deduction cap since the standard deduction has doubled to \$12,000.

Neither the IRS nor federal courts are likely to allow this charity dodge. The IRS disallows deductions for charitable contributions to the extent that a taxpayer benefits—for example, paying \$10,000 at a charity auction for an artwork valued at \$8,000 would only yield a \$2,000 deduction. In 1989 the Supreme Court ruled that contributions "made to such recipients with some expectation of a quid pro quo" are not deductible.

The one reform Mr. de Leon isn't proposing is a cut in California's top marginal tax rate of 13.3%, including the three percentage-point increase that Democrats pushed in a 2012 referendum. Rates on individuals making more than \$250,000 also increased. Democrats successfully pushed to extend the tax hikes through 2030 in November 2016. The federal GOP tax reform means that the effective top state and federal combined marginal rate for Californians increases by 2.7-percentage points in 2018—to 50.3% from 47.6%.

Revenues are soaring due to strong income and capital-gains growth. Gov. Jerry Brown on Wednesday proposed a \$132 billion budget that forecasts a \$6 billion surplus. While the Governor wants to add some revenue to the state's \$8 billion rainy day fund, this will quickly vanish in the next recession—unless Democrats raid it first after he leaves office. State tax revenues fell cumulatively by more than \$70 billion following each of the past two recessions.

California's steeply progressive tax code has encouraged a boom-bust revenue and spending cycle. Reducing taxes on high earners would impose spending discipline and ameliorate the effects of the limitation of the state-and-local tax deduction. Alas, Democrats in Sacramento seem mainly interested in boosting their favorite charity—theirself.

LETTERS TO THE EDITOR

When Even 'Clean Meat' Isn't Clean Enough

Regarding Matthew Scully's review of Paul Shapiro's "Clean Meat" (Books, Jan. 6): I'm afraid I cannot agree with my fellow activists' enthusiasm about so-called clean meat. The new technology may relieve animal suffering to some extent in the short term by using donor herds, which would suffer and be enslaved to provide cells out of which meat is then laboratory grown. Though this may end factory farming, which would be a blessing, it will do nothing to end the public's identification of animals with food. Indeed, it will likely confirm this.

The object is not to end factory farming; the object is to end animal farming as such. The promoting of meat of this sort is thus a pernicious undermining of animal liberation. According to psychology professor and animal activist Bill Crain, experiments show that people eating the flesh of animals generally perceive animals in a negative light in contrast to people who don't. Is this something we really wish to encourage? What about flesh emerging from a bioreactor? Why not promote

Monsanto's GMOs? And what about developing meat from human cells? If the latter is repulsive to you, and clean meat from cows, pigs, chickens and lambs nevertheless seems okay, you are still under the sway of speciesism, the evils of which are well known. A simpler solution is available, though it'll take some time, one that is consistent with and would facilitate the liberating of animals both nonhuman and human: adopting a plant-based diet. It's already happening.

JOAN HARRISON
New York

Many of us did not become vegan because we did not like the taste of meat, but because we did not like what subsidizing torturing animals did to our own hearts and souls.

The concept of being able to eat meat without being a party to the inherent and institutionalized abuses to animals in today's factory farms and slaughterhouses is a win-win for us all.

JAYN MEINHARDT
Cincinnati

Trump Was Being Forthright About the Button

Like so many others in media, Peggy Noonan has failed to comprehend the Donald Trump phenomenon, as is evident in "Button It, Mr. President" (Declarations, Jan. 6). A comparison of the president's tweets with speeches made by John F. Kennedy or Ronald Reagan is a comparison of apples to oranges. JFK and Reagan were speaking to an audience of leaders in the U.S.S.R. and the world when they so elegantly expressed America's resolve to face every threat head on without flinching, no matter the danger.

Donald Trump's Twitter audience is not the world's leaders; his audience is Joe Six Pack. Joe understands the president. Mr. Trump has reiterated time and again that he will not telegraph his true intentions publicly, unlike his predecessor. When he claimed to have a bigger button that works, North Korea's Kim Jong Un already knew that, as did America's rank-and-file citizens. But sometimes folks like to hear plain talk, which is what the president gives them. Too bad it offends Ms. Noonan's sensibilities, but surely she can differentiate between the different styles and intended effects if she takes a second look.

JAMES G. BURKE
Melbourne, Fla.

As a former ballistic missile submarine officer, I couldn't agree more with Peggy Noonan's statement that the term "nuclear" should not be used cavalierly. But to lay blame on President Trump is to disingenuously ignore that for decades Washington and the media have bandied about the phrase "nuclear option" to describe a parliamentary procedure. It speaks of their smug self-importance to consider the distinction between 51 and 60 votes on a nomination confirmation as somehow semantically equivalent to the death of millions.

GERARD WEATHERBY
Windsor Locks, Conn.

Your Anesthesia Really Shouldn't Be a Worry

Regarding Mike Jay's review of Kate Cole-Adams's "Anesthesia: The Gift of Oblivion and the Mystery of Consciousness" (Books, Dec. 30): Surgery and anesthesia are inherently risky, but anesthesia is safer today than ever before.

Ms. Cole-Adams's focus on anesthesia awareness isn't unique. This rare phenomenon is obviously frightening to many patients. However, the latest medical literature cites its occurrence as uncommon—only one or two in 10,000 procedures. And while her book, television shows and movies have focused on awareness, let me reassure every patient who undergoes anesthesia that physician anesthesiologists customize an anesthesia plan for each patient, taking into consideration health conditions, previous problems with anesthesia, medications being taken and other

critical factors. The physician anesthesiologist's ultimate goal is to protect the life of the patient and make the patient as comfortable as possible. There are some procedures, because of either urgency or unstable patient conditions, that warrant using lower doses of drugs which could place patients at a higher risk for awareness. Under such circumstances, the literature suggests a potential increase in the likelihood of awareness, albeit still rare.

The ASA encourages patients who may have concerns about awareness to talk to their physician anesthesiologist.

JAMES D. GRANT, M.D., M.B.A.
President
American Society of
Anesthesiologists
Schaumburg, Ill.

The author's friend was no doubt "paralyzed" and completely awake during her C-section because that's the way we do it for more than 95% of our patients. A spinal or epidural is safest for the newborn and mother. It allows immediate mother-child bonding, and breastfeeding if desired, with the spouse present. It also is one of the most common surgical procedures performed in the U.S., over a million every year.

MARK A. KLAPPERICH, CRNA
Greenville, S.C.

Pepper ...
And Salt

THE WALL STREET JOURNAL



LOIS EPSTEIN, P.E.
The Wilderness Society
Anchorage, Alaska

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OPINION

Trump, Oprah and the Art of Deflection

**DECLARATIONS**
By Peggy Noonan

Deflection as a media strategy has become an art form. Its purpose is to avoid answering a charge by misdirecting it and confusing the issue. It's often used during crisis.

There are classics of the genre. After Princess Diana died in August 1997, the British press came under severe pressure, accused of literally driving the poor half-mad woman to her death. The paparazzi had chased her like jackals, raced after her car in the tunnel, surrounded it, and taken pictures after the crash. Fleet Street hunkered down in confusion, perhaps even some guilt. Then some genius noticed Buckingham Palace wasn't

Will American politics return to normalcy in 2021 or 2025? I'm not betting on it.

flying a flag at half-staff. The tabloids rushed to front-page it: *The cold Windsors, disrespecting Diana in death as they had in life*. They shifted the focus of public ire. Suddenly there was no more talk of grubby hacks. Everyone was mad at the queen.

Another: In the run-up to the 2016 presidential election, Monica Lewinsky had a problem. Hillary Clinton was running, which meant the Monica story would be regularly resurrected. If she took a step wrong she'd be targeted by ferocious Clinton staffers. In any case she'd be hounded by the press: *Monica, how do you feel now about being slimed as a stalker? Have you forgiven Hillary for calling you a "narcissistic Looney Tune"?*

Ms. Lewinsky had gone into virtual hiding in 2008, when Hillary last ran,

and didn't want to do it again. So in 2014, just before the cycle got serious, she rather brilliantly wrote a piece for *Vanity Fair* in which she announced yes, she'd been a victim in a national scandal and the true culprit was... the press, the internet and the "feed-back loop of defame and shame."

In fact she was the Clintons' victim, but she successfully deflected your gaze. Once Mrs. Clinton's people understood Monica would be taking shots not at Hillary but at Matt Drudge, Ms. Lewinsky's problem went away.

The best deflection has some truth in it. The Windsors were a chilly lot, and the internet does amplify a personal humiliation.

I thought of all this last weekend as I watched the Golden Globes. Hollywood has known forever about abuse, harassment and rape within its ranks. All the true powers in the industry—the agencies, the studios—have one way or another been complicit. And so, in the first awards show after the watershed revelations of 2017, they understood they would not be able to dodge the subject. They seized it and redirected it. They boldly declared themselves the heroes of the saga. They were the real leaders in the fight against sexual abuse. They dressed in black to show solidarity, they spoke truth to power.

They went so far, a viewer would be forgiven for thinking that they were not upset because they found out about Harvey Weinstein and Kevin Spacey, et al. They were upset, as Glenn Reynolds noted on Twitter, that you found out, and thought less of them. Anyway, they painted themselves as heroes of the struggle.

Deflection is brilliant, wicked, and tends to work.

When something works you'll be seeing more of it, in entertainment and politics. Keep your eyes sharp.

When Oprah Winfrey spoke, she brought the crowd to their feet, which gave rise to a new wave of speculation about whether she will run for president. I would be surprised if she did. She has what looks like a richly enjoyable life. She's never been brutalized in the way



that national contenders are. If in the past few decades she's been insulted to her face, or even rudely interrupted, it has gone unrecorded. But to run for president is to be insulted every day. I think sometimes of what Gov. Chris Christie said to debate moderator John Harwood in 2015: "Even in New Jersey, what you're doing is called rude."

But could she win? Absolutely.

Oprah is stable. Oprah is smart. Oprah is truly self-made. She has a moving personal story. She has dignity and, more important, sees the dignity in others. She is fully wired into modern media; she helped invent modern media. Reporters and editors are awed by her. People experience her not as radical but moderate. She has been a living-room presence for two generations and is enormously popular. The first poll, published Wednesday, had her leading President Trump 48% to 38%.

It would all depend on what she wants and, if she decides she wants

it, whether she could accept what goes with it.

But it freaks you out, doesn't it? Not that American presidents now don't have to have the traditional credentials and governmental experience, but that maybe they can't be fully accomplished and appropriate because that's boring. History has been turned on its head. In falling in love with celebrity and personality, we are acting not like a tough and grounded country but a frivolous, shallow one.

And yes, of course Donald Trump changed it all. When he walked through the door he blew out the jams. He left a jagged opening big enough that anyone could walk through after him. He was like a cartoon character that bursts through a wall leaving a him-shaped hole. Last April I had a disagreement with a friend, a brilliant journalist who said when the Trump era is over, we will turn for safety to the old ways. We will return to normalcy. Suddenly

we'll see the mystique of the solid two-term governor in the gray suit, the veteran senator with the bad haircut. After all the drama of Mr. Trump, normality will have a new charisma.

No I said, I see just the opposite. We will not go back for a long time, maybe ever. We are in the age of celebrity and the next one will and can be anything—Nobel laureate, movie star, professional wrestler, talk-show host, charismatic corporate executive.

The political class can bemoan this—the veteran journalists, the senators and governors, the administrators of the federal government. But this is a good time to remind ourselves that it was the failures of the political class that brought our circumstances about.

When at least half the country no longer trusts its political leaders, when people see the detached, cynical and uncaring refusal to handle such problems as illegal immigration, when those leaders commit a great nation to wars they blithely assume will be quickly won because we're good and they're bad and we're the Jetsons and they're the Flintstones, and while they were doing that they neglected to notice there was something hinky going on with the financial sector, something to do with mortgages, and then the courts decide to direct the culture, and the IRS abuses its power, and a bunch of nuns have to file a lawsuit because the government orders them to violate their conscience . . .

Why wouldn't people look elsewhere for leadership? Maybe the TV star's policies won't always please you, but at least he'll distract and entertain you every day. The other ones didn't manage that!

The idea that a lot had to go wrong before we had a President Trump, and the celebrity who follows him, has gotten lost in time, as if someone wanted to bury it.

Sometimes I see a congressman or senator shrug and say, in explanation of something outlandish, "It's Trump." And I think: Buddy, you've been on the Hill 20 years, and we didn't get to this pass only because of him. That's a deflection.

Railbirds Are All the Same, Even Long-Lost Russian Counts

By Alan Pell Crawford

It was along the rail at Maryland's Laurel Park that I first met Sergei Tolstoy, a great-grandson of the man who wrote "War and Peace." A count, he had a distinguished—if thinning—bloodline. Silver-haired and spry, he was tiny. At least he appeared so next to a forbiddingly colossal side-kick he referred to only as "my driver." Sergei's companion might have been Samoan but didn't say so. He didn't say much of anything, while Sergei was always eager to tell you which horse would win the next race.

I wish I had spent more time with Sergei, his driver and the other characters around the paddock. Nowhere will you meet more companionable people than at a racetrack's rail. These spaces might be the most democratic patches of ground left in America. Here class and status—not to mention race, gender or sexual preference—mean nothing. If you want the real diversity, come to a racetrack.

I got to know Sergei in the early 1980s, when there were still three thoroughbred racetracks in Maryland. (Laurel and Pimlico remain open, while Bowie stopped hosting races in 1985.) I would still go to the track if there were one in Virginia, where I now live. Virginia's last track, Colonial Downs, closed in 2014, after only 17 years of operation. It is stupefying that there isn't a track in my state, given the Old Dominion's contributions to equine culture.

Tracks all over America have been struggling since the 1970s, and the country is worse for it. A 2011 McKinsey study for the Jockey Club found that racing has failed "to keep up with rising competition from other forms of gambling, sports, and entertainment." Some tracks have responded to changing demographics by turning themselves into quasi-casinos with

videogames. This was predictable: Kentucky's Churchill Downs apparently gets only 25% of its profits from the four tracks it owns. Much more money comes from its five casinos. Online race-betting appeals to a segment of young males but is unlikely to make railbirds out of them.

I lose no sleep fretting about the owners of these tracks. They can take care of themselves. But I am concerned for what all this means for American society. The U.S. is a republic but also a democracy. The decline of the racetrack subculture—and its inherently democratic nature—does not portend well for a country shaken with social tensions.

Sociologist Kate Fox's "The Racing Tribe: Portrait of a British Subculture" (1999) looks at one of the few places where good-natured conviviality and a genuine sense of community

remain the rule and not the exception. That it's England she writes about only underscores the point. Brits, after all, tend to be a stiffer people than Americans. If racetracks can

Racetracks may be the most democratic places in America, even if there are fewer of them now.

make our cousins across the pond loosen up, it says a lot about their democratizing effect.

Along the rail, Ms. Fox found, "it is quite meaningless to classify members of the Racing Tribe according to their age, sex, occupation or other market research categories." The groups in

which racegoers can be subdivided "cut across all the usual demographic boundaries." Racing enthusiasts don't behave "like a normal crowd." Rather, racegoers "seem happy to make eye contact with each other. And when obvious strangers made eye contact, they did not immediately glance away, in accordance with the normal laws of crowd behaviour. Instead, the standard response seems to be a smile." The sociologist noted that goodwill consistently prevailed in railbirds' chats.

"This is very un-British behaviour," she observes. It is increasingly un-American behavior, too. The disappearance of places where this kind of mixing and mingling feels natural should trouble any civic-minded American. I am not suggesting the racing industry needs a bailout. Nor should tracks receive any special

treatment from local governments. These kinds of initiatives are only misguided attempts at fixing the problem. But that doesn't mean the problem isn't worth recognizing.

I've lost contact with Sergei. Last I heard, he was entertaining guests at what the Washington Post in 2010 called a "low-income assisted living facility in Foggy Bottom." He was 87 then, getting by on a \$213 monthly Social Security check. "I'm living like a bohemian," he told the Post. "I beg, borrow and steal." If you know where he is, tell him to call me. I have good information on who will win the Smarty Jones Stakes at Oaklawn Park on Monday. We'll make a fortune.

Mr. Crawford is author of "How Not to Get Rich: The Financial Misadventures of Mark Twain" (Houghton Mifflin Harcourt, 2017).

Dossiers and Disinformation

Blackmail, threats, and other forms of intimidation are not new to politics. What is new is the scale and scope of the effort to discredit political opponents and influence voters.

Glenn Simpson, in the now-released transcript of last summer's interview with congressional investigators on the Trump dossier, mentions his former employment with The Wall Street Journal and Roll Call, the Capital Hill newspaper.

He doesn't mention the Unification Church-owned (i.e., Moonies) Insight magazine in the mid-1980s. I know because I worked there too. As did others: Malcolm Gladwell was one—I got his desk when he left for the Washington Post. John Podhoretz, a columnist for the New York Post and editor of Commentary magazine, was

one of my editors. David Brooks, of the New York Times, worked downstairs at our sister publication, the Washington Times. David Brock, who gained fame for his Bill Clinton Troopergate reporting and then for becoming a powerful pro-Clinton activist in Washington, was yet another colleague.

I could go on, though I imagine some would prefer I didn't. It was one of the best jobs I ever had.

Which brings me to today's subject. The essence of journalism is assessing the validity of statements.

Democrats hired Mr. Simpson to look into Donald Trump's background. He hired Christopher Steele, the former British agent, to look into Trump-Russia connections. Mr. Steele, from his base in London, reached out to contacts in Russia. A few new things, though, became apparent through Mr. Simpson's testimony.

He has no real idea whether the info was trustworthy.

He won't say whether he knows who Mr. Steele's sources were.

He's completely at sea on the question of whether he and his firm, Fusion GPS, were victims of Russian disinformation.

"What he [Steele] said was, Disinformation is an issue in my profession, that is a central concern, and that we are trained to spot disinformation, and if I believed this was disinformation or I had concerns about that I would tell you that and I'm not telling you that."

It ain't that easy—ask James Anleton. Ask the FBI and CIA, with all their resources, trying to sort out whether the dossier or the Loretta Lynch-related email are deliberate Russian plants. Read Stalin biographer Stephen Kotkin on the Soviet leader's

inability to discern a pending Nazi invasion: "When Stalin damned his intelligence as contaminated by disinformation, therefore, he was right. But the despot had no idea which parts were disinformation."

If you're a history buff, 10 other examples have occurred to you.

How a former reporter helped a foreign national inject dubious allegations into the presidential race.

Mr. Simpson's blithe assertion that Mr. Steele was on the lookout for disinformation is a joke, worthless. I wasn't kidding when I wrote several weeks ago that Democrats who tried to inject this material into the 2016 race would be in a better position ethically if they found the Trump dossier on the sidewalk—i.e., had no knowledge of its untrustworthy antecedents.

In this light, it's odd that Mr. Simpson would, as he testified, let a foreign national (Mr. Steele), whose information Mr. Simpson could not vouch for, evaluate or defend, talk him into trying to introduce it into the presidential race via the FBI.

There is a time-honored method by which reporters make fools of themselves. They have a narrative that says (for instance), look for Russian connections. Any they find, however desultory and unrelated to the central premise, become proof of the premise, in this case the premise of a conspiracy between Donald Trump and the Russian government.

Felix Sater, an ex-Russian criminal, was long known to be a business

associate of Mr. Trump (Mr. Trump walked out of a BBC interview in 2013 when his name came up). A seller of luxury properties, Mr. Trump sold some to Russian émigrés.

See, these involve Russia, and the document is all about Russia.

Mr. Trump has claimed for years that Vladimir Putin walks all over the U.S. because we have weak leaders. We'd have better relations under a strong leader. Lacking connections to the GOP policy establishment, he attracts helpers and hangers-on who are keen to promote better ties with Russia. Of course, opportunists come out of the woodwork, like a Maltese professor claiming to have Kremlin contacts.

You can almost read the New York Times editorial now. Every specific claim in the dossier may be false, but it points to a "larger truth." Read further, and the larger truth is that Mr. Trump is sleazy, so it doesn't matter if particular allegations against him are real or made-up.

Here's another truth: Our industry has its share of Dan Rathers, capable in some respects but deficient in judgment. Where there's smoke, there's fire, is their favorite metaphor. The world is smoke, they forget. The challenge is interpreting it accurately, rigorously.

One final point: If the Trump dossier is Russian disinformation, it's only the second way Russian disinformation roiled U.S. politics. The first would be the fake Russian "intelligence" referring to a nonexistent email between liberal operatives concerning Obama Attorney General Loretta Lynch that was reportedly a key factor in James Comey's decision to intervene in the Hillary Clinton email matter in the run-up to Election Day.

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SPORTS

TENNIS

Sloane Stephens's Puzzling Slump

The tennis star hasn't won a match since taking the U.S. Open. The nutty streak makes for a wide-open Australian Open.

BY TOM PERROTTA

AMERICAN Sloane Stephens defied expectations last season with a strong summer capped by the U.S. Open title, the first Grand Slam championship of her career. She won tight matches. She won a third-set tiebreaker. And in the final, she dominated, losing just three games.

It's tennis season again and for the women, the outcomes continue to be improbable. Take Stephens, who is currently staging one of the most disastrous encores to a major title in memory.

In her seven matches since winning the U.S. Open, she has lost every time. In her season-ending Fed Cup, the 24-year-old Stephens lost both matches she played. Many of the others were blowouts, like her 6-2, 6-2 loss to Wang Qiang, ranked No. 55 at the time. Or her 6-3, 6-0 defeat against fellow American Christina McHale, who was ranked No. 71.

"Considering how amazing she played at the Open and in the summer, it's one of the strangest four months," said Brad Gilbert, the former pro and coach of Andre Agassi. "It makes no sense."

In tennis, champions often slump after their first Grand Slam titles. Ana Ivanovic, now retired, went from winning the French Open to being unable to toss the ball on her serves. She fell in the rankings and never won another major title.

Stephens's downfall is more incredible because of how consistent she was, and how high she rose last year. At one point her ranking dropped to 957, largely because of playing time lost to injuries. Instead of slowly coming back, she made the semifinals of two tough events before moving on to the Open. Among her victims: Angelique Kerber and Petra Kvitova (twice). At the U.S. Open, Stephens won a quartet of three-set matches, including a semifinal against Venus Williams.

The Stephens camp is calling for calm amid her fall. Her agent, John Tobias of TLA Worldwide, said Stephens simply needed some practice and a few matches to rebuild her confidence. "I'm not concerned in the least," he said.

Stephens's stumble tells you all you need to know about women's tennis as 2018 begins: Like last year, anything can happen, and happen quickly.

Without Serena Williams playing—she's still out with her new child—anyone can beat anyone, and have no fear no matter the opponent. No one knows who will win. The game is so unpredictable that Stephens could rebound. Or another young star could emerge, like Jelena Ostapenko, last year's French Open winner. Maria Sharapova could rise again, or Venus Williams, who lost in two Slam finals last season, could finally win her first since 2008.

Williams is 37 years old and, somehow, performing as well as she did a decade ago. Williams lost to her sister in last year's Australian Open final and has never won this event.

"You have 20 players who can win a Grand Slam," said Chris Evert, the former No. 1 and ESPN announcer. "It's unbeliev-

able, the depth."

Two women who have never won a Slam are looking in top form leading up to the tournament next week: Simona Halep, ranked No. 1 in the world, and Caroline Wozniacki, now ranked No. 2.

Halep, 26 years old, won her first title of the year in China. She had a disappointing tournament at the U.S. Open, where she lost in the first round to Sharapova. Right now, though, she looks recovered and confident. She has twice reached the quarterfinals in Australia and has made two Grand Slam finals in her career, the most recent being the heartbreaker in last year's French Open against Ostapenko.

"I feel she is determined to turn that around," Evert said. "I just feel like she's playing the best tennis right now, playing the most solid tennis."

Wozniacki, 27 years old, has had a remarkable comeback in the last year. In the two years before that she seemed to be fading away, but since then she has become a bit more aggressive while keeping her consistency.

The woman off to the fastest start this year appears to be Elina Svitolina, who won the tournament in Brisbane last week, the 10th title of her career. She's now ranked fourth and, at age 23, has well-polished strokes and movement. Svitolina has reached the quarterfinal in a Grand Slam twice in her career, both times at the French Open.

If you're thinking of a comeback more than a new champion, Angelique Kerber suddenly seems possible. After a miserable season she has split with her coach and, seemingly, is swinging freely again. She just beat Venus Williams in three sets in this week's Sydney International event, a sign that she's moving more and missing less. Kerber won the Australian Open in 2016.

Looking for youth?

Keep your eye on Madison Keys, the 22-year-old American who lost to Stephens in last year's U.S. Open final. Keys has often suffered from injuries, but when healthy, she's among the most powerful players in the game. Her first big success at a Slam came at the Australian Open in 2015, when she reached the semifinals before losing to Serena Williams.

And yes, there are even more contenders. Three to consider: Garbiñe Muguruza, Karolina Pliskova and Julia Goerges.

Muguruza has the most talent, but her status is unclear because she just defaulted from a tournament in Sydney because of a right thigh injury. Pliskova, 25, played in the 2016 U.S. Open final, where she lost to Kerber in a tense three-set match. Last year she reached the quarterfinal of the Australian Open. As for Goerges, 29, she has never made it past the fourth round at a Slam, but is playing well enough to do it, having won her last 14 matches.

Want a true miracle at the Open?

No, that's not Stephens recovering from her losing streak. Kristina Mladenovic has lost 14 consecutive matches since last summer, a seemingly impossible feat for such a talented—and highly ranked—player.

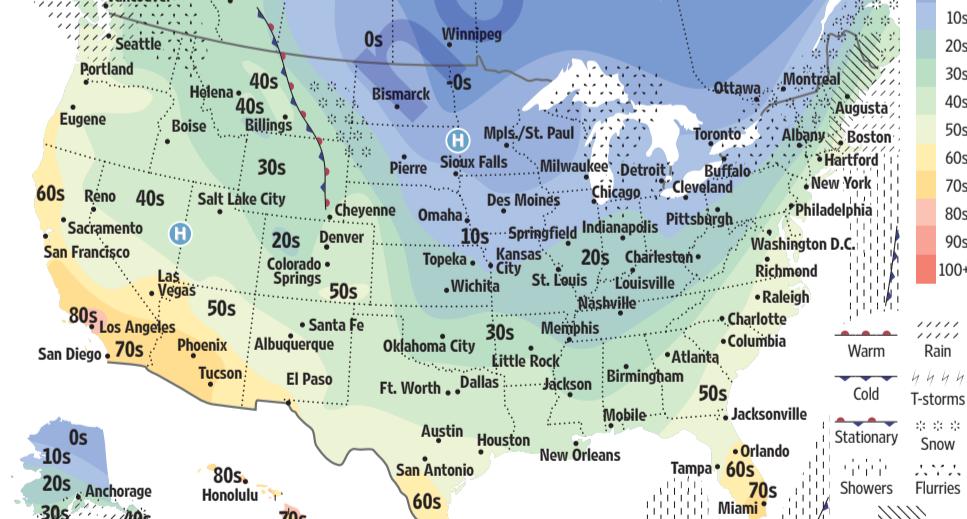
"It's insane," Gilbert said. "And she's still ranked 11!"

STEVE CHRISTO/CORBIS/GETTY IMAGES



In her seven matches since winning the U.S. Open, Sloane Stephens has lost every time.

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s...sunny; pc...partly cloudy; c...cloudy; sh...showers; f...fog; fl...snow; flr...snow; l...ice

Today Tomorrow

City Hi Lo W Hi Lo W

Anchorage 37 25 20 35 26 c

Atlanta 40 23 pc 40 21 sf

Austin 51 24 s 55 34 pc

Baltimore 37 14 pc 28 12 s

Boise 43 29 s 43 29 s

Boston 54 15 r 26 16 s

Burlington 19 7 sn 6 11 s

Charlotte 47 23 pc 39 22 pc

Chicago 17 3 pc 21 19 pc

Cleveland 18 6 sf 19 19 pc

Dallas 43 27 s 52 35 s

Denver 49 28 s 54 27 pc

Detroit 19 10 c 21 16 s

Honolulu 83 66 s 84 69 s

Houston 51 30 s 53 36 s

Indianapolis 22 5 c 21 15 s

Kansas City 19 10 pc 31 21 sf

Las Vegas 64 45 pc 63 45 s

Little Rock 35 20 pc 35 25 pc

Los Angeles 81 57 pc 80 54 pc

Miami 75 52 s 69 55 pc

Milwaukee 16 3 pc 20 18 pc

Minneapolis 5 7 s 15 5 sn

Nashville 28 16 c 32 24 s

New Orleans 45 30 s 46 34 s

New York City 45 14 pc 25 13 s

Oklahoma City 31 20 s 46 26 s

Today Tomorrow

City Hi Lo W Hi Lo W

Albuquerque 43 31 c 39 32 pc

Amsterdam 42 31 c 39 32 pc

Athènes 57 46 t 51 40 sh

Baghdad 70 43 c 72 45 s

Bangkok 80 63 pc 83 68 s

Beijing 38 16 s 45 18 s

Berlin 33 26 c 32 25 s

Brussels 43 31 c 42 34 s

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Dublin 47 39 r 47 42 c

Edinburgh 42 35 c 44 41 c

Fiji 31 20 s 28 15 s

Glasgow 39 27 s 37 27 s

Guayaquil 39 27 s 37 27 s

Helsinki 39 27 s 37 27 s

Istanbul 39 27 s 37 27 s

Johannesburg 40 28 s 39 30 s

Kuala Lumpur 40 28 s 39 30 s

Lima 40 28 s 39 30 s

London 44 36 c 42 38 pc

Luanda 44 36 c 42 38 pc

Madrid 44 34 r 44 30 sh

Manila 83 74 pc 83 75 c

Melbourne 67 54 t 66 56 pc

Mexico City 68 33 pc 64 34 pc

Milan 49 34 s 44 35 c

Mumbai 91 70 pc 91 68 pc

Paris 44 33 c 46 37 pc

Rio de Janeiro 90 77 c 92 78 t

Riyadh 76 43 s 78 46 s

Rome 56 41 pc 54 42 c

San Juan 83 74 sh 83 73 pc

Seoul 36 23 pc 41 30 c

Shanghai 44 35 s 55 42 pc

Singapore 81 74 r 81 74 sh

Sydney 85 61 t 73 62 sh

Taipei 62 54 pc 72 57 s

Tokyo 45 33 s 46 35 s

Toronto 14 5 pc 19 9 pc

Vancouver 47 38 r 48 37 pc

Warsaw 31 17 pc 28 15 s

Zurich 39 27 s 37 27 s

THE COUNT

THIS JAGUARS DEFENSE HAS SERIOUS BITE

When discussion comes up about the NFL's greatest defenses, the 1985 Chicago Bears, the 1986 New York Giants and the 2000 Baltimore Ravens are often mentioned. But the 2017 Jacksonville Jaguars have made a strong case for being included in the mix.

The Jaguars led the league in fewest yards allowed per game, fewest yards allowed per play and fewest yards allowed per pass and were second-best in sack rate, points per game and turnovers. In fact, among the all-time best defenses, only the 2017 Jaguars ranked first or second in all these key defensive categories.

The question for the Jaguars heading into their showdown with the Pittsburgh Steelers in Sunday's AFC Divisional playoffs is whether they are as good as their statistics make them seem. They have padded their numbers by playing a bevy of weak offenses led by shaky quarterbacks, including Tom Savage, Jacoby Brissett (twice), DeShone Kizer, Blaine Gabbert and T.J. Yates. Even in their 10-3 AFC

Wild Card playoff win over the Buffalo Bills, they were facing a quarterback, Tyrod Taylor, who had been benched earlier in the season.

On Sunday, the Jaguars will be facing one of the game's most feared passers: two-time Super Bowl winning quarterback Ben Roethlisberger. But Roethlisberger is actually the best evidence that the Jaguars defense is legitimately great. In October, the Jaguars held the Steelers without a touchdown and forced Roethlisberger to throw five interceptions—the most he has ever tossed in a game. Jacksonville won 30-9.

The Jaguars remain underdogs this weekend. If the oddsmakers turn out to be right and the Steelers win, it doesn't necessarily mean the Jaguars aren't really good. The 1985 Bears were eliminated by the eventual Super Bowl champion 49ers in the 1984 season, before winning Super Bowl XX. In that season, the Bears knocked off the Giants in the Divisional round, before New York won Super Bowl XXI.

—Michael Salfino

Tenacious D

How the 2017 Jaguars compare to all-time defenses based on ranking during their league year in key defensive statistics:

TEAM	YPG	YPP	Y/A	SACK%	PPG	TO	TOTAL

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BUSINESS DELAYS IN SPACE B2

BUSINESS & FINANCE



FINANCE ROLLING IN CASH B10

BRENDAN McDERMID/REUTERS

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THE WALL STREET JOURNAL.

Saturday/Sunday, January 13 - 14, 2018 | B1

DJIA 25803.19 ▲ 228.46 0.9% NASDAQ 7261.06 ▲ 0.7% STOXX 600 398.49 ▲ 0.3% 10-YR. TREAS. ▼ 6/32, yield 2.551% OIL \$64.30 ▲ \$0.50 GOLD \$1,333.40 ▲ \$12.80 EURO \$1.2200 YEN 111.04

Facebook Puts Publishers on Edge

Changes to news feed likely to choke traffic; some see apocalypse, others say 'chill out'

By BENJAMIN MULLIN

Digital publishers are reckoning with the potential impact of Facebook's planned changes to its news feed, with

Cast Changes

Sheryl Sandberg, Jack Dorsey to leave Disney board..... B4

reactions ranging from trepidation to confidence to reflection on the folly of depending on the social network for web

traffic in the first place. Facebook on Thursday said it would introduce changes to the feed in coming months to promote content shared by friends and family that provokes conversation among users, and in the process would de-emphasize content pushed into feeds from news publishers, brands, nonprofits and others.

Even before Facebook's latest announcement, the company already had tweaked the news feed in ways publishers blamed for reducing the traffic they receive through the social network. The percentage of publishers' online traffic coming from Facebook fell from an average of 40% at the end of 2016 to 24% as of last month, according to analytics



Publishers get about a quarter of their web traffic from Facebook.

DOMINIC LIPINSKI/GETTY IMAGES

firm Parse.ly. The latest change could have an even more pronounced effect over time, some media ex-

ecutives say. Some are viewing Facebook's move as a wake-up call for publishers to wean themselves off their depen-

dence on Facebook and build businesses—even if smaller ones—that can thrive and grow in other ways.

Turning to Facebook and its two billion users to find readers is tempting. But it shouldn't be Facebook's job, they say, to prop up a publishing industry that has struggled to find the right formula to build online businesses.

"People should chill out: Facebook is a public company that controls its own decisions and destiny," said Jim Vandehei, co-founder and chief executive of Axios. "Publishers should do the same damn thing."

It isn't clear which types of content and sites Facebook's change will hit the hardest, *Please see PUB page B4*

In the Cards

U.S. credit and debit cards in circulation

Visa	835 million
Mastercard	405 million
Discover	51 million
AmEx	50 million

Note: As of 3Q 2017

Source: Nilson Report

THE WALL STREET JOURNAL.

Visa Joins Its Peers, Jettisons Signatures

By ANNAMARIA ANDRIOTIS

Visa Inc. is ditching the signature.

The largest U.S. card network by many measures said Friday that merchants, starting in April, will no longer be required to make consumers sign for debit- and credit-card purchases, signaling the demise for a procedure that was once a linchpin of keeping transactions secure.

The other major U.S. networks, **Mastercard** Inc., **American Express** Co. and **Discover Financial Services**, in recent months said they would take the same step. The signature will still be used by merchants who choose to keep it and, in Visa's case, will still be required at merchants that don't accept the security chips that are installed in newer cards.

The companies say improved security features, in particular the embedded chips, outweigh the security provided by signatures.

Some say a written name scrawled on a slip of paper or electronic pad fails to provide much protection these days. Removing the signature will also speed up in-store checkout for many consumers, they add.

Many consumers have caught on, signing their names *Please see VISA page B2*

T. Boone Pickens Closes A Chapter

T. Boone Pickens, a famous oilman and investment manager, said he is closing the energy-focused hedge fund he has run for the last two decades as his health declines.

The move closes a chapter in a nearly seven-decade career that has included stints as a wildcatter, corporate

By Alison Sider,
Ryan Dezember
and Juliet Chung

raider, cattle trader and clean-energy evangelist.

The 89-year-old Oklahoma native cited both his deteriorating health and weak financial performance as reasons for closing the fund in a letter that he published Friday. Mr. Pickens said he is recovering from a series of strokes last year and a bad fall.

"It's no secret the past year has not been good to me, from a health perspective or a financial one," he wrote in the letter. "If you are lucky enough to make it to 89 years of age like I have, those things tend to put life in perspective."

"Trading oil is not as intriguing to me as it once was," he added.

A spokesman for Mr. Pickens declined to comment on the fund's size or returns. The fund managed more than \$2 billion a decade ago, The Wall Street Journal reported at the time.

In recent years, the firm's assets, including a private-equity fund and some mutual funds that will continue running, totaled about \$1 billion, according to a person familiar with the matter.

The letter said his firm, **BP Capital**, would move toward a family-office structure. Family offices manage the fortunes of the wealthy and are able to sidestep much of the regulatory scrutiny experienced by firms that handle outside clients' money.

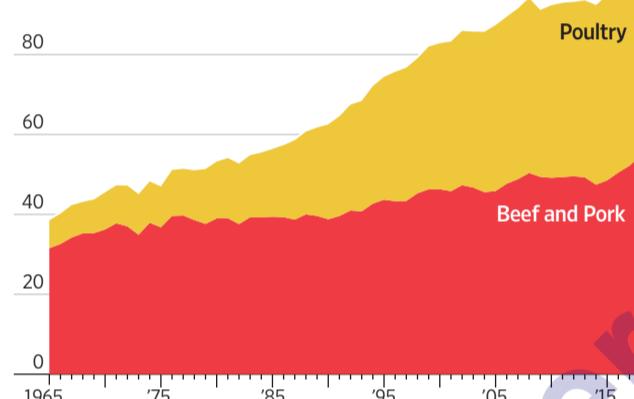
Two of Mr. Pickens's top lieutenants, Brian Bradshaw and David Meaney, have already left Mr. Pickens's firm and will jointly launch an energy fund, **Assert Capital Management**, in the coming week. Mr. Pickens will be an investor, Mr. Meaney said.

The fund closure is the latest move by Mr. Pickens to dislodge himself from his business empire. Late last year, Mr. Pickens listed his huge Mesa Vista ranch in the Texas panhandle for sale, asking \$250 million. He pieced together the 100-square-mile ranch through multiple purchases starting in 1971. There he has explored for oil, entertained oil magnates and politicians and hosted epic quail.

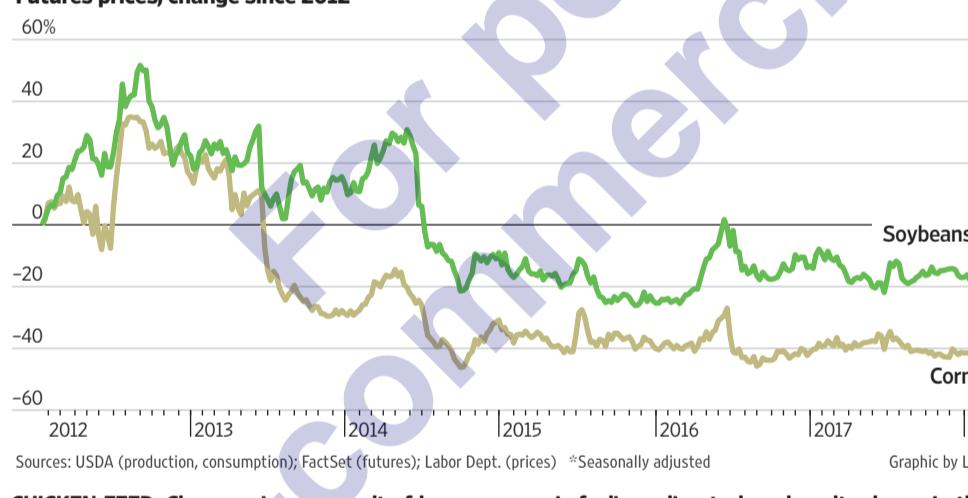
Please see PICKENS page B2

Butcher's Bounty: The U.S. Produces and Eats Meat Like Never Before

Annual U.S. meat production



Futures prices, change since 2012

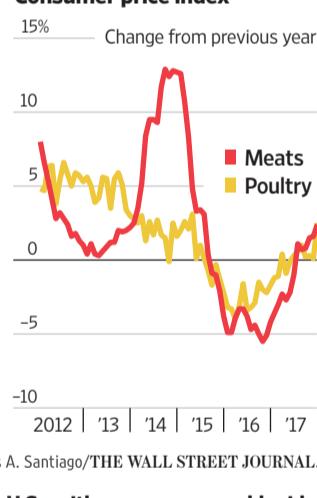


Sources: USDA (production, consumption); FactSet (futures); Labor Dept. (prices) *Seasonally adjusted

Consumption



Consumer price index*



Graphic by Luis A. Santiago/THE WALL STREET JOURNAL.

CHICKEN FEED: Cheap grain as a result of bumper crops is fueling a livestock and poultry boom in the U.S., with consumers worldwide demanding more protein. However, some analysts say consumption is unlikely to keep up with the meat industry's rapid expansion. B3

China Warns Foreign Firms On Listing Disputed Areas

By WAYNE MA

More foreign companies came into Beijing's crosshairs Friday for including regions such as Tibet and Taiwan in a list of independent countries on their Chinese websites, a day after authorities ordered hotel giant **Marriott International** Inc. to suspend its online operations in the country for a similar offense.

Delta Air Lines Inc., the Zara apparel chain and Irish medical-equipment maker **Medtronic** PLC all came under fire. The Civil Aviation Administration of China said it had met with a Delta representative to demand a public apology and "immediate rectification" after the airline listed Tibet and Taiwan as countries on a destinations page.

In a statement on its website, the aviation regulator asked other foreign airlines to review their websites and mobile apps to prevent similar incidents.

Delta posted an apology on its Chinese website. The Atlanta-based airline "recognizes the seriousness of this issue, and we took immediate steps to resolve it," a company spokesman said in an email. "It was an inadvertent error with no business or political intention, and we apologize deeply for the mistake."

Separately, the Shanghai branch of the Cyber Administration of China said Friday that it

had ordered Spanish retail giant Inditex SA—which runs the popular Zara chain—and Medtronic to correct their websites.

Both included Taiwan in a list of countries on their websites, the regulator said in a statement on an official social-media account.

"Cyberspace isn't outside the law, and multinational corporations should abide by the relevant laws and regulations of the Internet in China," it added.

Inditex and Medtronic didn't

immediately respond to requests for comment. Late Friday, Medtronic posted an apology on its Chinese-language website, saying the listing was a mistake and the website had been corrected.

China's foreign ministry also weighed in, saying foreign companies operating in the country must "respect China's sovereignty, integrity of territory, follow China's law and respect Chinese people's national feelings."

A ministry spokesman called it "the basic line for any company to invest, operate and co-

operate in other countries."

Late Friday, Chinese news organizations reported that several other companies had made similar missteps on their websites.

The government crackdown on how companies define areas of China began earlier in the week after Marriott emailed a global survey to its loyalty members that included Hong Kong, Taiwan, Macau and Tibet in a drop-down list of countries.

Hong Kong and Macau are both part of China, but they are governed under the "one country, two systems" formula, which allows them to maintain certain measures of independence. Tibet has been under China's control for decades, though some Tibetans advocate its independence. Taiwan is a democracy that split from China nearly seven decades ago, but it is still claimed by Beijing as its territory.

Responding to Marriott's definition of these areas, the Shanghai branch of the Cyber Administration of China on Thursday ordered the hotel chain to fix the issue and shut its website and mobile app to Chinese residents for one week.

"Marriott International respects and supports the sovereignty and territorial integrity of China," Marriott Chief Executive Arne Sorenson said in a statement on Thursday.

THE INTELLIGENT INVESTOR | By Jason Zweig

The Stock Market Is Clawing the Bears

Imagine losing 80% or more while, all around you, investors are basking in

the glory of one of the big-

gest bull markets in history.

Imagine racking up year af-

ter year of losses while stocks are going up nearly

400%.

That's what it's like to run a short-selling fund that hedges against the risk of a falling stock market.

If you're a contrarian who is naturally attracted to parts of the market that have been losing money on the grounds that they are ripe for recovery, bear this in mind about these funds: On average, in the long run, you will lose money if you hold them.

Over time, stocks tend to go up more, and more often, than they go down. "So one would not expect an investor to be permanently short and, in fact, most should be permanently long," says Mohsen Fahmi, co-manager of the \$2.1 billion **Pimco StocksPlus Short Fund**.

"I'm pretty sure that 99.9% of our investors understand that the fund is designed to make money when

the market goes down," he says. "Perhaps, after nine years of a bull market, if any didn't know what they were getting into, they do now."

The S&P 500 hasn't had a down year since 2008, when Taylor Swift was 19 years old.

Ever since stocks began trading in Amsterdam around the beginning of the 17th century, some investors have sought to profit when the market falls

BUSINESS & FINANCE

NASA's Private-Spacecraft Plan Bogs Down

By ANDY PASZTOR

NASA's plan to routinely ferry astronauts into orbit using private spacecraft—initially slated to start last year—has now slipped until at least the spring of 2019, and unresolved hazards threaten further delays.

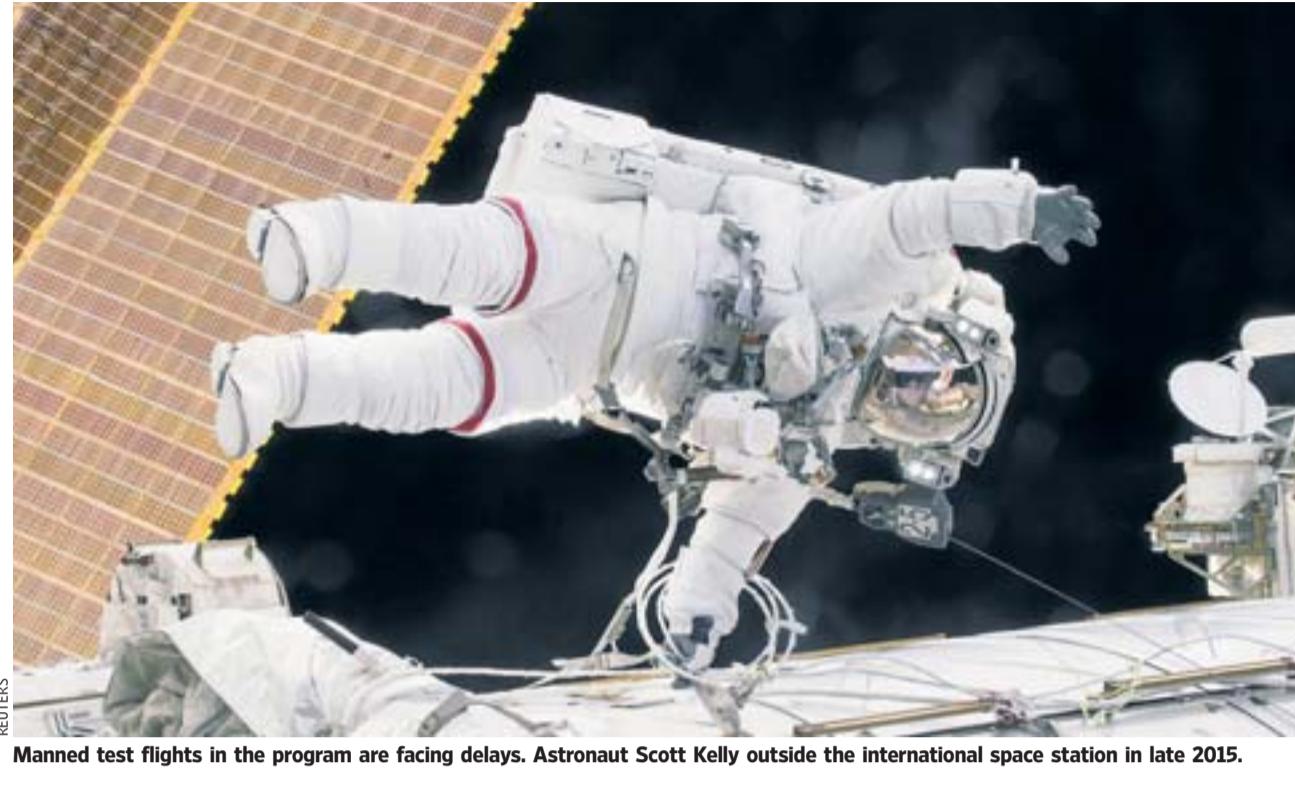
New questions about the high-profile program, known as commercial crew transportation, emerged Thursday, with the National Aeronautics and Space Administration's top outside safety panel flagging persistent dangers. Under the program, NASA would rely on capsules developed and operated on a commercial basis by Boeing Co. and Elon Musk's SpaceX.

Potential problems identified in the group's annual report range from unconventional rocket-fuel systems to the bombardment of aircraft in orbit by tiny meteor fragments and other space debris.

NASA has stipulated a statistical probability of no more than one fatal accident per 270 flights. SpaceX and Boeing are developing separate fleets of capsules but neither is likely to meet that longstanding safety standard, despite years of testing, re-engineering and high-level government concern about what are called micro-meteoroids, according to the report.

Even with mandated on-orbit inspections to detect collision damage, the independent watchdogs concluded "the likelihood remains that the providers will not meet all" of the previously agreed-to requirements. NASA managers will then have to determine if the statistical risk—including significant statistical uncertainties—is acceptable, according to the panel.

In addition, the document singled out **Space Exploration Technologies** Corp.—the former name for Mr. Musk's company—for two specific, potentially high-risk design and operational features related to fueling practices and internal tank structures of its Falcon 9 rockets. Both of the issues have been extensively studied by company and agency experts, but the report highlights that they remain unsettled and that



Manned test flights in the program are facing delays. Astronaut Scott Kelly outside the international space station in late 2015.

definitive answers are essential before the Falcon 9 can be cleared to carry astronauts.

Boeing has told NASA it expects to launch its first crewed test flight in November, though company officials previously indicated that could slip to 2019. Hours before the safety report was posted on NASA's website, the agency revealed that SpaceX's initial manned flight had been pushed back to December from the summer.

A Boeing spokeswoman had no comment on the report. A SpaceX spokeswoman said that, along with NASA, it is revising a fuel-system component and methodically demonstrating the safety of its overall fueling process.

Regarding its latest delay, SpaceX said the combination of Falcon 9 rockets and its Dragon capsules constitutes "one of the safest and most advanced human spaceflight systems ever built—and we are set to meet the additional milestones needed to launch our demonstration missions this year."

Before releasing the report, NASA said commercial spacecraft would provide "reliable and cost-effective access to low-earth orbit on systems that meet our safety and mis-

sion requirements."

But the strongly worded, 38-page independent analysis illustrates the difficulties faced by both companies in meeting ambitious deadlines amid nagging safety threats, while pivotal decisions loom about authorizing the initial liftoffs.

Emphasizing that NASA is "at a critical juncture in human spaceflight development," the nine-member advisory panel urged NASA managers to

warned that certifying manned vehicles will require "careful weighing of all the technical and operational aspects" of risk-benefit trade-offs.

For SpaceX, the upshot is that the panel determined that more work needs to be done to understand hazards posed by helium tanks used to maintain pressure of supercooled liquid oxygen inside the second stage of the Falcon 9. Various problems with those carbon-fiber-wrapped helium containers were identified as the cause of catastrophic explosions of two of the rockets over a two-year span.

The panel determined that "adequate understanding of the [tanks] behavior" is an "absolutely essential precursor to potential certification for human space flight." The company is working on an alternate tank design if it fails to persuade NASA the original hardware is safe to fly astronauts.

In addition, the outside experts urged additional study of SpaceX's plans to load propellants into the rocket with the crew already strapped into the capsule. Such fueling procedures, sharply criticized by many industry experts, former astronauts and current agency

officials, run counter to the traditional practice of loading fuel first and only then putting astronauts on top of the rocket waiting for blastoff.

In a statement Friday, the company said once testing of a new pressurized helium tank is complete, it plans to start flying the new hardware as early as this spring. The statement also said that its fueling procedure with astronauts on board environments hazard controls that "will be implemented and carefully verified prior to certification."

Congress is stepping up scrutiny of the program, with members of a House science panel scheduled to interrogate representatives of both companies and the head of NASA's manned-exploration office at a hearing on Wednesday.

Despite recurring delays, NASA's initiative enjoys strong support among many lawmakers, industry officials and scientists.

"Compared to any other NASA program," this is "providing taxpayers with more bang for the buck," said Phillip Larson, a former SpaceX official who also worked in President Barack Obama's administration and now is an assistant dean at the University of Colorado at Boulder.

CVS Will Keep Aetna In Hartford After Deal

By JOSEPH DE AVILA

CVS Health Corp. has decided to keep **Aetna** Inc. in Hartford, Conn., reversing the insurer's plan announced last year to move its corporate headquarters to New York City.

"We have no plans to relocate Aetna's operations from Hartford," CVS spokesman David Palombi said, adding that the company had met with Connecticut Gov. Dannel Malloy and Hartford Mayor Luke Bronin on Thursday.

The planned move was put on hold after CVS's December announcement that it would buy Aetna for \$69 billion. Aetna said at the time the merger was announced that all of its locations would be evaluated as part of its integration with CVS.

Once the merger is complete, Hartford will be considered the "corporate hub" for the insurance business, rather than Aetna's headquarters, Mr. Palombi said. CVS will maintain its corporate headquarters in Rhode Island.

The reversal is a win for Connecticut, which has lost other corporations in recent years and has been struggling with budget shortfalls and declining population. The city of Hartford is in its own financial straits, relying on state aid to balance its budget.

"I'm thrilled that CVS has confirmed that Aetna will continue to call Hartford home," Mr. Malloy said.

At the time that Aetna announced its decision to leave Hartford, where it has been based since 1853, the insurer said it chose to move to New York to tap a more robust pool of talent as it sought to reposition itself as a consumer-oriented health company.

An Aetna spokesman said Friday that the company is still reviewing which locations it will keep, and whether it will open some sort of office in New York.

VISA

Continued from the prior page with speed rather than with legibility in mind. The increasing number of card transactions in recent years has made something that seemed official more mundane.

Some consider it more of a frill and long ago stopped taking it seriously. Colby Gergen, a 28-year-old software product manager in Phoenix, says he signs almost every credit-card receipt using two triangles. At times, he has used a smiley face.

Mr. Gergen used to sign his full name, then switched to signing only C and G until his signature began to look like two halves of a triangle. One day about three years ago, he figured he'd draw two triangles on a card receipt and see if any store would reject it.

No one did. The new ap-

proach is "a combination of speed, laziness and knowing the signature didn't really matter," Mr. Gergen says.

Others are showing off on social media more creative signatures they've offered to merchants, including stick figures, whale drawings and phone numbers asking cashiers or waiters to call them.

Sadie Morrison, co-owner of Portland, Ore.-based Peruvian restaurant Las Primas, takes screenshots of some of the more interesting signatures that customers leave on receipts.

Among her favorites: A signature that consisted of two stars, two swirls circles and a stick-figure face with a unibrow and earrings.

Another one read: "You're my favorite Las Primas!"

Some merchants say consumers who play around with signatures aren't the ones who are likely trying to pay with a stolen credit card.

"Someone paying with a stolen credit card isn't likely to spend a lot of time drawing attention to themselves," Ms. Morrison said.

As more commerce has migrated online and to mobile phones, signatures have been replaced by passwords, fingerprint recognition and other biometrics.

Many gas stations require entering a ZIP Code instead of a signature when paying with a credit card.

In many countries outside the U.S., debate about signatures long ago became anachronistic. In most of Europe, consumers have used chip credit cards for decades and have had to validate a transaction using a personal identification number, or PIN. The method has also been adopted in Australia and Canada.

In the U.S., chip cards came into mainstream use in 2015. But the credit cards didn't feature the PIN as some card companies feared this would

slow transactions. Signatures were largely left in place instead of instituting PINs.

Card companies say chip cards have helped to reduce fraud and that new measures under way, including biometric identification like fingerprints and facial recognition, will provide additional security in the future.

Visa, which processed \$836 billion in U.S. transactions in the third quarter, is requiring chip cards for the signature change in part to give incentive to more merchants to accept chip cards. Card companies say that some types of fraud have declined due to chip cards, because chip transactions gener-

ate a unique one-time code that is needed for the transaction to be approved, a feature that is difficult to replicate in a counterfeit card. But some merchants have stuck to accepting the magnetic strips on cards that consumers swipe in part due to the costs of installing the technology to accept the new cards.

Card networks have required signatures for decades, though changes implemented over the years loosened that requirement depending on the dollar amount of the transaction. Roughly 75% of Visa's U.S.-based debit- and credit-card transactions don't require a signature because they are below certain dollar amounts.

Even so, the fact that signatures have held on for so long amazes some. When Mastercard in October said that it was ditching signatures, a consumer wrote on its message board: "Congrats on catching up with the rest of the world, America. About time."

the mid-1990s, when low natural-gas prices sapped its profitability. Mr. Pickens was ousted from the company, and it was merged with a company that eventually became the giant shale driller Pioneer Natural Resources Co. He launched BP Capital in 1996 after leaving Mesa.

In recent years, Mr. Pickens reinvented himself as a promoter for the domestic energy industry, arguing that the U.S. needed to wean itself from foreign oil with more natural gas and wind power.

But the energy renaissance he championed, fueled by shale drilling, helped produce a glut of oil and natural gas that sent prices tumbling.

Mr. Pickens described himself as "a victim of [his] own success," as the U.S. energy industry's output helped dampen volatility and made it harder to eke out profits from trading.

"I'm ecstatic that I've hung on long enough to see it all unfold," Mr. Pickens wrote in his letter.

—Lynn Cook

contributed to this article.

SAVE \$165

on 15 World-Class Wines

PICKENS

Continued from the prior page hunts. It includes its own air strip, an 11,000-square-foot kennel for his 40 bird dogs and a chapel where he once married.

His decision to wind down the fund follows closures of several other commodities funds that have struggled with low returns and redemptions amid plummeting prices. Even as oil prices started to recover last year from a rout that began in 2014, trading conditions were harsh for funds that specialize in energy.

Prominent oil trader Andrew Hall said last summer that he would wind down the main hedge fund at Astenbeck Capital Management. Madava Asset Management, led by veteran energy trader George "Beau" Taylor, is also shutting.

In recent years, Mr. Pickens ran his financial firm from a conference room in its Dallas office. His investing positions were projected onto one wall while maps showing the drilling projects scheduled for his

ranch hung on another. Visitors, including reporters, would find him with a bowl of bite-size Butterfinger candy bars by his side and a small dog at his feet.

He tended to focus on commodities bets, while others at the small firm picked stocks. The firm's recent securities filings detail a portfolio loaded with pipeline operators, Permian Basin oil drillers and the odd chemical company and airline.

Mr. Pickens's convictions often resulted in volatile returns, but the fund delivered what it promised, which was exposure to energy, according to people familiar with the fund's performance.

"I'm surprised he didn't quit a decade ago," said John Trammell, a former investor with Mr. Pickens. "All of us can hope to be that engaged at his age."

Mr. Trammell said that the volatility in returns was a reason his former fund-of-hedge-funds firm had invested with Mr. Pickens, but that his clients became uncomfortable with mounting losses around

2010.

Still, he said he considers Mr. Pickens one of the most informed energy traders in the hedge-fund industry.

"He had a very good model for global oil flows, and he had a very good understanding of the decision-making process in the Middle East," Mr. Trammell said.

Mr. Pickens trained as a geologist and started his career at Phillips Petroleum. In the 1950s, he started the company that would become Mesa Petroleum Corp., which went on to make a string of unsolicited bids for much larger rivals.

He became a corporate raider in the 1980s and made his share of enemies. In 1983, Mesa made a bid for Gulf Corp., one of the country's largest companies. Even though it wasn't successful, Mr. Pickens's run at Gulf forced the oil titan into the arms of Chevron Corp. and a Pickens-led investment group earned \$760 million when the shares it bought in Mesa appreciated during the takeover attempt.

Mesa met with trouble in

the mid-1990s, when low natural-gas prices sapped its profitability. Mr. Pickens was ousted from the company, and it was merged with a company that eventually became the giant shale driller Pioneer Natural Resources Co. He launched BP Capital in 1996 after leaving Mesa.

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—Lynn Cook

contributed to this article.

BUSINESS NEWS

Meats Are on a Roll in U.S.

By JACOB BUNGE
AND BENJAMIN PARKIN

America is producing more meat than ever.

Farmers and meatpackers produced a record 99.7 billion pounds of red meat and poultry in 2017, the U.S. Department of Agriculture estimates. They are on track for an even bigger slaughter this year.

Tyson Foods Inc., **Sanderson Farms Inc.** and other meat companies are building new plants that are expected to push U.S. meat production up 3.8% in 2018, the biggest increase in more than 20 years.

"We have a world that has a growing middle class that's demanding protein," said Dean Meyer, a farmer near Rock Rapids, Iowa, who built a new hog barn and cattle feedlot to increase his sales to nearby slaughterhouses. "We think that's a great opportunity."

The U.S. beef-cattle herd has expanded by 12% over the past four years. Meat companies produced a record 47.7 billion pounds of poultry in 2017, and slaughtered hogs at a faster pace than ever before.

Growing flocks and herds have meant lower costs and fatter profits.

Tyson in November said its earnings per share hit a record in fiscal 2017, while **Hormel Foods Corp.** achieved its highest-ever annual profit margin. Sanderson said it sold a record 4.2 billion pounds of poultry in 2017.

Cheap grain is fueling the livestock and poultry boom. Five consecutive years of bumper U.S. crops have pushed down corn and soybean prices, making animal feed cheaper. Robust demand domestically and abroad encouraged meat-



Meat processing at a Missouri plant owned by Smithfield Foods, the world's largest pork producer.

packers to build more and bigger plants to slaughter the added animals.

The production boom could mean lower meat prices at restaurants and grocery stores this year, analysts said. Meanwhile, Americans are also on course to eat more meat than ever in 2018, thanks in part to a strengthening economy. Americans will consume 222.8 pounds of meat per capita in 2018, the USDA projects, a sharp uptick from 2017.

Meat exports are also expected to grow as increasingly affluent consumers in Southeast Asia, Latin America and elsewhere eat more protein. About 15% of U.S. meat production is exported.

The buildup could backfire for farmers and meatpackers if supplies outpace demand, or trade disputes disrupt U.S. exports. Some analysts say consumption is unlikely to keep

up with the meat industry's rapid expansion. "I think the increase in supply is going to outpace demand growth for the next two to three years," said Heather Jones, an analyst with financial firm Vertical Group.

The Trump administration is renegotiating the North American Free Trade Agreement, or Nafta, and other pacts with countries that buy U.S. meat.

Last year, the U.S. withdrew from the Trans-Pacific Partnership trade deal, which some meat industry executives hoped would boost exports to countries where meat demand is growing rapidly.

That was a blow to **Pre-stage Farms Inc.**, a family-owned pork-and-poultry producer that is building a slaughterhouse in Eagle Grove, Iowa. The plant, capable of producing 10,000 hogs a day, was designed to produce pork

for export to markets including those that had joined the TPP. "I'm frustrated that we're not at the table," said Ron Prestage, the company's president.

There are signs the big buildup in U.S. meat production is already eroding profits for some meatpackers, which have a record of booms and busts.

Take turkey. U.S. turkey flocks have rebounded from a 2015 avian influenza outbreak that led to the culling of millions of birds. Now a ballooning number of birds has pushed turkey prices to their lowest level in seven years.

Still, meat company executives are upbeat that both U.S. diners and foreign customers will buy more of their meat. "Our demand has been outstanding," Tyson Chief Executive Tom Hayes said in November.

Wal-Mart To Shed Corporate Positions

By SARAH NASSAUER

A day after promising to give its store workers raises and bonuses, **Wal-Mart Stores Inc.** is preparing to hand out pink slips at its headquarters.

The giant retailer, which is based in Bentonville, Ark., and employs more than 1.5 million people in the U.S., plans to cut more than 1,000 corporate jobs, according to people familiar with the matter.

The job cuts are expected to be broad-based, focused on workers primarily at the company's headquarters, the people said. The cuts are expected to be completed by the end of the company's fiscal year on Jan. 31, they added.

"We've been looking at our structure for some time as we explore ways to operate more effectively," a Wal-Mart spokesman said, without confirming that job cuts are planned this month.

The expected corporate job cuts add to around 10,000 store jobs being eliminated this month as Wal-Mart closes 63 Sam's Club locations, about 10% of the warehouse club's U.S. stores. The company disclosed the Sam's Club closings on Thursday, the same day it said it would raise starting wages for U.S. store workers, hand out one-time bonuses and enhance parental benefits.

The retailer has been cutting costs and pruning stores as it frees up money to invest in an e-commerce push to fend off Amazon.com Inc. It closed 154 U.S. Wal-Mart stores in 2016 and has since slowed openings, while buying a series of online retailers including Jet.com.

Wal-Mart is also reviewing the structure of its store management, adding more assistant managers that will focus on new activities happening in stores like online order pickup, while eliminating other manager positions, said one of the people familiar with the plans.

The retailer is adjusting an existing position called co-manager to be more clearly a steppingstone to become a store manager, said this person. Some of the co-managers whose jobs are eliminated will move into the new assistant manager positions or other roles, said this person.



BEN PAUL/CLASSIC FORD BRONCO

Restoring vintage Ford Broncos in Columbus, Ohio. Auto makers are reintroducing old names.

Retired Truck Brands Return

By MIKE COLIAS
AND CHRISTINA ROGERS

While Americans have been promised a future of electric cars that can drive themselves, dealer showrooms are going back in time, as auto makers launch a slate of roomy off-roaders with nostalgia-inducing names.

Ford's Bronco, the bulky sport-utility vehicle, is returning to the market in 2020, ending a nearly quarter-century hiatus. It is part of a parade for throwback-mobiles including the Chevrolet Blazer, Mitsubishi Eclipse, Land Rover Defender and Ford Ranger. Jeep is resurrecting the Wagoneer and the Scrambler, while Volkswagen is toying with getting the Microbus back on the road.

The retro trend comes during a renaissance in the U.S. truck market sparked by low gasoline prices, more efficient designs and a willingness among buyers to pay record prices for automobiles. About two-thirds of the 17.2 million

vehicles sold in the U.S. last year were pickups or SUVs.

Auto executives have a soft spot for historic brands, and nameplates like Taurus and Camaro, 350Z and Charger have gone in and out of retirement in recent decades. Bringing back old truck names that succumbed to portfolio cycles, or in the case of GM's Hummer its gas-guzzling reputation, points to a belief that American consumers are forever drawn to heftier vehicles.

"This off-road, rough-and-tough imagery is still very attractive to a large population of SUV buyers," said Joe Hinrichs, global operations chief at **Ford Motor Co.**, who lobbied for years inside Ford to revive the Bronco and the Ranger. "We saw a lot of value sitting there on the shelf not being used."

Analysts say auto makers save tens of millions of dollars by reusing iconic names. Jim Sanfilippo, a marketing consultant, said names like Bronco are "golden" because millennial buyers are familiar with their

heritage.

Today's pickups and SUVs, by whatever name, have more sway than did their predecessors over auto makers' financial well-being. In the 1970s and '80s, SUVs like Range Rover and Toyota Land Cruiser were largely niche products, suited for rumbling through rugged terrain. They surged in popularity through the 1990s as they became stylish alternatives to station wagons and minivans.

Today, the bulk of profits earned at Ford, General Motors Co. and Fiat Chrysler Automobiles NV come from pickups and SUVs. Fiat Chrysler's move to revive the Wagoneer, the roomy wagon that sported wood panels, or the Scrambler pickup based on the Wrangler, could send margins even higher.

While the Hummer remains mothballed, other familiar faces are coming out of storage. Ford's Ranger, once popular among buyers seeking a cheap truck, goes on sale in 2019, eight years after Ford killed the U.S. version. The auto maker is reintroducing Ranger after GM's success with the 2014 reintroduction of two smaller trucks.

One person excited about throwback trucks is Bryan Rood, the 37-year-old owner of a small business in Columbus, Ohio, that restores old Broncos with modern-day interiors and Ford Mustang engines. He has a waiting list of nearly 50 buyers, even with some vehicles priced at \$225,000, he said.

"People want the vintage SUVs," Mr. Rood said. "But they aren't buying them to show off at car shows. They're driving them." He plans to offer customization packages for the next-generation Bronco.

Welcome Back

Some old truck brands are making a comeback as Americans buy more pickups and SUVs.

Brand	Projected sale date	Number of years since last sold in the U.S.*
Jeep Scrambler	2019	36 years
Jeep Wagoneer	2019	28
Chevy Blazer	2019	25
Ford Bronco	2020	24
Land Rover Defender	2019	22
Ford Ranger	2019	8
Mitsubishi Eclipse	2018	7

*Some models have remained in overseas markets

Sources: the companies; staff reports

THE WALL STREET JOURNAL.

Age-Old U.K. Firm Rebuffs Suitor, Plans a Split-Up

By ROBERT WALL

LONDON—**GKN PLC**, one of Britain's oldest companies, has survived more than 250 years by constantly reinventing itself.On Friday, the car- and plane-parts maker unveiled its latest big shift—splitting up the business—as it disclosed that it had rejected an unsolicited \$9.5 billion takeover approach. GKN said the offer, by British turn-around specialist **Melrose Industries PLC**, undervalued the company.Instead, it said it would embark on a two-year program to boost profit and cash generation. The company also said former **Ford Motor Co.** executive Anne Stevens, who has been serving as interim chief executive, would take the top job on a permanent basis to lead the restructuring.As part of the effort, GKN plans to split itself into two companies—separating its aerospace and automotive businesses. It currently counts **General Motors Co.**, **Fiat Chrysler Automobiles NV**, **Boeing Co.** and **Airbus SE** as customers.

The move would be the firm's biggest shift since it agreed to sell its industrial services business in 2001.

GKN, which traces its roots to 1759, has maintained its status as a giant of British industry through a series of reinventions and changes in focus. At one time or another, the company once known as Guest, Keen and Nettlefolds has made products as diverse as cannonballs, skillets, troop carriers and scaffolding. More recently, it has invested heavily in making plane parts, capitalizing on a boom in demand for commercial airliners.

For 2016, GKN recorded £9.4 billion (\$12.9 billion) in sales. The company, which is based in Redditch, England, has about 58,200 employees.

GKN shares slumped last year after the company issued profit warnings and said its chief executive designate, Kevin Cummings, wouldn't assume the top job and instead would leave the company amid problems in the aerospace division, which he ran. Ms. Stevens, already a board member, became interim CEO with the departure of her predecessor on Dec. 31.

"We have been working extensively over the past few months to develop detailed cash and profit improvement plans," Ms. Stevens said.

GKN said Melrose made an unsolicited preliminary offer on Monday of £4.05 (\$5.47) a share, comprising 20% in cash and the remainder in the firm's own stock. GKN said "the pro-

posal is entirely opportunistic and that the terms fundamentally undervalue the company and its prospects."

GKN said it would provide details on how it plans to split the company at a later date, with the timing of the move determined, in part, by associated costs. GKN has a pension deficit that could complicate a split-up financially.

The company had previously considered a breakup of its aerospace and automotive businesses. The latest step in that direction came as recent management changes led to an increased focus on shareholder returns, said a person familiar with the discussions. The decision wasn't linked to Melrose's overture, the person said, though the bid accelerated GKN's public disclosure of the split-up plan.

The company would be open to various methods to achieve

GKN had previously considered a breakup of its aerospace and automotive businesses.

the split, the person said, including possibly a sale. An attractive purchase offer for one of the businesses could hasten the separation, the person said.

Shares in GKN surged 26% to £4.20 on Friday.

Melrose said on Friday that it could improve GKN's profitability beyond the company's own targets. The improvement would be the equivalent of more than £300 million on top of analysts' profit expectations for 2017, it said. The split being proposed by GKN, Melrose said, should be undertaken only after improvements are made to the business to generate higher return to shareholders. Under Melrose's proposal, GKN shareholders would retain a 57% stake in the company.

Melrose has until Feb. 9 to make a formal offer or give up its pursuit under U.K. takeover rules.

GKN said it expects its pre-tax profit for 2017 to come in above the £678 million it posted the prior year. GKN warned, though, that a write-off on its North American aerospace business would be near the top end of a previously cited range of £80 million to £130 million. That business would also face a "significant" noncash impairment over the carrying value of goodwill and other fixed assets.

—Ian Walker contributed to this article.

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BUSINESS & TECHNOLOGY

Celebrity Route Pays Off for Puma

BY SARA GERMANO

To market women's sportswear, industry executives grapple with a perennial debate: Are celebrities or sports stars more effective endorsers?

In the case of German brand Puma SE, its 2014 decision to sign pop star Rihanna as a creative director appears to have paid off.

Annual sales have grown from €3 billion (\$3.6 billion) to nearly €4 billion, the brand has expanded distribution in major retailers like Foot Locker Inc., and parent company Kering SA on Thursday announced a plan to distribute 70% of Puma's shares to Kering shareholders, praising the business's recent turnaround.

In Puma's most recent annual report, the company credited Rihanna and "the fantastic development of our women's category" as contributing to a 7% sales jump in 2016.

Puma Chief Executive Bjorn Gulden said fundamental differences between how men and women buy sportswear led to

the decision to enlist Rihanna, a move that at the time was criticized by industry analysts as a marketing ploy.

"It's unfortunately very difficult to find a female athlete that means something in China, in Norway, in the U.S., and in Germany. If you do, it's coming from someone in entertainment," the Norway native said. "On the men's side, it's very different. You can probably name 10 basketball players who mean something all over the world, same with soccer."

Puma also outfits a range of prominent athletes, including members of English soccer club Arsenal and Olympic champion sprinter Usain Bolt, as well as some female athletes, like U.S. sprinter Jenna Prandini. But it has expanded its roster of female celebrities since Rihanna to include reality-TV star Kylie Jenner and singer Selena Gomez.

The celebrity marketing playbook hasn't always been effective for sports brands. In the early 2000s, Reebok signed rappers Jay-Z and 50 Cent to



Rihanna at a show for her clothing line with Puma last year in Paris. Women's wear has sold well for the German sports-apparel company.

help expand its appeal at a time when it was known for outfitting the National Football League and its shoe contract with basketball star Allen Iverson. Reebok was acquired by rival Adidas AG in 2006 and struggled to define its identity, eventually abandoning its team-sports focus.

Yoga gear maker Lululemon Athletica Inc. ushered in the "athleisure" era over the past decade with its high-price leggings and strappy bras, all

without splashy celebrity marketing. In a 2016 interview, Chief Executive Laurent Potdevin said the company takes a decidedly different approach to marketing, using affiliations with community fitness instructors.

"Those are the local super-heroes that you know in your communities and you go to their studios," he said. "So we don't do endorsements the way big athletic brands do."

To be sure, industry titans

Nike Inc. and Adidas have done their share of celebrity marketing, including partnerships with rappers Kendrick Lamar and Kanye West, respectively. But they have traditionally focused their marketing dollars on prominent athletes, including women like sprinter Allyson Felix and tennis player Caroline Wozniacki. Puma endorsed tennis star Serena Williams early in her career, but Nike picked up her contract in 2003.

The big brands still have

room to build their women's businesses, and have faced competition from upstarts.

Nike said it would expand a line of Jordan footwear for women this spring and partner with online apparel seller Stitch Fix to better reach female consumers.

Meanwhile, Under Armour Inc. lost the head of its women's business last fall, and said it would focus on performance gear as it combats a streak of slowing sales.

Top Court To Review Web Sales Taxes

BY BRENT KENDALL AND RICHARD RUBIN

of-state retailers to collect sales tax.

The retail landscape, however, has changed dramatically since then because of the growth of online-only companies, who have undercut prices—and hurt state coffers—with tax-free sales. That shift

South Dakota has been pushing a test case to reflect changes in retail.

hasn't gone unnoticed by the justices.

Justice Anthony Kennedy, for example, said in a 2015 opinion that the court in a future case should revisit its earlier decisions, "given these changes in technology and consumer sophistication."

The justices on Friday took

up that call, explicitly agreeing to consider whether the earlier high-court precedent should be overruled.

The high court could hear oral argument in the case as soon as April. If the court does schedule the case for the spring, a decision would be expected by the end of June.

South Dakota, in its petition to the Supreme Court, said tax collection is now uncomplicated for large internet retailers. "Asking today's companies to undertake it when they do substantial business with a state's citizens imposes no undue burden," the state wrote.

A group of 35 other states urged the court to hear the case, saying the inability to require online merchants to collect sales tax was costing them billions of dollars and straining state budgets. Taxpayers are technically liable for the taxes even if an online retailer doesn't impose them, but such direct collections by state tax-

ing authorities are rare.

Also joining the push for Supreme Court review were brick-and-mortar retailers who say it undermines fair competition that they have to collect sales taxes but their online rivals don't.

South Dakota passed legislation in 2016 to require merchants to collect and remit the taxes. It then sued a handful of large online retailers to set its test case in motion. Courts in South Dakota blocked the law, saying they were bound by U.S. Supreme Court precedent.

Other states have been pursuing similar laws in a bid to get the issue in front of the high court.

The current defendants in the South Dakota case are Wayfair Inc., Overstock.com Inc. and Newegg Inc. The companies argued the court should decline to review the case, saying the question of online sales-tax collection was a policy matter best left to Congress.

In China, Fish Heads Are Only a Click Away

BY ALYSSA ABKOWITZ

our own use," said Song Chunzheng, vice president of JD.com's enterprise department. "Implementing them to help other industries is the easy part. That's what we're doing now."

JD.com has been adding new lines of business to capture growth in China's e-commerce market. Adding a food-procurement business is one way to gain an edge over the country's largest online retailer Alibaba Group Holding Ltd., which doesn't have an in-house delivery operation.

If successful, JD.com's move could provide a blueprint for a company in the U.S., where the restaurant food-supply business remains fragmented. While many U.S. procurement companies use technology to help restaurants find the freshest food, some consultants said it would take a player such as Amazon.com Inc. to fundamentally change how restaurants are supplied.

As one of China's fastest-growing online retailers, JD.com built an in-house delivery and logistics operation to serve its primary business. It is now turning that know-how into a business delivering goods to restaurants and other merchants.

"The tough part was building our huge logistics capabilities for

Bezos Offers School Aid For Dreamers

BY LAURA STEVENS

Amazon.com Inc. Chief Executive Jeff Bezos is granting \$33 million in college scholarships for undocumented immigrant high-school graduates in the U.S., according to The Dream.US, a nonprofit education group.

The grant, made by Mr. Bezos and his wife, MacKenzie Bezos, will fund 1,000 scholarships for students with Deferred Action for Childhood Arrivals, or DACA, status, the group said in a press release.

Each recipient would receive a total of \$33,000 in scholarship aid over four years to cover the costs of their education. Nearly 3,000 students currently are part of the group's program for assisting the young immigrants known as Dreamers.

Mr. Bezos, 54 years old, said in a press release that his father came to the U.S. from Cuba at age 16 unable to speak English. "With a lot of grit and determination—and the help of some remarkable organizations in Delaware—my dad became an outstanding citizen, and he continues to give back to the country that he feels blessed him in so many ways."

The donation comes as President Donald Trump said this week he was pursuing a deal with lawmakers that would shield hundreds of thousands of DACA immigrants from deportation in exchange for an expansion of a border wall and an end to the visa lottery program. Mr. Trump previously rescinded the program in September.

Tech Leaders to Depart From Disney's Board

BY BEN FRITZ AND MARIA ARMENTAL

Two tech titans are leaving Walt Disney Co.'s board of directors as the media giant moves into their territory, creating conflicts.

Facebook Inc. Chief Operating Officer Sheryl Sandberg and Twitter Inc. Chief Executive Jack Dorsey aren't standing for re-election at Disney's annual meeting March 8, the company disclosed in a regular filing Friday.

"Given our evolving business and the businesses Ms. Sandberg and Mr. Dorsey are in, it has become increasingly difficult for them to avoid conflicts relating to board matters," a Disney spokeswoman said in a statement.

The company is developing a new ESPN streaming video service it will launch this year and a Disney-branded one sched-

uled to debut in 2019. Facebook and Twitter, meanwhile, are expanding their own video products, and Facebook has begun buying and streaming original programming.

In addition, Disney's long-time lead independent director, Orin C. Smith, is stepping down because he has served for 15 years, the maximum tenure.

Disney already said that Sa-

dra Catz, Oracle Corp.'s co-chief executive, and Illumina Inc. CEO Francis deSouza will join the board starting Feb. 1.

If they, along with eight incumbent members, are elected at the annual meeting, Disney will end up with 10 directors.

CEO Robert Iger will remain chairman. Mr. Iger's total compensation in fiscal 2017 fell 17% from the year earlier on lower bonus pay, the company also revealed in its proxy statement. Mr. Iger's total compensation was \$36.3 million for the year ended Sept. 30, down from \$43.9 million the prior year.

While Mr. Iger's base pay stayed unchanged at \$2.5 million, he received \$15.2 million in performance-based cash bonus, above the \$12 million target but substantially down from the \$20 million he received in fiscal 2016.

"Despite strong performance in the face of known compara-

bility challenges and Mr. Iger's ongoing strategic leadership, the absence of growth in fiscal 2017 led to a decline of \$4.8 million in Mr. Iger's bonus compared to fiscal 2016," the company said in a securities filing on Friday.

It was bumped to \$3 million on Jan. 1 under a new agreement signed last month as Disney agreed to acquire some assets of 21st Century Fox.

Fox and Wall Street Journal parent News Corp share common ownership.

Under the new agreement, Disney extended Mr. Iger's contract through 2021, from July of 2019, should the Fox deal close.

Disney's net income fell 4% last fiscal year to \$8.98 billion and revenue declined 1% to \$55.14 billion.

The company's stock closed Friday at \$112.47, up 4% over the past 12 months.

Facebook's Sheryl Sandberg and Twitter's Jack Dorsey.

to people having bad experiences on Facebook," Mr. Lerer said in note to staff. "To the contrary, we are the most optimistic and beloved publishers on the platform."

Facebook's changes also have major implications for advertisers, who may have to spend more money to get their messages in front of Facebook users as the media content available in the news feed shrinks and content published directly by brands free of charge is pushed down in the pecking order.

Despite the public expressions of confidence by some media executives, others privately expressed frustration at Facebook's decision after having spent considerable time and money to gear their businesses toward attracting its users. One

media executive expressed dismay with a perceived lack of transparency on the part of the social network.

"Facebook says: 'If you don't have meaningful interactions, you're going to be down-ranked,'" the executive said. "So we ask Facebook, 'explain what a meaningful interaction is.' And they say, 'we can't tell you that.'

Adam Mosseri, the executive who oversees Facebook's news feed, explained on Twitter Thursday evening that Facebook has a multipronged approach to determine what constitutes a meaningful interaction on the social network. The company studies how users interact with one another on the platform and then listens to what they say about

those reactions.

Facebook declined to comment. In a post announcing the change, Facebook Chief Executive Mark Zuckerberg noted that "some news helps start conversations on important issues."

Other publishers sought to seize the moment by directing readers to platforms they own. BuzzFeed News published an ad on Facebook directing readers to download its app with the caption "Facebook is breaking up with news." BuzzFeed also released a statement saying the algorithm change is inline with trends the company was already beginning to anticipate.

BuzzFeed's mission from day one has been to create shareable content that enables

PUB

Continued from page B1

since those sparked what Facebook determines are "meaningful interactions" among users will apparently be in a better position.

Several publishers said the change would create a survival-of-the-fittest contest that would weed out low-quality content.

Ben Lerer, chief executive of Group Nine Media, owner of sites like NowThis and The Dodo that rely on distribution via Facebook and Instagram, said in an interview that the company can thrive under the new Facebook approach.

"There will be adjustment, but we aren't the folks that lead

meaningful interaction among families and friends; meaningful social content is our sweet spot," the statement said.

No publishing executives can say for sure what the impact will be on their traffic. Sites specializing on hard global and business news may have a tougher time than those with lifestyle content under the new algorithm, depending on what users engage with.

Neil Vogel, CEO of the media company Dotdash, said the situation is reminiscent of when Google made algorithm changes that deprioritized low-quality content designed to game its search results. Then as now, he said, a major source of traffic was acting in its best interest to the detriment of some publishers.

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WEEKEND INVESTOR

RETIREMENT REPORT | By Anne Tergesen

Building a Nest Egg, One Strategy at a Time



After November's column on using health-savings accounts to build a pot of tax-free retirement money, some readers asked about other ways to save more and reduce taxes for retirement. So, I polled retirement specialists for ideas, and here are four of the best.

◆ **Save for a nonworking spouse:** To contribute to an individual retirement account, you have to earn income. But there is an exception for nonworking spouses: a spousal IRA.

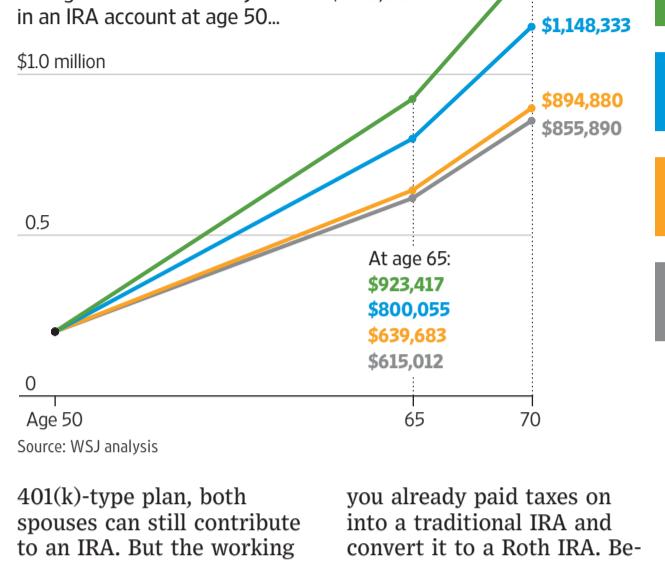
Provided one spouse has wages, self-employment earnings or other forms of income, he or she can set up a spousal IRA and contribute up to \$5,500 a year on behalf of a spouse. (IRA owners 50 or older can make \$1,000 of additional catch-up contributions, for a total of \$6,500 a year.) A couple must file a joint tax return to qualify.

A nonworking spouse in a couple that earns less than \$199,000 can opt for a Roth IRA; above that, he or she is restricted to a traditional IRA. With a traditional IRA, the nonworking spouse must be younger than 70½ years old when the contributions are made.

Also, if the working spouse is covered by a

Fast-Track Retirement Savings

Four growth scenarios if you have \$200,000 in an IRA account at age 50...



Source: WSJ analysis

401(k)-type plan, both spouses can still contribute to an IRA. But the working spouse can't take a tax deduction for contributions to a traditional IRA if his or her income is above \$121,000. The nonworking spouse loses the deduction when household income is above \$199,000. Those with incomes above those thresholds can contribute after-tax money.

◆ **"Backdoor" Roth contribution:** Individuals who earn \$135,000 or more and couples with incomes above \$199,000 can't contribute to a Roth IRA. But there is a way around this rule.

The key is to put money

you already paid taxes on into a traditional IRA and convert it to a Roth IRA. Because you already paid income tax on the contribution, you will owe tax only on the appreciation your investments have earned when you do the Roth conversion.

If you do the conversion quickly, your investments won't have much time to appreciate and you won't owe much tax on the conversion, says Ed Slott, an IRA specialist from Rockville Centre, N.Y.

One potential hurdle: Tax rules prevent those with traditional IRAs that contain both pretax and after-tax money from converting only

...and make catch-up* and spousal IRA contributions while also contributing \$5,000 a year of self-employment income from a side job to a SEP IRA

...or contribute \$6,500 a year thereafter while also contributing \$6,500 a year to a spousal IRA for a nonworking spouse age 50 or older

...or make 'catch-up' contributions of \$6,500 a year thereafter

...or contribute \$5,500 a year thereafter

*Catch-up contributions allow those 50 and older to deposit an additional \$1,000 a year. Note: Assumes 6% annual pretax growth with contributions made in January.

THE WALL STREET JOURNAL.

the after-tax money.

◆ **"Megabackdoor" Roth conversion:** With this strategy, some employees can potentially convert larger sums to a Roth IRA while minimizing the tax consequences.

After contributing the \$18,500 maximum—or \$24,500 if you are 50 or older—to a traditional pretax 401(k) or a Roth 401(k), ask if your plan permits after-tax contributions. About half do, according to 401(k) record-keeper Alight Solutions LLC.

In total, the IRS allows employees to set aside up to \$55,000 a year in pretax, after-tax and employer contributions.

The number rises to

\$61,000 if you are 50 or older.

Once employees are 59½ or older, many 401(k) plans allow them to roll over their savings tax-free to an IRA. Some plans permit younger employees to do the same, but only with after-tax contributions. That gives those younger employees an opportunity to withdraw just their after-tax money, pay income tax on the earnings, and convert the withdrawal to a Roth IRA, where it can increase tax-free.

People who are 59½ or older can withdraw all of their 401(k) money and funnel the pretax portion into a traditional IRA, while converting the after-tax portion to a Roth IRA.

◆ **Fund another IRA:** If you work a side job, you can save more than double the amount you are allowed to set aside in a 401(k) plan.

The trick is to put \$18,500 a year into a 401(k) at your primary employer and \$5,500 into an IRA and then save even more by putting some of your self-employment income into a SEP IRA, a Simple IRA or a Solo 401(k).

Many brokerage firms and banks offer these plans. The simplest is the SEP IRA, which has little to no administrative costs or annual filing requirements, says De-

nise Appleby, of Appleby Retirement Consulting Inc. in Grayson, Ga.

With a Simple IRA, you can save as much as \$12,500 a year pretax—or \$15,500 for those who are 50 or older—plus a deductible matching contribution of up to 3% of pay that comes from you, because you're the employer.

Both the SEP IRA and Solo 401(k) allow you to save as much as 25% of your self-employment compensation. With the Solo 401(k) you can set aside an additional \$18,500 a year, or \$24,500 for those 50 or older. (That extra \$18,500 or \$24,500 is reduced by any salary contributions you make to other 401(k)-style plans, says Ms. Appleby.)

The SEP IRA and Solo 401(k) both cap total annual contributions at \$55,000, a number that rises to \$61,000 for people 50 or older in a Solo 401(k). (An employer's matching or profit-sharing contributions—which you, as the employer, can make—are counted toward that \$55,000 limit, as are employee contributions.)

Because the \$55,000 limit generally applies to each employer's plan you participate in, those with two jobs can theoretically save up to \$110,000 a year, not to mention the \$5,500 allowed in an IRA.

INVEST

Continued from page B1

this past week, the average bear fund lost 93%, according to Morningstar. Over that period, the S&P 500 is up 390%, including dividends.

On average, bear funds have lost money nine straight years, exactly as they should have in a rising market. Every single one of the 148 such funds with assets of at least \$2 million had negative returns in 2017,

according to Thomson Reuters Lipper.

Mr. Fahmi's Pimco Stocks-Plus Short Fund seeks to improve performance by using the money left over after it bets against stocks to forage across the bond and currency markets. As of now, the fund should benefit if 10-year U.S. Treasury inflation-protected securities appreciate and if emerging-market currencies rise against the dollar and other currencies issued by developed nations.

Is Mr. Fahmi bothered that

Pimco StocksPlus Short has lost money nine years in a row? "Sorry to disappoint you," he laughs. "It doesn't cause [me] any sleepless nights. I'm very proud of our performance."

The fund has done its job and then some.

It lost 14% last year, even as the S&P 500 went up 22%. A direct bet against the S&P should lose as much as 22% in a year when the market goes up by that amount, so a loss of only 14% is impressive. Pimco StocksPlus Short gained 49%

in 2008, the last time the S&P had a down year.

Another bear-market portfolio, the \$190 million **Grizzly Short Fund**, gained 74% in 2008 but has lost money in eight of the nine years since.

"We recognize the market goes up more than it goes down," says Greg Swenson, the fund's co-manager at **Leuthold Weeden Capital Management** in Minneapolis. "As long as clients know that and we know that, it takes a lot of the stress out of it."

Mr. Swenson isn't predicting

an imminent crash. However, high profits, low unemployment and bullish sentiment suggest "things are so good, they can't get much better, and they could turn very quickly."

As the market has kept surging, he says, minimizing losses "has been the battle for the past couple of years." The fund gained 3.8% in 2015 but lost 14% in 2016 and 20% last year.

His fund, unlike the Pimco portfolio, doesn't short the S&P 500. Rather, it bets against specific companies

based on such factors as how much stock management is selling, whether the supply of shares outstanding is increasing, and the extent to which other short sellers are angling for the price to fall.

Investors looking for cheap companies nowadays might as well be opening hens' mouths looking for teeth. But bears seeking to profit when overpriced stocks collapse need at least as much patience, or uncanny clairvoyance, along with a high tolerance for pain.

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Cocoa (ICE-US) -10 metric tons; \$ per ton.							
March	1,926	1,944	1,894	1,914	-14	136,411	
May	1,939	1,955	1,910	1,928	-12	52,514	
Coffee (ICE-US) -37,500 lbs.; cents per lb.							
March	122.80	123.25	120.90	122.25	-.55	117,976	
May	125.25	125.65	123.40	124.70	-.55	54,885	
Sugar (World) (ICE-US) -112,000 lbs.; cents per lb.							
March	14.25	14.29	13.96	14.18	...	353,459	
May	14.37	14.40	14.10	14.32	...	188,982	
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.							
March	26.90	26.98	26.80	26.81	.01	3,574	
May	27.10	27.10	26.90	26.87	-.05	2,233	
Cotton (ICE-US) -50,000 lbs.; cents per lb.							
March	82.85	84.65	80.30	81.68	-.97	168,863	
May	83.01	84.45	80.41	81.96	-.10	63,408	
Orange Juice (ice-us) -15,000 lbs.; cents per lb.							
March	135.90	137.65	135.35	136.20	-.30	8,493	
May	136.40	138.00	136.00	136.95	.05	1,535	
Palladium (NYM) -50 troy oz.; \$ per troy oz.							
Jan	110.08	29.10	3				
March	108.00	124.30	108.00	110.35	26,238		
June	107.50	114.10	107.45	109.70	2,606		
Dec	108.00	108.00	108.00	108.65	28.45	2	
Platinum (NYM) -50 troy oz.; \$ per troy oz.							
Jan	99.02	99.50	99.10	99.20	4.30	99	
April	98.60	100.40	98.70	99.20	5.40	77,940	
Silver (CMX) -50,000 troy oz.; \$ per troy oz.							
Jan	16.925	17.120	16.920	17.069	.15	71	
March	17.000	17.300	16.995	17.141	.15	145,364	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.							
Feb	63.57	64.50	63.06	64.30	.50	27,251	
March	63.50	64.41	62.98	64.23	.05	55,153	

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization.

Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
I-New 52-week high.
L-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-FIRST day of trading.

I-Does not meet continued listing standards.
I-Last filing.
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy.

v-Trading halted on primary market.
vJn bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Friday, January 12, 2018

YTD % Chg	52-Week High			Ytd % Chg			52-Week Low			Net % Chg
	Hi	Lo	Stock	Hi	Lo	Stock	Hi	Lo	Stock	
4.74	28.12	22.04	ABB	2.7	2.6	28.09	0.37			
5.17	39.50	30.15	AECOM	ACM	18	39.07	0.13			
1.94	12.06	10.00	AES	AES	4.7	11.04	0.08			
3.24	91.73	66.55	Aflac	AFL	2.1	2.1	84.94	-0.75		
-2.97	22.34	18.41	AGNC InvIt	AGNC	11.0	5.19	0.17			
23.42	13.74	10.24	ANGI Homesvc	ANGI	12	12.91	0.15			
4.49	156.14	92.33	Ansys	ANSS	48	154.22	2.01			
4.06	186.37	114.75	ASML	ASML	0.7	180.87	2.25			
-5.09	42.70	32.55	AT&T	T	5.18	36.90	0.42			
3.10	59.60	39.25	AbbottLabs	ABT	1.97	46.84	0.84			
3.75	101.28	59.27	AbbVie	ABBV	2.8	140.34	1.07			
14.78	216.15	103.53	Abiomed	ABMD	1.1	205.11	1.96			
4.59	160.63	112.31	Accenture	ACN	1.7	160.11	0.12			
11.12	70.71	38.38	ActivisionBlitz	ATVI	0.1	45.9	70.36	-1.12		
9.81	25.16	15.32	AcuityBrands	ATVI	0.1	21.15	1.74			
5.07	86.42	50.10	Adient	ADNT	1.3	82.69	0.69			
11.30	159.50	107.66	AdobeSystems	ADBE	55	195.05	0.13			
16.30	177.50	78.81	AdwayAuto	AAP	0.2	24.11	1.94	2.99		
16.93	155.65	94.42	AdMicroDevices	ADM	..	12.02	0.12			
2.78	7.52	5.19	AdmisiEngg	ASX	34	15.66	0.01			
9.21	6.91	4.73	Aegon	AEG	4.4	8.68	0.08			
3.08	54.59	41.54	AerCap	AER	..	94.23	0.13			
2.11	192.37	116.64	Aetna	AET	1.1	34	184.20	0.01		
-1.19	207.67	139.52	AffiliatedMgns	AMG	0.4	22.20	2.08			
7.11	72.33	47.05	AgileTech	ATCS	0.8	34.71	7.13	0.93		
2.27	51.86	39.30	AgriEagle	AEG	0.4	47.23	0.23			
3.70	170.53	133.63	AirProducts	APD	2.2	21.31	10.15	0.18		
0.74	71.34	44.65	AkamaiTech	AKAM	39	65.52	0.31			
0.01	101.43	61.10	AlaskaAir	ALK	1.6	72.35	-1.29			
4.40	144.90	90.35	Albermarle	ALB	1.0	31.33	-1.52			
5.36	57.50	29.55	Alcoa	AA	..	37.56	-0.15			
-4.19	13.37	10.69	AlexandriaREst	ARE	2.914	125.02	1.05			
2.82	17.85	13.54	AlcatelLife	FTE	1.1	19.16	16.05			
7.35	19.53	8.48	AlcatelLugard	ALH	67	15.94	0.20			
-1.37	58.83	37.52	Alchemi	AMK	55	122.71	0.23			
8.91	192.49	95.19	Alibaba	BABA	..	54.17	87.79	-0.96		
31.61	264.61	88.56	AlignTech	ALGN	78	258.43	0.52			
7.27	63.40	46.42	Alkerme	ALKS	..	56	57.1	-0.26		
-1.87	69.17	51.07	Allegany	Y	..	58.94	-0.92			
6.89	89.81	64.62	Allegion	ALYE	0.8	24	85.04	0.66		
7.62	256.50	160.07	Allergen	AGN	1.6	176.05	-1.07			
9.03	278.33	20.11	Alldata	ADS	0.8	29.27	36.73	2.75		
-7.23	45.55	36.56	AliantEnergy	ALN	32	21.93	0.53	-1.21		
3.06	45.69	32.93	AllisonTransm	ALSN	14.0	44.39	-0.33			
2.48	105.76	33.39	Allstate	AT&T	1.4	102.11	1.11			
4.70	136.75	31.11	Altria	ATM	1.4	102.11	0.11			
1.16	54.73	38.52	AltriaFinancial	ALLY	1.4	30.53	0.03			
1.59	147.83	35.85	AlnyPharm	ALNY	..	42.09	1.07			
7.25	125.95	79.05	Alphabet	C	0.06	38.12	16.26	1.74		
7.13	131.30	81.20	AlphabetA	GOOG	..	38.13	165.80	0.60		
8.59	77.23	41.80	Altavita	AABA	..	75.85	-0.29			
9.61	35.29	17.80	AlticeUSA	ATUS	..	23.27	30.53	-0.74		
-2.52	77.79	60.01	Altria	MO	3.8	69.61	-0.61			
3.68	23.54	10.97	AluminaChina	ACH	..	46.18	59.00	0.46		
5.26	11.75	7.05	Alumax	ALBV	0.8	24.05	1.76			
7.25	125.75	9.49	Alutia	ATRV	0.1	17.57	20.47	0.82		
3.22	67.98	50.10	Amdocs	DODX	1.2	24.75	15.79	0.60		
2.33	67.45	57.85	AMG	AMG	1.9	104.26	0.04			
4.59	19.94	6.66	Amphenol	APH	0.8	29.13	8.04	0.04		
5.80	64.89	51.35	Ameri	AEE	3.2	32.52	0.52	-0.63		
0.78	19.50	12.20	AmericaMovilA	AMV	1.8	31.17	0.01			
1.22	58.83	39.21	AmericairLines	AMYL	0.7	18.57	20.47	0.81		
8.31	28.77	11.42	Amgen	AMGN	0.4	34.74	18.01	0.81		
8.31	44.28	32.87	Aramark	ARCK	0.1	30.40	50.00	-0.04		
1.05	47.44	35.89	ArcherDaniel	ADCL	3.2	19	40.00	-0.04		
2.17	10.61	7.59	ArcherFelt	AF	0.1	29.69	27.05	0.23		
6.41	191.10	150.38	Armen	AMGN	2.9	175.00	3.00			
3.70	181.29	77.45	Artemis	ARLG	1.4	109.16	0.08			
2.23	45.77	34.44	Artecnologia	ARTC	1.3	35.24	44.00	0.02		
6.88	55.91	41.77	ArtB&T	ARTB	2.5	20	53.14	-0.02		
1.27	25.30	11.77	AutoHome	ATHM	..	77.92				

MUTUAL FUNDS

Mutual Funds | WSJ.com/fundresearch

Explanatory Notes

Data provided by LIPPER

Top 250 mutual-funds listings based on total net assets for Nasdaq-listed share classes. NAV is net asset value. Percentage performance figures are total returns, assuming reinvestment of all distributions and after subtracting annual expenses. Figures don't reflect sales charges ("loads") or redemption fees. NET CHG is change in NAV from previous trading day. YTD%RET is year-to-date return. f=Previous day's quotation. p=Distribution costs apply; 12b-1. r=Redemption charge may apply. t=Footnotes p and r apply. NA=Not available due to incomplete price, performance or cost data. NE=Not released by Lipper; data under review. NN=Fund not tracked. NS=Fund didn't exist at start of period.

Friday, January 12, 2018											
Fund	NAV	Net YTD Chg %	% Ret	Fund	NAV	Net YTD Chg %	% Ret	Fund	NAV	Net YTD Chg %	% Ret
American Century Inv	N Per A p	45.18 +0.39	3.4	Bridge Builder Trust				FrankTemp/Franklin A			
Ultra	45.84 +0.33	5.6		NECoA p	46.85 +0.43	5.0		MFS Funds Instl			
American Funds Cl A	NwWrdA	69.36 +0.51	3.6	CoreBond	NA	NA		Overs S Fr	11.83 +0.12	4.6	
Ampca p	33.07 +0.30	4.0		Dimensional Fund				R2020	23.10 +0.11	2.5	
AMutia p	42.04 +0.24	3.0		5GlbFxdInc	10.84 -0.01	-0.3		MultiSeries			
Bala p	27.74 +0.12	2.2		TExxA p	12.97	-0.4		R2025	18.09 +0.09	2.8	
BondA p	12.82 -0.08	-0.5		EmgMktVa	32.98 +0.31	5.6		MulgibDiscA	33.10 +0.16	4.1	
Capbla p	63.85 +0.31	1.6		Tmktdfxr	24.13 +0.17	3.9		R2030	26.74 +0.15	3.2	
CapWgra	53.12 +0.46	3.9		EmgMktEq	17.43 +0.11	6.1		MulgldFund Inv	19.63 +0.12	3.5	
EupacA p	58.52 +0.47	4.1		IntCoreEq	15.22 +0.14	4.7		R2035	19.63 +0.12	3.5	
Fdlnva p	65.00 +0.51	4.5		IntLdxPm	47.05 +0.49	4.4		EqtylnC r	33.21 +0.17	3.2	
Gwtha p	52.08 +0.42	5.1		InvGrp	12.95 +0.89	5.6		FrankTemp/Tem P			
Hi TrA p	10.43	-0.7		LowP r	56.75 +0.43	4.1		Oakmark	88.91 +0.49	5.4	
ICAA p	41.94 +0.30	3.8		LowPrStkK	56.70 +0.44	5.4		OakmarkInt	30.12 +0.46	5.4	
IncoA p	23.85 +0.11	2.1		Magin	11.20 +0.94	5.4		Old Westbury Fds			
IntCoreS	31.45 +0.16	6.4		Magin	11.20 +0.94	5.4		FrankTemp/Tem Adv			
Federated Inst				Magin	11.20 +0.94	5.4		LgCrPgr	15.00 +0.13	3.7	
Feinst				Magin	11.20 +0.94	5.4		Oppenheimer Y			
GroCo				Magin	11.20 +0.94	5.4		DevMktY	44.99 +0.42	4.8	
StraValInv	6.12 +0.02	-0.5		Magin	11.20 +0.94	5.4		CapApnlst	73.92 +0.54	6.5	
Fidelity				Magin	11.20 +0.94	5.4		IntGrWd	45.13 +0.52	3.5	
500dlnx	97.45 +0.65	4.3		Magin	11.20 +0.94	5.4		Parnassus Fds			
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		Swab Fund			
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		S&P Sel	42.95 +0.29	4.3	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TIAA/CREF Funds			
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		Oppenheimer Y			
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		DivInflInst	14.55 +0.13	4.7	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		Prudential CI Z & I			
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TotalAdm	31.85 +0.27	4.4	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		SmValAdm	58.85 +0.17	3.2	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TotBdInst	216.66 +0.01	-0.3	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		ExtndInst	216.66 +0.65	3.6	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TotBdInst2	10.65 +0.01	-0.6	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		SmValAdm	58.85 +0.17	3.2	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TotBdInst	19.04 +0.16	4.4	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		VANGUARD INDEX FDS			
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TotBdAdm	10.69	-0.5	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2030	34.59 +0.17	2.9	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2035	31.35 +0.12	3.2	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2040	37.05 +0.22	3.6	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2045	23.34 +0.14	3.7	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2050	37.57 +0.24	3.8	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2050	10.82	-0.3	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		Welln	43.08 +0.23	2.5	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		Wdnsrl	39.57 +0.34	4.6	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		VANGUARD INDEX FDS			
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TotBdAdm	10.69	-0.5	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2030	34.59 +0.17	2.9	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2035	31.35 +0.12	3.2	
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500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2050	37.57 +0.24	3.8	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		TgtRe2050	10.82	-0.3	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		Welln	43.08 +0.23	2.5	
500dlnxPm	97.45 +0.66	4.3		Magin	11.20 +0.94	5.4		Wdnsrl	39.57 +0.34	4.6	
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BANKING & FINANCE

A Pension-Fund Tussle

North Carolina treasurer cut fees but missed potential gains

By DAWN LIM

Dale Folwell promised a fight with Wall Street if he became North Carolina's treasurer. Now, the elected official is clashing with employees as he rethinks how one of the largest U.S. public retirement funds should invest its \$96 billion.

His decision in 2017 to shift more than \$7 billion from outside equity managers into cash and bonds put him at odds with his **WEEKEND PROFILE** staff, people familiar with the matter said.

Employees worried the action would throw the fund's investment mix out of balance, two of these people said. The move reduced fees but cost the fund potential gains in a year the stock market rallied to records.

Investments with other managers slowed because of Mr. Folwell's skepticism of hedge funds and other illiquid bets, upending staff plans for 2017, three of these people said.

Mr. Folwell, 59 years old, said the changes were needed to give the state fund more control over its money while he reassesses past bets. "It's hard to come into a culture where no one thinks anything is wrong," Mr. Folwell said.

The tussle in North Carolina is part of a larger debate in the pension world about the best way to ensure that enough assets are on hand to cover all future obligations to firefighters, police officers, teachers and other public workers.

Mr. Folwell has wide-reaching power over how he invests and doesn't need a board to bless his investment decisions. North Carolina is one of four states

where one person wields final authority over public-pension assets, according to research by consulting firm Funston Advisory Services.

"He's his own person," said Dee Stewart, a Republican political strategist in North Carolina who has known Mr. Folwell for years.

Growing up in Winston-Salem, N.C., Mr. Folwell was raised for much of his childhood by a single mother who operated a hospital switchboard. He fixed motorcycles and collected trash to pay his way through the University of North Carolina at Greensboro.

As a four-term state Republican lawmaker from 2005, Mr. Folwell supported raising the minimum number of years some employees had to work before qualifying for retirement checks. While running the state's unemployment agency, he pushed to curb fraudulent claims.

When he ran for treasurer, Mr. Folwell toured the state in 2016 on a motorcycle and promised voters he would save North Carolina \$100 million. He vowed to cut complex bets and reduce unnecessary money-management fees.

The pension fund's performance over the past decade—5.1% on an annualized basis—is below its current return target of 7.2%. At the end of 2016, it was more than \$8 billion short of the assets needed to fund all future retiree obligations. Many state funds are in an even deeper hole.

During his first weeks in office a year ago, Mr. Folwell set up calls with most of the fund's outside money managers, asking how much in savings they would contribute, people with knowledge of the conversations said. Internally, he asked to be included earlier in decisions, a

departure from his predecessor, who delegated more authority to staff.

As he began examining the pension's investments, he noticed the state had more than \$11 billion committed to managers that it still needed to fund at the start of 2017. Mr. Folwell said it was his fiduciary duty to understand the investment portfolio.

The pension made one new commitment to an outside manager in 2017—\$250 million in real estate—compared with more than \$7 billion in new pledges to outside investment firms in 2016.

The fund's then-investment chief, Kevin Sigrist, and staffers asked the treasurer where he wanted to take the overall investment mix but they didn't receive a clear answer, three people familiar with the matter said. Mr. Folwell said the fund's allocation policy hasn't changed.

"When I got frustrated while working on a motorcycle, I didn't go ahead and cut wires," Mr. Folwell said. "You listen, and then you act and then you ultimately fix it."

One former official is concerned the fund could lose access to top managers. "Simply turning off the tap isn't the way to go," said ex-North Carolina pension investment chief Andrew Silton.

The most dramatic move was Mr. Folwell's decision to shift roughly \$7.2 billion in money from equity funds into cash and bonds managed internally. The shift, which took several months, required a suspension of risk controls. A spokeswoman for the treasurer's office said Mr. Folwell was acting within his statutory authority in overriding these controls.

He also rejected a recommendation from staff that some of that money go into



Dale Folwell wants the fund to have more control over its money.

passively managed stock-index funds. Staffers said in a memo they were "uncomfortable" with moving the fund outside its established investment mix, according to two people familiar with the matter and a copy of the memo reviewed by The Wall Street Journal.

The treasurer's office was able to reduce fees during 2017, but it also missed out on a stock-market rally. The changes contributed to roughly \$60 million in fee savings from firing managers or renegotiating terms, the spokeswoman said. Deviating from the fund's targeted investment mix, though, meant it missed out on more than \$400 million in potential gains during the 11 months ended Nov. 30, according to an estimate from the treasurer's office.

Mr. Folwell said he takes responsibility for the decision and is comfortable with how the portfolio is positioned.

Investing the proceeds in-house will give the pension more control over its portfolio, he said. The spokeswoman said how the pension fund will deploy its cash has yet to be determined.

At least 10 investment employees have left since Mr. Folwell took office, according to two people and state records. Not all of the departures were the result of differences of opinion with the treasurer's approach, the spokeswoman said. The highest-profile departure came in July, when Mr. Sigrist handed in his resignation.

Court to Review SEC Judges

By BRENT KENDALL AND DAVE MICHAELS

WASHINGTON—The Supreme Court said it would review the Securities and Exchange Commission's in-house judicial system, agreeing to decide whether the commission's judges were selected in a way that violates the Constitution.

The high court, in a brief written order on Friday, said that it would hear an appeal by a former investment adviser and media personality, Raymond Lucia, who is fighting an SEC judge's 2013 decision to bar him from the industry. The SEC alleged that Mr. Lucia hyped how much research and backtesting he put into his "Buckets of Money" strategy that he promoted through two books. The SEC said Mr. Lucia used data that made his results look better, such as omitting the impact of advisory fees on returns.

Mr. Lucia argued the judge was improperly installed at the SEC, in violation of a clause in the Constitution that addresses the president's power over executive-branch officials. The SEC argued that its in-house judges are commission employees with limited powers who don't need to be formally appointed the way top government officials do. Instead, the judges were historically selected through a process managed by human-resources officials.

An SEC spokesman declined to comment.

A federal appeals court, with 10 judges participating,



An investment adviser argues the SEC process is unconstitutional.

deadlocked in the case last year. The split left the SEC's decision against Mr. Lucia in place.

The case could have ramifications beyond the SEC, as a handful of other government agencies, including the Federal Energy Regulatory Commission and the Environmental Protection Agency, use administrative law judges to referee civil enforcement cases.

The SEC's in-house courts generated little controversy for decades, but a 2014 decision to lean on them more heavily sparked a backlash. Lawyers defending clients challenged how the judges were hired, arguing their sweeping powers mean they should be more formally accountable to presidential appointees.

A ruling by the Supreme Court could affect about eight other appeals nationwide in which defendants objected to how the SEC judges were

hired.

Two major recent twists in the case have left the matter in flux. In late November, the Justice Department, now under Trump administration leadership, reversed its position and abandoned defense of the SEC's system. The switch came in a Supreme Court filing in which the Justice Department urged the justices to hear Mr. Lucia's case.

A day later, the SEC said it was changing how its judges were put in place. The commission voted to formally ratify the appointments of current administrative law judges.

The change, however, didn't help Mr. Lucia because his case had already concluded. He argues that the SEC's ratification effort didn't fix legal problems with the way judges were selected in the first place.

Oral arguments in the case

could take place as soon as April.

Fed Fines Five Large Banks

By RYAN TRACY

WASHINGTON—The Federal Reserve fined five big banks a total of \$35.1 million for issues related to financial-crisis-era mortgage servicing and foreclosures, while also moving them out of the penalty box for what it said was a "substantial improvement" in their practices.

The fines relate to deficiencies that regulators saw in the wake of a meltdown in the U.S. housing market around the 2008-09 financial crisis.

Goldman Sachs Group Inc. was fined \$14 million; **Morgan Stanley**, \$8 million; **CIT Group Inc.**, \$5.2 million; **U.S. Bancorp**, \$4.4 million, and **PNC Financial Services Group Inc.**, \$3.5 million.

The five firms had been slapped with enforcement actions in 2011 and 2012 for what the Fed said were "deficiencies in residential mortgage loan servicing and foreclosure processing."

The Fed said the firms have made "substantial improvement" in their practices.

The central bank didn't provide an explanation for the timing of the penalties. Banks can be subject to enforcement orders for years before they remediate regulators' concerns.

Separately, the Fed penalized Goldman Sachs \$90,000 for violations related to the National Flood Insurance Act.

Representatives of U.S. Bancorp, CIT and PNC said they were pleased the matter has been resolved. Morgan Stanley declined to comment. Goldman Sachs didn't reply to a request to comment.

BlackRock Takes In A Record Cash Haul

By SARAH KROUSE

The world's largest money manager by assets reached another milestone in 2017: the equivalent of \$1 billion of new client cash every day.

The annual net inflow of \$367.3 billion helped **BlackRock Inc.** pass \$6 trillion in assets for the first time, up more than \$1 trillion from the end of 2016. The record infusion during 2017 amounted to more than \$698,000 a minute.

Most of BlackRock's new money, or 67%, went to its iShares exchange-traded fund business as investors continue to embrace lower-cost products tied to indexes. The iShares unit finished 2017 with more assets than BlackRock's actively managed products for the first time.

The pace of new investor cash into BlackRock puts it in the same league as rival **Vanguard Group**, which attracted a net \$369.3 billion in new money last year. The two managers now oversee a combined \$11.2 trillion, higher than the gross domestic product of China in 2016.

"They're neck and neck," said Kyle Sanders, an analyst at Edward Jones, of BlackRock and Vanguard, which ended 2017 with \$4.9 trillion in assets. "It's those two and then it's everyone else fighting for scraps."

Both firms are benefiting from a confluence of factors: a stock-market boom, recent regulatory changes and investor preference for cheaper ETFs, which are funds for all types of investors that trade on exchanges.

"It's hard for me to see active flows being as strong as what we predict for ETF flows" in the next two years, BlackRock Chief Executive Laurence Fink said in an interview. He cited regulatory changes in the U.S. and Europe that have led to broader adoption of the funds.

Mr. Fink told employees in the firm's town hall earnings meeting that BlackRock had proved it can compete with Vanguard while making money for shareholders, people familiar with the matter said.

BlackRock reported \$2.3 billion in profit for the fourth quarter of 2017, or \$14.07 a share, compared with \$851 million, or \$5.13 a share a year earlier. Revenue rose 20%, to \$347 billion.

On Friday, BlackRock's shares rose 3.3%, to \$555.53.

ETFs account for an increasing proportion of BlackRock's fees as well as assets. iShares brought in 39% of BlackRock's base fees at the end of 2017, up from 36% a year earlier.

BlackRock has boosted its ETF flows with fee cuts on some funds, particularly those that offer exposure to broad swaths of the stock and bond markets. It has also used its Aladdin technology to connect more closely with wealth advisers and created model portfolios of its funds to sell.

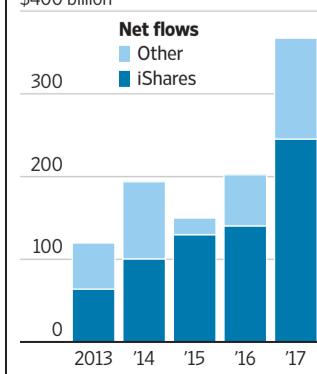
While BlackRock's ETF unit has attracted the majority of its new assets, there are signs the firm's efforts to improve the performance of its actively managed stock funds are paying off. The firm said 30% of assets in fundamental equity products underperformed their benchmark or peer medium over one year, compared with 52% a year ago.

For systematic equity products, its name for quantitatively managed stock funds, 17% of assets underperformed compared with 57% a year ago.

—Allison Prang contributed to this article.

Go With the Flow

BlackRock has pulled in record cash in the past two years



Source: the company

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MARKETS

Stocks Extend This Year's Weekly Gains

Bank shares post some of day's biggest increases as earnings season kicks off

By MICHAEL WURSTHORN AND JON SINDREU

Major U.S. indexes notched a trifecta of records Friday to cap off another meteoric week for stocks.

Stocks mostly rose over the past week, as surging optimism around a steadily expanding U.S. economy and expectations that companies will report strong corporate profits for the fourth quarter powered indexes to new heights.

The Dow Jones Industrial Average added more than 500 points for a second consecutive week, a first for the blue-chip index in nearly 18 years, as the S&P 500 logged its second straight week of more-than-1% gains.

Some investors say the extension of last year's rally into 2018 is a sign the bull market can continue, especially with the start of the corporate-earnings season Friday, which began with **JPMorgan Chase** and **Wells Fargo** releasing results for the most recent quarter.

S&P 500 companies are expected to expand earnings by about 10% from the year-earlier period, an improvement from the single-digit growth those businesses saw in the third quarter, according to FactSet estimates.

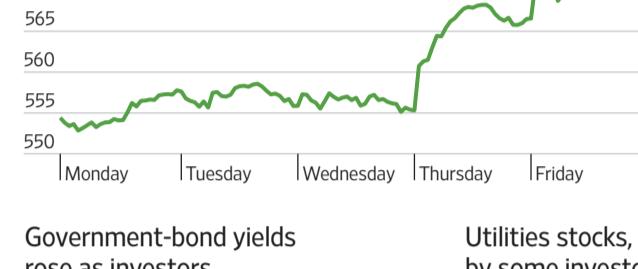
"People will be looking for that double-digit growth, as well as what comes through with tax reform," said Yousef Abbasi, a global market strategist at JonesTrading. "We should be able to live up to the hype."

The Dow industrials added 228.46 points, or 0.9%, Friday to 25803.19. The S&P 500 gained 18.68 points, or 0.7%, to 2786.24, and the Nasdaq Composite rose 49.28 points, or

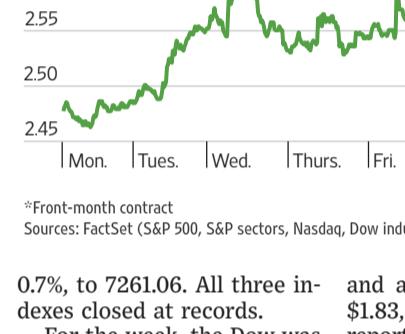
U.S. stocks set fresh records as the corporate-earnings season kicked off and shares of oil and gas companies rallied.



The S&P 500 energy sector, one of the biggest laggards in 2017, climbed along with commodities prices.



Government-bond yields rose as investors contended with signs of a pickup in inflation.



*Front-month contract

Sources: FactSet (S&P 500, S&P sectors, Nasdaq, Dow industrials); Thomson Reuters (crude, Treasuries); WSJ Market Data Group (dollar index)

Utilities stocks, considered bondlike by some investors because of their hefty dividends, entered correction territory this past week.



The dollar fell against a basket of 16 currencies for a fifth consecutive week, pressured by a strengthening euro.



THE WALL STREET JOURNAL.

year, such as retailers and energy companies, continued to outperform in the first weeks of the year, a sign that investors appear to be rotating into economically sensitive stocks and out of slower-growing defensive ones, such as utilities and real estate.

"We're starting to see investors' sentiment overall get more constructive," said Rob Haworth, a senior investment strategist at U.S. Bank Wealth Management. He added that signs of a continuing global expansion and robust corporate earnings are underpinning the optimism.

Shares of consumer-discretionary stocks in the S&P 500 gained 1.3%, led by retail stocks that continue to benefit from a strong holiday sales season.

Energy stocks, which are expected to lead the S&P 500 in earnings growth, also were up, while real-estate and utilities stocks declined.

Still, while analysts say investors' optimistic outlook is justified, it is also a cautionary sign that valuations could be overheating, opening the market to the possibility of a pullback.

"Sometimes the market feels so resilient, it's willing to look the other way" and grind higher regardless of the news, Mr. Abbasi of JonesTrading said. "There will be a time and a place to jump off the train, but it's not yet. This has room to run."

Elsewhere, the Stoxx Europe 600 rose 0.3% Friday to finish its second consecutive week higher.

In Asia, Hong Kong's Hang Seng rose 0.9% to extend its weekly gain to 1.9%, while the Shanghai Composite added 0.1% and notched its fourth straight week of gains. Japan's Nikkei, meanwhile, edged lower Friday to finish the week down 0.3%.

—Akane Otani contributed to this article.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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Bank on JPMorgan, Not Wells

Fourth-quarter results for two of America's largest banks highlight **JPMorgan Chase**'s resilience and **Wells Fargo**'s continued befuddlement.

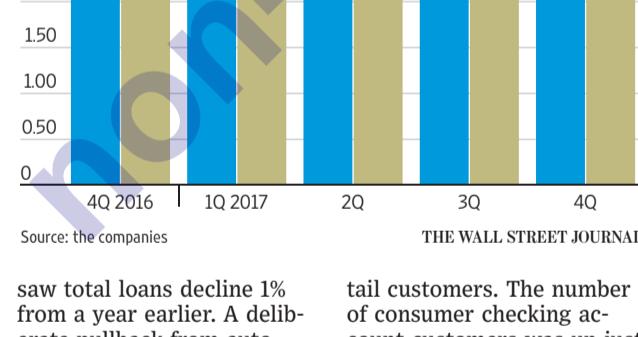
Accounting adjustments due to the new tax law obscured the picture somewhat. JPMorgan took a \$2.4 billion write-down, while Wells Fargo booked a \$3.4 billion tax gain. But it isn't hard to look past these one-off items to underlying business trends, which were mostly positive at JPMorgan but not at Wells.

JPMorgan reported decent overall loan growth, with total loans outstanding rising 4% from a year earlier at the end of the fourth quarter. That is down from a 7% pace in 2016, in line with the industry trend of slowing loan growth. JPMorgan continued to see strong performance in certain businesses, with commercial and industrial loan balances up 6% in the fourth quarter, and average credit-card loan balances up 5%.

Wells Fargo, by contrast,

Closing the Gap

Net interest margin



saw total loans decline 1% from a year earlier. A deliberate pullback from auto lending contributed to the fall, but weakness was broad-based, with domestic commercial and industrial loan balances falling 1% and credit-card loans rising 3%.

It seems likely that Wells Fargo's tarnished brand from sales-practice scandals is at least partly to blame. Certainly the bank is having a hard time attracting new re-

tail customers. The number of consumer checking account customers was up just 0.2% from a year earlier, and the number of active consumer credit-card accounts was unchanged.

JPMorgan also was hit by \$273 million of combined trading and credit losses related to a single client, South Africa-based **Steinhoff International Holdings**. JP Morgan also saw a 34% decline in fourth-quarter fixed-

income trading revenue. The bank still managed to post a respectable 10% return on equity for the full year, a testament to its well-diversified business model. Increased debt and equity underwriting, for instance, helped make up for some of the lost trading revenue.

Like most banks, JPMorgan is also getting substantial help from higher interest rates. Incredibly, though,

Wells Fargo still is failing to benefit from this.

Its net interest margins fell, both from a year earlier and the prior quarter. The bank's strategy of holding more long-term assets is ill-suited to the current environment, in which short-term rates are rising but long-term rates have barely budged.

The combination of bad past practices and bad past decisions are weighing down Wells Fargo. Investors feeling bullish on the economy and rates have plenty of other banks to bet on, JP Morgan being among the strongest.

—Aaron Back

OVERHEARD

The State Department isn't the only one relocating its London headquarters to what President Donald Trump called an "off location." **Apple** and about 20,000 households are, too.

Called Nine Elms, the area across the Thames from posh Chelsea used to be scarred by a disused power station.

Now, it has upmarket pretensions.

The deal that kick-started it was the one criticized in Mr. Trump's tweet: the decision in 2008 to move the U.S. Embassy there. Investors later bought and started to redevelop the power station.

The old industrial land bought by the U.S. is likely to be worth far more once a new subway stop opens in 2020 and the world's most valuable company by market cap moves in.

Selling the old U.S. Embassy at the bottom of the real-estate cycle might have been badly timed, but building the new one has been a fantastic deal for U.S. taxpayers.

The Inflation Picture Is Clearing Up

Janet Yellen can take a victory lap on her way out as Federal Reserve chairwoman. She has been saying the weakness in last year's inflation readings was transitory, and she was right.

That clears the way for the Fed to raise rates at least the three times it expects to this year. That would surprise investors who have been skeptical of inflation and higher rates.

The Labor Department on Friday reported that overall consumer prices rose 0.1% in December from the previous month, but the real news was the 0.3% rise in prices excluding food and energy items, the core reading that economists watch to gauge inflation's trend. Core prices rose 1.8% versus a year ago.

Even if inflation moderates, the annual figure should be more than 2% by April.

The Fed would hardly count such a pickup in inflation as dangerous. What is important is that any doubts among Fed policy makers about inflation are in the past. Friday's report should make them a lot more comfortable with raising rates.

The numbers also set a higher starting point for inflation at a time when wage growth should accelerate, something that seems likely with all the raises and bonuses companies are doing out. There is a strong possibility for four quarter-point rate increases this year.

Investors are starting to get it. Two-year Treasury yields are now at their highest level since 2008. But interest-rate futures imply investors expected only 2½ rate increases. You aren't supposed to fight the Fed, but that is exactly what some people are doing.

—Justin Lahart

Europe Is a Place Where Stocks Still Have Reason to Rally

The breadth of the global economic growth pickup is lifting even longstanding laggards. European stocks are a case in point, but the potential for catch-up remains appealing.

Even as U.S. stock indexes have set record after record, Europe has missed out. A vast gap has opened up between the performance of the S&P 500 and the Euro Stoxx, both in price and valuation terms.

Indeed, on a forward price/earnings basis, the gap between the two is at a level not seen for more than a decade.

But things seem to be changing. In 2018, the Italian

benchmark index is up 6.9% and Southern Europe is broadly outperforming the North: Greek stocks are up about 5.5%; Portuguese shares, 4.5%.

Breadth of growth is turning.

dividend yield of 3.2% is far in excess of German government bond yields and European investment-grade corporate bond yields. By contrast, the S&P 500 dividend yield, at 1.91%, is now below the two-year U.S.

Treasury yield and far below corporate bond yields and this week touched its lowest since 2007, according to FactSet data.

There are reasons to think carefully about European

Parting Ways

Forward price/earnings multiple



stocks. The euro for one might still pose a problem, as its rise in 2017 weighed on European stocks, although it gave dollar-based investors a big boost. Thursday's ac-

count of the European Central Bank's December meeting suggested a gradual shift in policy guidance could be coming. Politics matters, too;

Friday's news of a potential breakthrough by Angela Merkel in forming a government in Germany lifted the euro to a three-year high above \$1.21. But Italy will also face a test in coming elections.

Set against that is strong growth momentum and the way recent European stock gains have been driven by earnings, not multiple expansion like in the U.S. Even laggards can put on a burst of speed.

—Richard Barley

A young woman turns filmmaker to document her little-understood disease

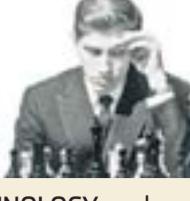
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REVIEW

American prodigies, their early dazzle and later struggles: A new book

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The Key to Success? Doing Less

Talent and hard work are important, but most top performers in business have one thing in common: They accept fewer tasks and then obsess over them.

BY MORTEN T. HANSEN

Most Americans work impossibly hard. We put in long hours and maximum effort, but better performance often eludes us. I'm no exception. I remember being in my 20s and landing my dream job as a management consultant at the posh London office of the U.S.-based Boston Consulting Group. I strode through the front doors on my first day wearing an elegant new blue suit and equipped with what I thought was a brilliant strategy for impressing my bosses: I would work crazy hours.

Over the next three years, I toiled for 60, 70, 80, even 90 hours a week. I drank an endless stream of weak British coffee and survived on a supply of chocolate bars I kept in my top drawer. One day, as I struggled through an intense project, I happened upon some slides created by a teammate I'll call Natalie. Paging through her analysis, I confronted an uncomfortable truth: Natalie's work was better than mine. Her analysis contained crisper insights, more compelling ideas.

One evening in the office, I went to look for her, but she wasn't there. I asked a guy sitting near her desk where she was, and he replied that she'd gone home for the night. He explained that Natalie never stayed late—she worked from 8 a.m. to 6 p.m., no

nights, no weekends.

That upset me. We had similar education and experience and had been selected for our skills by the same rigorous screening process, but she did better while working less. The "Natalie Question," as I came to call it, bothered me for decades. Answering it became the aim of my work when I left management consulting to study workplace performance as an academic. Why had Natalie performed better in fewer hours? More generally, why do some people perform better than others?

Natalie bested me at work—and went home each day at 6 p.m.

The knee-jerk answer to what distinguishes great performers from others is simple: talent. Social scientists and management experts explain performance at work by pointing to people's innate gifts and natural strengths. How often have you heard phrases such as "She's a natural at sales" or "He's a brilliant engineer"? These talent-based explanations deeply influence our perceptions of what makes for success.

Are they right? Some experts say no, arguing that an individual's sustained effort is just as critical as

talent or even more so in determining success. According to this view, people perform well because they work hard and put in long hours. They end up doing more, taking on many assignments and running to lots of meetings.

But neither of these arguments accounted for why Natalie performed better than I did, nor did they explain the performance differences I had observed between equally hardworking and talented people.

In 2011, I decided to try to answer the question of why some people outperform others. I recruited a team of researchers with expertise in statistical analysis and began generating a set of hypotheses about which specific behaviors lead to high performance. We then conducted a five-year survey of 5,000 managers and employees, including sales reps, lawyers, actuaries, brokers, medical doctors, software programmers, engineers, store managers, plant foremen, nurses and even a Las Vegas casino dealer.

The common practice we found among the highest-ranked performers in our study wasn't at all what we expected. It wasn't a better ability to organize

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Mr. Hansen is a professor of management at the University of California, Berkeley. This essay is adapted from his new book, "Great at Work: How Top Performers Do Less, Work Better, and Achieve More," which will be published by Simon & Schuster on Jan. 30.

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REVIEW

High Performers Do Less

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nize or delegate. Instead, top performers mastered selectivity. Whenever they could, they carefully selected which priorities, tasks, meetings, customers, ideas or steps to undertake and which to let go. They then applied intense, targeted effort on those few priorities in order to excel. We found that just a few key work practices related to such selectivity accounted for two-thirds of the variation in performance among our subjects. Talent, effort and luck undoubtedly mattered as well, but not nearly as much.

The research makes clear that we should change our individual work habits if we wish to perform better, but the implications are much more far-reaching. We also need to change how we manage and reward work, how we measure economic productivity and perhaps most important, how our culture recognizes hard work. We should no longer take it as an automatic compliment to hear that we're "hard working." Hard work isn't always the best work. The key is to work smarter.

How did the best performers in our study do this? Rather than simply piling on more hours, tasks or assignments, they cut back. They unknowingly applied a dictum invented 700 years ago by William of Ockham, a European friar, philosopher and theologian. Ockham is famous for a principle that came to be called (in a Latinized spelling of his name) Occam's razor. It stipulates that the best explanation in matters of philosophy, science and other areas is usually the simplest one.

At work, this principle means that we should seek the simplest solutions—that is, the fewest steps in a process, fewest meetings,

than on the time frame that mattered to his customers.

Many people mistakenly obsess over goals such as the number of sales calls made, patients seen, hours logged, customers visited, and so on. The best performers instead ask a crucial question before they draft their goals: What value can I create? And by value, they mean the key benefits they bring to customers and others, not themselves.

Many people never question whether their work produces value. When I conducted research at Hewlett-Packard some years ago, I visited an engineer at the company's Colorado Springs office.

He said that he was too busy to talk: He had to complete his goal for the week as specified in his job description, namely, submitting a quarterly report about the status of a certain project. He sent off the report in time, as he had in every previous quarter. Goal accomplished, right?

What I knew—and he didn't—was that the corporate research and development division in Palo Alto no longer used those quarterly reports. His dispatches sank to the depths of an email box that no one bothered to check. He

had met his goal according to his job description, but he had contributed zero value.

How to add value? Our study found that people sometimes do it by simply changing something to help colleagues do their work better, downstream or upstream. A production technician at a food-processing plant reported, for instance, that his bosses measured him on "throughput"—the number of boxes he processed with the help of a packing and labeling machine. His throughput

was fine, but he found out that when his boxes reached the warehouse, they weren't "square" enough to fit neatly on pallets for shipment and required extra handling time. He took the initiative to adjust his packing process and straighten up any tilt in his boxes, which made the work flow smoother for his colleagues down the line. This effort placed him in the top bracket of performers in our study.

Attending to what's valuable often highlights ways to redesign work to make it smarter. At the multinational shipping company Maersk, manager Hartmut Goeritz told me, in the course of our study, how he focused on just one pivotal activity at his terminal in Tangier, Morocco: moving containers on and off ships.

One day in 2011, as Mr. Goeritz strolled around the shipping yard, he noticed that some of the trucks were putting around empty. "They picked up the container at the side of a ship," he recounted of the dock workers, "then drove to the back of the giant yard to set it down, then drove back to the ship empty-handed to pick up the next one." That's how it had been done for years.

What would happen, Mr. Goeritz wondered, if trucks unloading one ship dropped off their containers in the yard and then carried back other containers destined for nearby ships that were loading? He tried out the idea, encouraging the truckers heading back to the ships to ask their colleagues if they could pick up any waiting containers. Soon team members began using walkie-talkies to coordinate this work, so that they could find more containers ready to ship out. The motto became "never drive empty." This simple redesign nearly doubled efficiency.

Such redesigns aren't just the purview of managers. Our study found that successful junior people also challenged and changed their ways of working. Those with a tenure of less than three years carried out redesigns as much as people with a tenure of 10 years or more (in both categories, just under 20% of our subjects made such efforts). Employees at large companies were almost as likely to innovate at work as those at small companies, despite more bureaucracy to overcome.

One useful way to simplify work is to confront a "pain point," a thorny problem plaguing a set of people. A business analyst for a Minneapolis-based life insurance company in our study processed payroll for the company's agents scattered across the country. For years she noticed that she got the most calls for help for one particularly labyrinthine part of the online filing process. She reached out to the company's software coders and worked with them to turn it into a single computer screen's worth of simple, quick clicks. She thus made it possible for a large group of her co-



fewest metrics, fewest goals and so on, while retaining what is truly necessary to do a great job. I usually put it this way: As few as you can, as many as you must. The French writer Antoine de Saint-Exupéry neatly formulated the same idea in his memoir: "Perfection is finally attained not when there is no longer anything to add, but when there is no longer anything to take away."

Sometimes "the fewest" means just one. I used to labor through too many slides in my presentations. More, I thought, was better. Then, before a meeting I had with the CEO of a large European company, I was asked to present a proposal for executive education in just one slide. "One slide?" I asked in disbelief. I labored to reduce my 15 slides to four, and then to shrink them down some more. After some struggle, I thought, "What is the key issue here?" Applying Occam's razor, I discarded all of my slides except one: a color-coded, hourly calendar of our program that I obsessed over to get just right. When you present one slide, it needs to be excellent.

And it worked. Since I didn't have to take the time to present 15 slides, the CEO and I were able to spend our 45 minutes discussing the program in greater depth. When we finished, he remarked on how productive the meeting had been.

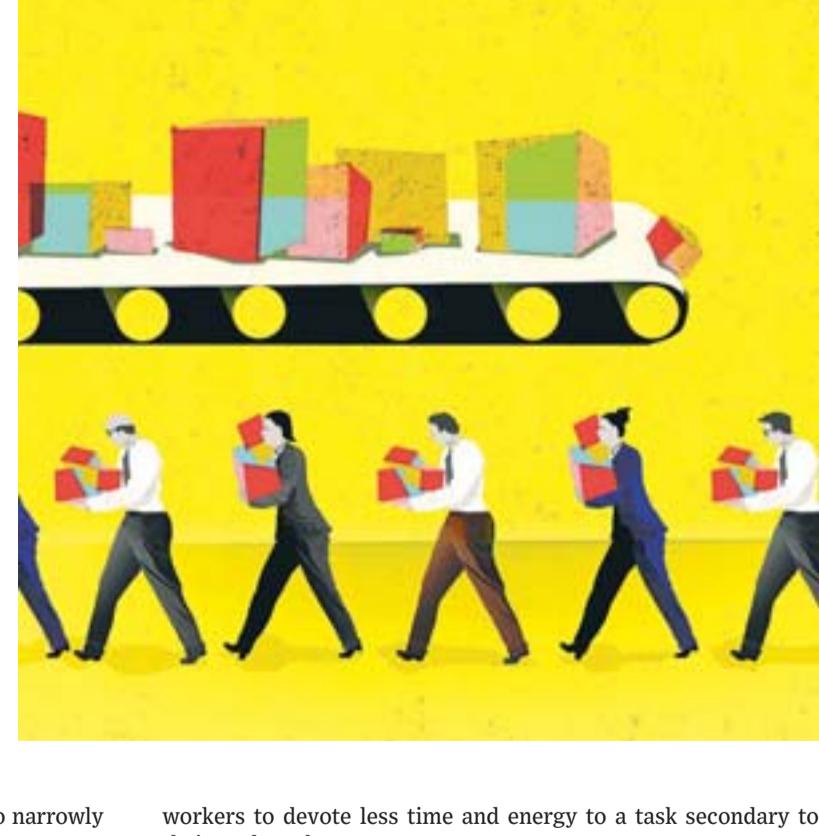
Once you've cut the clutter in an attempt to be more selective, it's tempting to add new items back in, often in response to outside pressures. In our study, a full 24% of people blamed their inability to focus on bosses who set too many priorities. The top performers we studied combated this by following a second key practice: They said no to their bosses.

Of course, how you say no makes all the difference. The most astute performers explain that their overriding goal is to deliver great work. They are prioritizing, they say, not to slack off but to go all out and excel in a few key areas.

The next time your boss piles on new work, enforcing an old-fashioned "work harder" mentality, try asking if he or she would like you to re-prioritize, giving less attention to previously discussed tasks. Put the decision back on their shoulders. In our data, people who focused on a narrow scope of work, and said no to maintain that strategy, outperformed others who didn't. They placed an impressive 25 percentage points higher in the performance ranking—the difference between being a middling and an excellent performer.

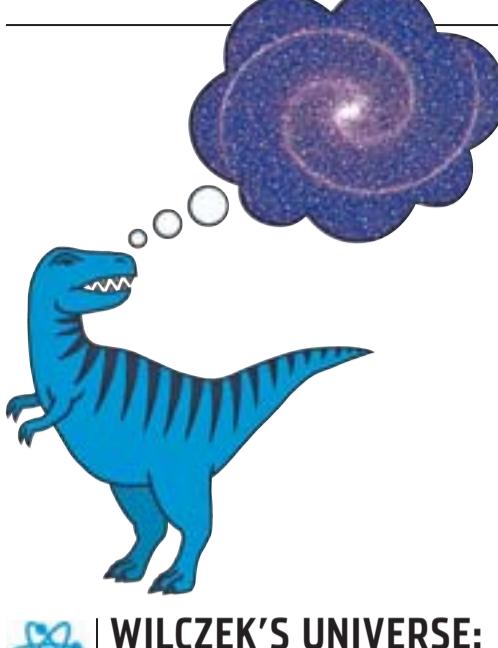
That number should interest managers. If you can set fewer priorities for your team, they will likely perform far better. But there's also a caution here for team members. Some tasks truly don't need to get done, or can wait, or can be delegated. But be careful not to say "no" too often or to focus too narrowly on your work. Doing one small task well doesn't amount to strong overall performance.

The experience of one participant in our study, a customer-order handler, pointed me to a third simplifying practice: reorienting work around its actual value rather than internal goals. The order handler reported that his shipments reached corporate customers on schedule 99% of the time. That's pretty impressive—except for one thing. When his boss surveyed the customers, a full 35% complained that their shipments were arriving later than they required. And why was that? The order handler was focusing on whether the shipments left the warehouse according to his own targets rather



workers to devote less time and energy to a task secondary to their real work.

So much in our workplaces is premised on the conventional wisdom that hard work is the road to success, and that working the hardest makes you a star. Our analysis suggests the opposite. Yes, the best performers work hard (about 50 hours a week in our data, like Natalie), but they don't outperform because they work longer hours. They outperform because they have the courage to cut back and simplify when others pile on, to say "no" when others say "yes," to pursue value when others just meet internal goals, and to change how they do their jobs when others stick with the status quo. They're innovators of work.



WILCZEK'S UNIVERSE: FRANK WILCZEK

If the Dinosaurs Had Become Physicists

THIS CHRISTMAS HOLIDAY, four generations of my family converged at the American Museum of Natural History in New York. I'd been there just a handful of times since childhood, so it seemed familiar, but fresh. Various parts of the museum juxtapose different species, places or cultures. But I've been thinking a lot about time recently, so what especially resonated for me there was experiencing different moments of time simultaneously—natural history, embodied.

Nothing else brings the strangeness and contingency of history home as viscerally as strolling through the dinosaur halls. What might the dinosaurs have become if Earth's chance collision with an asteroid hadn't brought them down 66 million years ago? Right to the end, their top species were becoming more complex and capable—while our own mammalian ancestors were a race of quivering, nocturnal proto-mice.

If the great dinosaurs had been spared, would they have produced beings of superhuman intelligence much earlier than human intelligence actually emerged? (Ravens and some other modern birds, all dinosaur descendants, are clever indeed.) What brilliant works of art and technology might they have created by now? The bones, in their silence, echo the poet John Greenleaf Whittier: "For of all sad words of tongue or pen, / The saddest are these: 'It might have been!'"

In my usual scientific stomping grounds, a main theme is the seeming *absence* of history. In physics (and its offshoot, chemistry) we find the same range of basic substances everywhere, and we find that their properties don't change with time. It is easy to take that fact for granted. But two of the greatest physicists, Isaac Newton and James Clerk Maxwell, fully realized how singular it is. While neither knew much about atoms and their structure, their basic question was this: How did all the atoms of, say, gold get to be precisely the same, and then stay that way? If they can't change, how can they have originated?

Both Newton and Maxwell, who were deeply religious men, appealed to God. In an 1873 speech, Maxwell said that because of this strange unchangeability, "we are therefore unable to ascribe either the existence of the molecules or the identity of their properties to

any of the causes which we call natural." Here Maxwell identified a classic, and once convincing, argument for natural religion.

Within the last hundred years, however, quantum mechanics solved the problem in a different way. To change an atom, generally you must supply a certain minimum quantity of energy. (Natural radioactivity is an exception.) Atomic nuclei can fuse or react when large energies are available, as in the Big Bang, supernova explosions or nuclear reactors, while in calmer conditions their structure is basically fixed and stable. It's the same principle as digital computer memory: There, we imprint bits using bursts of voltage or current, but between bursts they're fixed and stable.

Biology feels the long arm of history, which injects chance into its products. Physics appears detached from history. Between those extremes is modern cosmology. In today's picture, the universe has a history but a remarkably simple and chance-free one. We start with near-perfect uniformity of matter in the Big Bang, and physics takes it from there.

In that picture, the future is a passive receptacle. It's what results from a simple past. In principle, you can also run the equations of physics backward, from future to past. But we don't know if the fundamental simplicities that seem to mark the past have any analog in the future.

And what about the here and now? Could both past simplicity and distinctive features of the future have a say in constructing the present? Partly inspired by my visit to the museum, I've been working on precisely that issue. It seems consistent with what we know, as a mathematical possibility. But the imprints of the future might be subtle, and we don't yet know what to look for. Latter-day dinosaurs might have solved the problem already. As for us mammals...time will tell.

REVIEW



A WOMAN and child in Caibarién, Cuba, Sept. 8, as Hurricane Irma battered the island.

Bad Weather Is No Reason for Climate Alarm

Events such as hurricanes and wildfires are too often blamed on our slowly warming, slightly wetter planet

BY BENNY PEISER
AND MATT RIDLEY

TWO WEEKS AGO, President Donald Trump greeted the cold snap that was gripping much of the U.S. by tweeting, "Perhaps we could use a little bit of that good old Global Warming." He was criticized for confusing weather with climate. But he's hardly alone in making this mistake, as we have seen in coverage of the most destructive weather-related events of 2017.

The past year was filled with bad weather news, much of it tragic, with whole communities even now still struggling to recover. Hurricane Harvey hit Texas, and Hurricane Irma struck Florida and Puerto Rico after devastating other Caribbean islands. Wildfires torched the dry expanses of Napa and Ventura counties in California, and Australia experienced severe heat waves.

It has become routine for the media, politicians and activists to link such awful events with climate change. The basic claim is that the accumulation of greenhouse gases in the atmosphere is causing more extreme weather of every kind—more droughts, floods and hurricanes. This comes in addition to concerns that a rise in global temperatures will have potentially dire effects in the long term on polar ice and sea levels.

By looking at the world as a whole, however, and at long-term trends (climate) rather than at short-term events (weather), we can better test the claims that 2017 was an unusual weather year and that weather is getting more extreme as the world warms. This global and long-term view also puts other possible threats from climate change in perspective.

While the U.S. witnessed record damages in 2017, the rest of the world was actually hit by far fewer natural disasters than usual. On average, the globe suffers some 325 catastrophic natural disasters a year, but last year (through November) they were down to around 250, ac-

cording to the Centre for Research on the Epidemiology of Disasters at the University of Leuven in Belgium. A third fewer people were killed by climate-related hazards, according to the Centre's International Disaster Database.

As for major weather events and the most prominent indicators of long-term climate trends, here is a rough scorecard for 2017:

Temperature: The past three years have set global records for high temperatures, partly thanks to the recurring warm-water El Niño cycle in the Pacific Ocean. Moreover, temperatures have been at historic highs since 2000, with 16 of the 17 warmest years on record. But average surface temperatures have dropped by a half degree Celsius since the El Niño peak in 2016, according to the U.K.'s Met Office, and are now almost back to pre-El Niño levels.

Though temperatures have increased, the rise is not accelerating and has fallen short of the most authoritative projections. In 1990, the first assessment report of the U.N.'s Intergovernmental Panel on Climate Change predicted that temperatures would rise at the rate of 0.3 degree Celsius per decade, equivalent to 3 degrees Celsius (or 5.4 degrees Fahrenheit) a century. In fact, temperatures have risen since 1990 at between 0.121 and 0.198 degrees Celsius per decade, depending on which of the best data sets is used—that is, at a third to two-thirds of the rate projected by the IPCC.

Hurricanes: In August, Harvey made landfall near Corpus Christi as a Category 4 storm, ending a record 12-year period without a major U.S. hurricane. Last year's Atlantic hurricane season was particularly hyperactive, ranking as the seventh most intense Atlantic season since records began in 1851.

But cyclones (as hurricanes are known elsewhere) are found in all three tropical oceans,

and globally the Accumulated Cyclone Energy index—which measures the combined intensity and duration of these storms—is currently running 20% below its long-term average. In fact, the index for 2017 was less than half of normal cyclone activity for the Southern Hemisphere.

Fires and droughts: More than 9,000 wildfires burned some 1.4 million acres across California this year. But the number of wildfires in California has actually been declining for 40 years, according to UCLA's Jon Keeley, a leading researcher on the subject. A review published in 2016 by Britain's Royal Society documented that the global area burned by wildfires has also declined in recent decades.

As for drought, a comprehensive database published in 2014 in the journal *Nature* found that the proportion of the world suffering from abnormally low rainfall has slightly declined since the 1980s.

Floods: In 2017, California had its second wettest rainy season since record-keeping began more than a century ago, setting off massive floods. But a study published last year in the *Journal of Hydrology* by Glenn A. Hodgkins of the U.S. Geological Survey and colleagues concluded that the number of major floods in natural rivers across Europe and North America has not increased in 80 years. Globally, too, floods have decreased in recent years.

Monsoons: For many years climate scientists have warned that the South Asian summer monsoon, which supplies much needed rain to the region's agriculture, may be weakening as a result of rising temperatures. A study published in 2017 by Qinjian Jin and Chien Wang of MIT in the journal *Nature Climate Change* reported, however, that the Indian summer monsoon has strengthened in the last 15 years and that since 2002 monsoon

rainfall has increased significantly.

Sea ice: According to the U.S. National Snow and Ice Data Center, the total extent of sea ice at the world's poles has slightly recovered from last year's El Niño-driven low, to 21.2 million square kilometers in December, up from 19.65 million at the end of 2016.

The overall trend in recent decades clearly points, however, to a retreat of sea ice. Though Antarctic sea ice has been growing by 0.15 million square kilometers (1.3%) per decade since 1979, according to the U.S. National Oceanic and Atmospheric Administration, Arctic sea ice has been declining by 0.55 million square kilometers (5%) per decade over that period. The loss of sea ice has no effect on sea level, however, and the rate of decline has been fairly gradual.

Sea level: According to NASA, global average sea level has changed little since July 2015. The average rise since 1993 has been 3.2 millimeters a year, but there is no obvious sign of acceleration since satellites started measuring sea level 25 years ago. That rate amounts to 32 centimeters a century, or just over a foot in 100 years.

Short-term weather fluctuations often carry a terrible human cost, and these extreme events rightly catch the headlines. But they don't capture the reality of the planet's climate. Over the past several decades, the world has been getting slowly warmer, slightly wetter and less icy. It has also been no stormier, no more flood-prone and a touch less drought-prone. And sea level continues to creep slowly upward.

There is little excitement here for those who expect cataclysms—and little comfort for those who say nothing is changing.

Mr. Peiser is the director of the London-based Global Warming Policy Forum. Mr. Ridley is a member of the House of Lords and the author of many books, including most recently, "The Evolution of Everything: How New Ideas Emerge."

The world has been no stormier or more flood-prone.

THE MANY BENEFITS OF THE OCCASIONAL SWEAR WORD

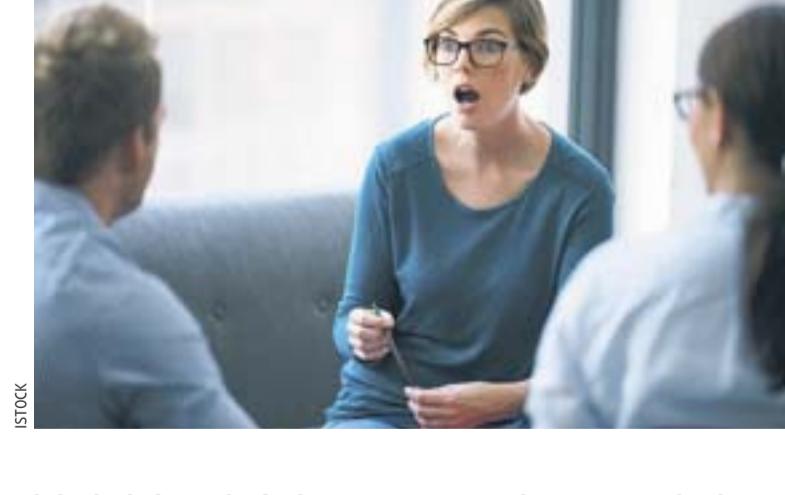
BY EMMA BYRNE

"**BAD WORDS**" appear in every language and take many forms. Some are impious, copulatory or excretory; others are slurs of one sort of another. Most of us were raised to think of cursing as a vice to be cured. But there's a reason that swearing is such a universal practice, across time and place. It actually has many benefits.

Swearing has a power that other words lack. Consider the capacity of curse words to help us withstand pain. Researchers led by the psychologist Richard Stephens at Keele University in Staffordshire, England, have investigated this effect for years. They found that people can keep their hands submerged in ice water about 50% longer when they swear as compared to when they use a neutral word. Which words did the trick? Participants were asked to use the imprecations they would utter if they dropped a hammer on their thumb.

The volunteers also reported that the water actually felt less cold when they were swearing. Strong language apparently makes us stronger.

Swearing seems to have this effect, moreover, across personality types. It



helps both those who freely express their displeasure ("anger-out" people, as psychologists call them) and those who tend to contain it ("anger-in" people). In 2011, Dr. Stephens conducted a version of his ice-water experiment in which he first asked people to rate how likely they were to swear when they were angry. He found that swearing eased the pain equally well for everyone, whether they were inclined to swear or not.

We know that swearing does something to our physiology. When you hear or use swearing, your heart

rate accelerates, your palms become sweaty and your emotional state, whatever it may be, intensifies. Though researchers don't know the exact mechanism by which swearing eases pain, it would seem to work through our emotions, heightening confidence, increasing aggression and making us more resilient.

And not just any swear words will do, Dr. Stephens has found. They need to be genuinely taboo words. Euphemisms such as "fudge" or "sugar" don't cut it: They provide no benefit when it comes to withstand-

ing pain, and they leave our heart rates and our emotions unchanged.

Using curse words can serve not just to injure us to pain but also, apparently, to improve our capability at physically demanding activities. A study published recently in the journal *Psychology of Sport and Exercise* showed that swearing increased strength and stamina. Fifty-two volunteers squeezed a measuring device as hard as they could for two minutes. Those who were instructed to swear during this difficult task were able to exert significantly more force for longer.

Swearing can also help to relieve social pain—feelings of being rejected or excluded. In 2012, researchers at the University of Queensland, Australia, asked 70 volunteers, just over half of them male, to remember an experience of being excluded from a group or included in a group. They found that swearing after being made to recall a hurtful event reduced the pain associated with the memory.

This finding is consistent with other research showing that a therapeutic dose of acetaminophen or can-

nab is also reduces social pain. Here, as in the ice-water experiment, swearing acts like an analgesic.

Some research has shown that swearing can be a valuable tool for social bonding, too. Studies from Australia and New Zealand, in the IT and manufacturing sectors, show that risking a swear word of frustration, amusement or sympathy among members of a new social group is an important barometer of how much we believe that our good intentions are accepted. We tend to swear among those we trust, and it can help to create trust.

Cursing can help ease pain.

Even when used aggressively, swearing has some benefits. It is an escalation signal, a warning to give someone space before violence ensues. Without swearing, we might experience more physical conflict at times of great pressure.

The problem, of course, lies in the shock value of curse words: Without the shock, there is no emotional impact. Swearing is powerful stuff. A little can go a long way.

Dr. Byrne is the author of "Swearing Is Good for You," to be published on Jan. 23 by W.W. Norton.

REVIEW



JAMES STEINBERG (2)

A Cure for Our Fixation on Metrics

Measuring results is all the rage in organizations, but it is often wrongheaded and counterproductive

BY JERRY Z. MULLER

IN RECENT DECADES, what I call “metric fixation” has engulfed an ever-widening range of institutions: businesses, government, health care, K-12 education, colleges and universities, and nonprofit organizations. It comes with its own vocabulary and master terms. It affects the way that people talk and think about the world and how they act in it. And it is often profoundly wrongheaded and counterproductive.

Metric fixation consists of a set of interconnected beliefs. The first is that it is possible and desirable to replace judgment with numerical indicators of comparative performance based on standardized data. The second is that making such metrics public (transparency) assures that institutions are actually carrying out their purposes (accountability). Finally, there is the belief that people are best motivated by attaching rewards and penalties to their measured performance, rewards that are either monetary (pay for performance) or reputational (rankings).

But not everything that is important is measurable, and much that is measurable is unimportant. Most organizations have multiple purposes, and that which is measured and rewarded tends to become the focus of attention, at the expense of other essential goals. Similarly, many jobs have multiple facets, and measuring only a few of them creates incentives to neglect the rest. Almost inevitably, people become adept at manipulating performance indicators. They fudge the data. They deal only with cases that will improve performance indicators. In extreme cases, they fabricate the evidence.

It's not that measurement is useless or intrinsically pernicious. The challenge is to specify when performance metrics are genuinely useful—that is, how to have metrics without the malady of metric fixation.

Should you find yourself in a position to set policy, here are some questions that you should ask, and the factors that you should keep in mind, in considering whether to use measured performance, and if so, how to use it.

What kind of information do you wish to measure? The more the object to be measured resembles inanimate matter, the more likely it is to be measurable: that is why measurement is indispensable in the natural sciences and in engineering. When the objects to be measured are influenced by the process of measurement, measurement becomes less reliable. Measurement becomes much less reliable the more its object is human activity, since the objects—people—are self-conscious and are capable of reacting to the process of being measured. The more rewards and punishments are involved, the more people are likely to react in a way that skews the measurement's validity.

How useful is the information? The fact that some activity is measurable does not

make it worth measuring. Indeed, the ease of measuring may be inversely proportionate to the significance of what is measured. To put it another way, ask yourself, is what you are measuring a proxy for what you really want to know? If the information is not very useful or not a good proxy for what you're really aiming at, you're probably better off not measuring it.

Are alternative measurements available? Are there other sources of information about performance, based on the judgment and experience of clients, patients or parents of students? In a school setting, for example, the de-

What are the costs of getting the data?

Information is never free, and often it is expensive in ways that rarely occur to those who demand more of it. Collecting, processing and analyzing data take time, and a large part of their expense lies in the opportunity costs of the time put into them. Every moment that you or your colleagues or employees devote to producing metrics is time not devoted to the activities being measured. If you're a data analyst, of course, producing metrics is your primary activity. For everyone else, it's a distraction. Even if the performance measurements are worth having, their worth may be less than the costs of obtaining them.

Who develops the measurement? Accountability metrics are less likely to be effective when they are imposed from above, using standardized formulas developed by those far from active engagement with the activity being measured. Measurements are more likely to be meaningful when they are developed from the bottom up, with input from teachers, nurses and the cop on the beat.

This means asking those with the tacit knowledge that comes from direct experience to provide suggestions about how to develop appropriate performance standards. Try to in-

volve a representative group of those who will have a stake in the outcomes. In the best case, they should continue to be part of the process of evaluating the measured data. A system of measured performance will work to the extent that the people being measured believe in its worth.

Does the measurement create perverse incentives? Insofar as

individuals are agents out to maximize their own interests, there are inevitable drawbacks to all schemes of measured reward. If doctors are remunerated based on the procedures they perform, it creates an incentive for them to perform too many procedures that have high costs but may produce low benefits. If doctors are paid based on the number of patients they see, they have an incentive to see as many patients as possible and to skimp on procedures that are time-consuming but potentially useful. If they are compensated based on successful patient outcomes, they are more likely to take the easiest cases, avoiding problematic patients.

Just because performance measures often have some negative outcomes doesn't mean that they should be abandoned. They may still be worth using, despite their anticipatable problems. It's a matter of trade-offs, and that too is a matter of judgment.

With measurement as with everything else, recognizing limits is often the beginning of wisdom. Not all problems are soluble, and even fewer are soluble by metrics. It's not true, as too many people now believe, that everything can be improved by measurement, or that everything that can be measured can be improved.

Dr. Muller is a professor of history at the Catholic University of America in Washington, D.C. This essay is adapted from his new book, “The Tyranny of Metrics,” published by Princeton University Press.



gree to which parents request a particular teacher for their children is probably a useful indicator that the teacher is doing something right, whether or not the results show up on standardized tests. In the case of charities, it may be most useful to allow the beneficiaries to judge the results.

What is the metric for? It's crucial to distinguish between data used for purposes of internal monitoring of performance by the practitioners themselves—say, teachers who want to know how much their students seem to be absorbing—versus data to be used by external parties for reward and punishment, such as government agencies. It's the difference between crime data used to discover where the police ought to deploy more squad cars versus data used to decide whether the precinct commander

will get a promotion.

Tools of measurement are most useful for internal analysis by practitioners rather than for external evaluation by the public, which may fail to understand their limits. Such measurement can be used to inform practitioners of their performance relative to their peers, offering recognition to those who have excelled and offering assistance to those who have fallen behind. To the extent that they are used to determine continuing employment and pay, they will be subject to gaming the statistics or outright fraud.

WORD ON THE STREET: BEN ZIMMER

A ‘Do-It-All’ Becomes A Lackey

A SELDOM-USED WORD for a dutiful servant is enjoying wider employment these days: “factotum.”

On Sunday, CNN's Jake Tapper had a contentious interview with White House senior adviser Stephen Miller on the show “State of the Union.” Just before Mr. Tapper abruptly ended the interview, he implied that Mr. Miller was only trying to impress his boss, President Donald Trump. “I get it,” Mr. Tapper said. “There is one viewer that you care about right now. And you're being obsequious, you're being a factotum to please him.”

As the video of the interview went viral, Dictionary.com reported a more-than-tenfold spike in online searches for the word. Merriam-Webster similarly noted that “factotum” had rocketed to the top of its lookups (along with “obsequious”).

“Factotum” dates back to the 16th century and derives from two Latin words: “fac,” the imperative form of the verb “facere,” meaning “do,” and “totum,” meaning “all.” The combined word referred to someone who could do everything—or at least someone who claimed to. The term entered other languages, like Italian: A famous aria from Rossini's “The Barber of Seville” is “Largo al Factotum”—“Make Way for the Factotum.”

Early on, “factotum” was often paired with another word to make it seem like a person's name.

“Dominus Factotum” was used for a ruler who controls everything, while “Magister Factotum” was a master of all. In the first known mention of William Shakespeare, in a 1592 pamphlet, the writer

A journalist called a key Trump aide a ‘factotum.’

Robert Greene dismissed the Bard as “Johannes Factotum,” or roughly “Johnny Do-It-All.”

Over time, “factotum” declined in status, becoming chiefly applied to a domestic servant who was expected to perform all sorts of household tasks. When the term makes an appearance in modern times, it typically gets used for an employee who obediently carries out whatever jobs the boss requires. In politics the word has taken on a more disparaging tone, something like “lackey.”

The avant-garde writer Charles Bukowski titled his second novel “Factotum” in 1975. The loosely autobiographical tale revolves around Bukowski's down-on-his-luck alter ego Henry Chinaski, a jack-of-all-trades who will take on any menial work. Matt Dillon starred in the 2005 movie adaptation.

One contemporary writer particularly enjoys the word “factotum”: Michael Wolff, author of the blockbuster new book “Fire and Fury: Inside the Trump White House.” “Factotum,” in fact, appears three times in the book. Communications director Hope Hicks, for instance, is termed “a kind of Stepford factotum.” And in a Hollywood Reporter piece published in advance of the book, Mr. Wolff refers to “Donald Trump's small staff of factotums, advisors and family.”

I ran into Mr. Wolff during his marathon book tour this week and asked him about “factotum.” He told me he has long been a fan of the word, noting that it featured prominently in his 1998 book, “Burn Rate: How I Survived the Gold Rush Years on the Internet.” An ever-present assistant to an investment banker and venture capitalist is known in the book only as “the factotum.” (The factotum, in turn, has his own factotum.)

Reached by email, Mr. Tapper acknowledged other influences beyond Mr. Wolff's predilection for the word. “I would credit Charles Bukowski and SAT prep, in that order, for introducing the word into my lexicon,” he said.

Answers to the News Quiz on page C13

1.D, 2.C, 3.D, 4.A, 5.B, 6.A, 7.D, 8.B

BOOKS

THE WALL STREET JOURNAL.

Saturday/Sunday, January 13 - 14, 2018 | C5

The Great and the Good

Unless their decisions are rooted in ethics, neither governments nor corporations will be trusted

The Square and the Tower

By Niall Ferguson

Penguin Press, 563 pages, \$30

BY DEIRDRE N. MCCLOSKEY

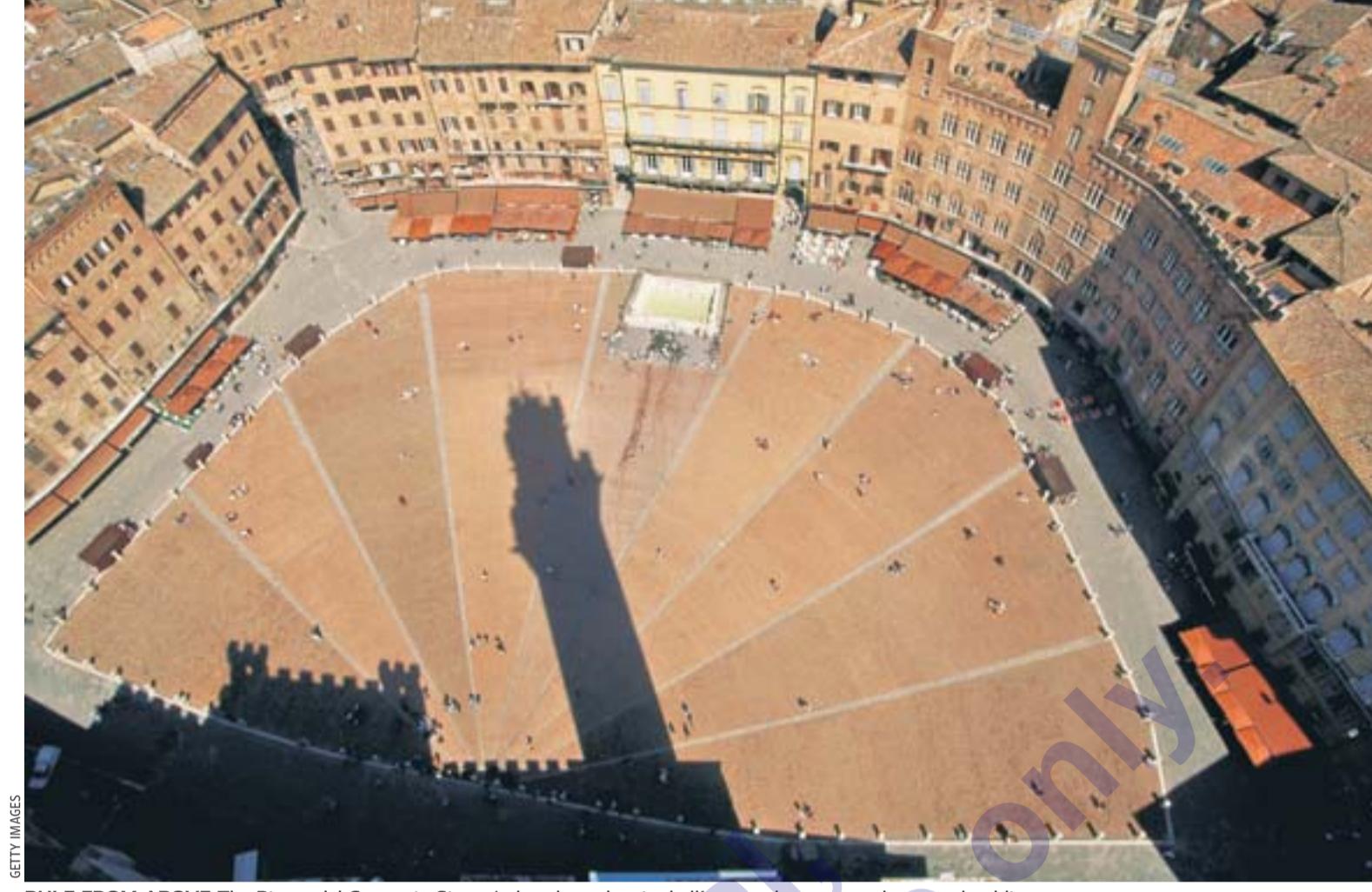
NIALL FERGUSON has again written a brilliant book, this time in defense of traditional top-down principles of governing the wild market and the wilder international order. "The Square and the Tower" raises the question of just how much the unruly world should be governed—and by whom. Not everyone will agree, but everyone will be charmed and educated.

The Tower of his title is the hierarchy of kings and parliaments and other "legitimate institutions" ruling from above. The British Empire. The United Nations. The masterful corporation in its midtown high rise. The Square, by contrast, is the network of markets, languages, friends, enemies and other enterprising individuals playing a game with no referee in sight, creating willy-nilly what the classical liberal Friedrich Hayek called a spontaneous order. The Tower is vertical, the Square horizontal. The Tower is the visible hand of order, the Square the invisible one of disruption.

The author writes against the classical liberal assumption that spontaneous orders are often beneficent. Let's get organized, he cries. "The lesson of history is that trusting in networks to run the world is a recipe for anarchy: at best, power ends up in the hands of the Illuminati, but more likely it ends up in the hands of the Jacobins," and we bring out the guillotines. "It is better to impose some kind of hierarchical order on the world and to give it some legitimacy," he contends. He also declares himself against "the confident assumptions . . . that there is something inherently benign in network disruption of hierarchical order."

Mr. Ferguson's book studies in fascinating detail how the Square undermines the Tower, for good or ill—regularly ill, he says. In Siena, Italy, Mr. Ferguson notes, the tower for the city hall overshadows the central square (once the central market) where the famous and un-refereed Palio horse race plays out twice yearly, as if the rulers were saying, "Play on, mere *populo*, in spontaneously agreed-upon bets on horses or on business deals. But remember that it's the hierarchy in the tower that runs the show." Until a new network undermines it.

We see this happening today, with social media and 24-hour news, fake and genuine. But, as Mr. Ferguson shows, it has happened many times before. His short chapters are lucid snapshots of a world history of Towers and Squares, filled with gracefully deployed learning on, say, the challenges to Towers after 1492 and 1517. It was the time of Columbus and Magellan out of Iberia and Luther and Calvin out of the printing press. Horizontal networks were created by new world trade and accidental conquest and by "a religious virus that came to be known as Protestantism." The age top-



RULE FROM ABOVE The Piazza del Campo in Siena, Italy, where the city hall's tower looms over the central public square.

pled many a top-down Tower, from the Incas' mountain palaces to the primacy of the pope.

"The Square and the Tower" is always readable, intelligent, original. You can swallow a chapter a night before sleep and your dreams will overflow with scenes of Stendhal's "The Red and the Black," Napoleon, Kissinger. In 400 pages you will have restocked your mind. Do it. True, the book would have been even better with a deeper understanding of economics and a greater emphasis on ethics—economics and ethics, those supposed opposites. But no one knows everything, even though Mr. Ferguson comes close.

Among Mr. Ferguson's astonishing scholarly books is a multivolume collective biography (the official word is prosopography) of a family, the Rothschilds, and Chapter 25 in the present book summarizes and diagrams their connections. Good. But wait. In his account of the Rothschilds, Mr. Ferguson portrays their amazing flow of funds. Yet he quotes Byron writing that, alongside Nathan Rothschild "his fellow" Sir Francis Baring was on the European scene, as indeed were thousands of other bankers. The flow of funds is not the crux. What matters is how the system behaved in response to potential entry—what would happen, say, if Baring fails? Other sources would fill the gap. Mr. Ferguson often ascribes undue importance to particular nodes of the network, rather than recognizing the power of the network itself.

Another chapter traces the numerous relatives of the Duke of Saxe-

Coburg Saalfeld, whose son became, in 1830, Leopold I of the new kingdom of Belgium. (You may inspect Leopold's handwork in the early episodes of the PBS series "Victoria.") "They were all related," Mr. Ferguson writes wonderfully, of these European royals. Yet he leaves out the end of the story: The duke's network was no more successful in stopping the guns of August 1914 than the numerous royal descendants of Queen Victoria, the duke's grand-

economics, and it usually works out to no one's good.

Merely by learning about the network of triangular trade from the colonial era—of rum, slaves, sugar and trade goods between Europe, the Americas and Africa—students may feel they understand the Atlantic economy in the 18th century. But the economist replies: "Consider that the map depends on profit and loss, and that it shifts constantly. Consider

[another connector Joseph] Warren were the most important revolutionaries in Boston." No, it doesn't. The claim mixes the message with the messenger. When Thoreau was told that the new telegraph allowed Maine to speak to Texas, he replied, "But does Maine have anything to say to Texas?" A "connectography" sounds delightful and profound but does not tell how markets and especially human innovation work, which is with meaning.

The mapping of club memberships and friendships and correspondence tells where the telegraph wires are strung. But it doesn't tell whether they transmit anything worth saying. In the case of the American Revolution, what was more important than the messenger was the persuasive eloquence of the message sent. The Patriot party, including Paine and Madison, went against the Loyalists, such as Ben Franklin's son, and because they were the better rhetoricians won every battle of the pamphlets.

Mr. Ferguson declares that "the Industrial Revolution was the product of networks." No, it was not, not in the static sense of the diagrammed connections he has in mind. He then goes on somewhat strangely to declare that the "great divergence" is the most important story in the modern world—that is, the lead Europe took at first, beginning around 1700. But surely the slowly spreading enrichment of the entire world, down even to the present day, is the big story of the age, not the temporary lag of India and China, now rapidly catching up after their nightmares of socialism from the Tower.

Please turn to page C6

daughter. The diagram of the network of treaties doesn't tell how Sir Edward Grey worked the system.

Networks are easily diagramed, and armies of sociologists do diagram them. But after diagraming the networks, horizontal or vertical, what have we learned? Mr. Ferguson notes that the official hierarchy in Japan has put the Emperor of the Chrysanthemum Throne at the top for more than 1,000 years. But the continuity in the vertical network diagram has by no means meant that the emperor has always been the boss.

The problem is the same with geographical models of the economy. A map of commodity flows or monetary connections is easy to grasp and charming to economic innocents. We can map the flow of oil and be induced thereby to enter into great games to "control" the supply. But this is not

potential substitutes for rum or slaves. Consider the moving picture." Mapping economic flows or political connections or networks of friends or family and then putting down one's pen is un-economics. To give quite another instance, the bigness-is-bad ideology of American antitrust enforcement looks at networks the way Mr. Ferguson does, focusing on structure rather than potential, snapshots of existing firms rather than movies of unpredictable entry. The Tower sits there, glowering. The Square brims with life.

Mr. Ferguson unintentionally provides dozens of examples of how merely looking at the org chart, so to speak, doesn't tell the story. He claims, in an engaging half-chapter on Paul Revere and his connections to every Middlesex village and farm, that "network analysis shows that Revere and

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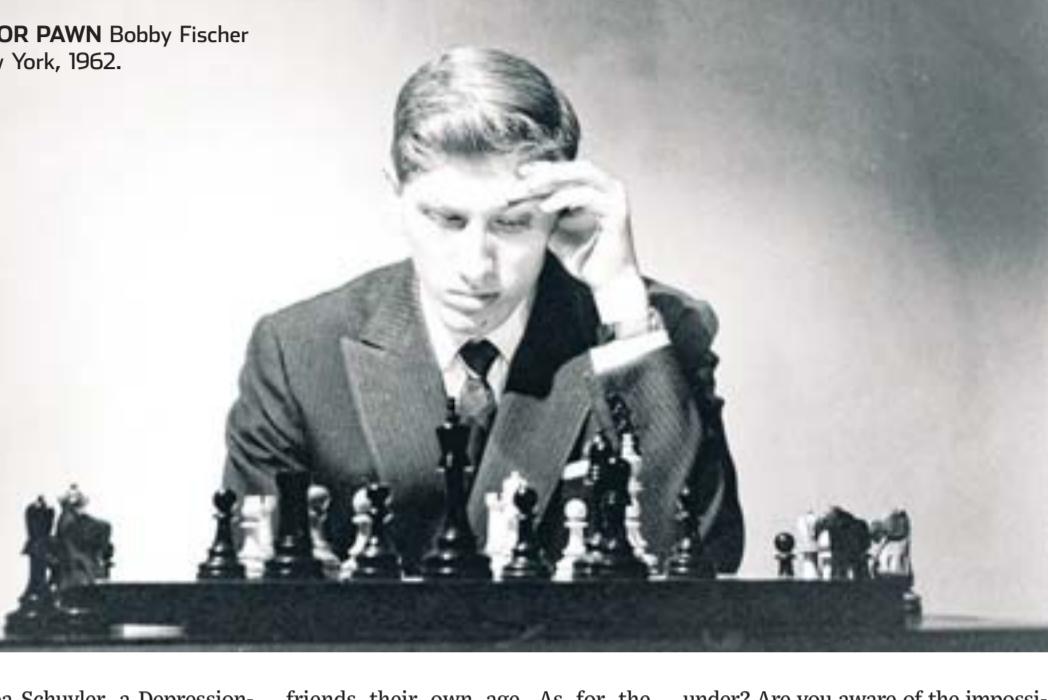
BOOKS

'Everybody hates a prodigy, detests an old head on young shoulders.' —Erasmus

Trial by Talent

KING OR PAWN Bobby Fischer in New York, 1962.

THE LIFE PREMIUM COLLECTION/GETTY IMAGES

**Off the Charts**

By Ann Hulbert

Knopf, 372 pages, \$27.95

BY JOHN DONVAN

IN THE LATE 1950s, only a few years after a preternaturally talented 13-year-old named Bobby Fischer burst onto the U.S. chess scene, the board of governors of the influential Marshall Chess Club gathered in their lower Manhattan headquarters to address the quandary of the young phenom's personality.

It was this: The boy whose prodigious intelligence made him a walking promotion for their game was, in fact, a most unpleasant person to encounter—arrogant, indifferent to social niceties, insulting to his elders and sometimes, seemingly, just cruel. During the meeting, someone suggested that he see a psychiatrist to address his “emotional problems.”

The proposal died on the spot, as those gathered immediately spotted the risk it represented. What if the thing driving young Bobby Fischer’s coarse behavior was also the source of his talent? And what if exposing him to therapy caused the talent to vanish? That, the game’s guardians decided, wasn’t worth the gamble.

This anecdote of wrong-on-so-many-levels thinking about young genius gets only a brief mention in “Off the Charts,” Ann Hulbert’s engaging and insightful account of American childhood prodigies. But it’s enough to give a fair flavor of what the book sets out to explore: the ways in which extreme talent in children has been understood over the past 100 years and the effects of such understanding—or misunderstanding—on the kids themselves, especially when they get famous. Of course, the sample size of super-talented children who achieve mass recognition is vanishingly small, so “Off the Charts” could never be a data-driven book. That is fortunate, however, because Ms. Hulbert approaches her dozen or so subjects not as a social scientist but as biographer and essayist, where her skills are superlative.

Her cast includes some easily recognized names. There is the chess-playing Fischer along with 1930s child-film star Shirley Temple. The youngest in the group, the pianist and cellist Marc Yu, born in 1999, was performing on “Oprah” and “The Ellen Degeneres Show” by the time he was 7. Other erstwhile “young marvels,” once in the public spotlight, may be less familiar today: Norbert Wiener, a whiz at math who entered Tufts as an 11-year-old in 1906; Barbara Newhall Follett, who was 12 when she published the first of two critically acclaimed novels in 1927;

and Philippa Schuyler, a Depression-era musical prodigy and the only African American in the lineup, who was reading at 2 and composing at 5. The list is rounded out by some precocious teenage computer programmers, a few more musicians, assorted scholars and another child writer of the 1920s.

Readers hoping that Ms. Hulbert’s examination of these lives will settle the nurture-versus-nature argument, or extract a secret code for super high achievement, will be disappointed. Indeed, she explicitly disavows the code-breaking impetus. Each child’s talent appears inseparable from his personality and upbringing, and by such criteria these kids are too meaningfully unlike to yield up the single formula for extreme talent.

Beyond that, Ms. Hulbert sees the urge to dissect as one among many misguided responses to these children and their talent. Never did the simple thought arise to let these kids be kids. Instead, the rare talent each exhibited came to be seen, by parents and various kinds of experts, as the most important thing about them, demanding investigation, promotion, and, most of all, intensive care and feeding, all tied together by an assumed moral imperative: Such talent should not be wasted but must be developed to the full.

Thus Shirley Temple was put to work as a 3-year-old (not so incidentally, serving as her family’s main breadwinner), and Bobby Fischer, whose later life suggested profound mental disintegration, was kept away from meaningful help in childhood—not that he would have cooperated. The 13- and 14-year-old math whizzes, meanwhile, had massive amounts of advanced schoolwork thrown at them, in places like Harvard and Johns Hopkins, ensuring that life was never going to be about growing up with

friends their own age. As for the musical prodigies, since practice makes perfect, that is what their days were scheduled around. They were 5, 6, 7 years old and spending hours and hours at the instrument. Both the media and their mentors raised the stakes further, extolling such commitment as a virtue.

It’s not that the children, in the moment, experienced the work as a hardship. Indeed, to the extent that Ms. Hulbert breaks her own rule on code-

under? Are you aware of the impossibilities you ask of me? To be a great pianist. To be a great composer. . . . To always be a great beauty. This is beyond human capability.”

Schuyler was almost 30 when she wrote that and was soon to give up performing for good. Likewise, most of the rest of Ms. Hulbert’s group failed to stand out as grown-ups in the fields where they were stars as children. Fischer, of course, became a recluse. Shirley Temple aged out of the cuteness that had made her a star though later made a transition into politics and diplomacy. A few died young. Others simply lost the focus needed to hold onto world-class standing and settled into the middle ranks of academia, outliers turned teachers, experiencing “ordinary” at last.

If material success is a measure of potential reached, then at least some of the programmers did well, thanks not only to their talent but to good timing as the information age took off. And Norbert Wiener, the boy who went to Tufts at 11, became known as the founder of the field of cybernetics. But even he seemed, in the end, less than nostalgic about his time in the limelight. As Ms. Hulbert reports, the most positive conclusion he could reach about the child-prodigy experience was that it provided the “chance to develop a reasonably thick skin against the pressures which will certainly be made.”

Wiener titled his 1953 autobiography “Ex-Prodigy,” as if in relief that the most trying part of his life was over—the part when he was what we today would call “gifted.” “Off the Charts” leaves one thinking that, all things considered, we might want to come up with a different term.

Mr. Donvan is the co-author of “In a Different Key: The Story of Autism.”

Niall Ferguson

Continued from page C5

The changes in China happened in the Square. The bourgeois era after 1800 had seen a global rise of real income per head by literally 3,000%. Airplanes. Containerization. Antibiotics. Universities. The story is of a spontaneous and shifting network that yielded not a zero sum like a footrace but a positive sum—like square dancing. Mr. Ferguson tends to view anything not ordered consciously as dangerous disorder. His book needs more stories of spontaneous orders, not merely orders from the top.

It was the lesson that such order can—and often does—emerge that inspired the liberal revolution of Adam Smith and Richard Cobden, which liberated and enriched the world. No wonder “some commentators” today, as Mr. Ferguson puts it—for instance, your reviewer—see something “inherently benign” in letting people alone to interact as they please: Adam Smith’s “liberal plan of (social) equality, (economic) liberty and (legal) justice.”

The people in the Tower run a Tory utopia, in which the great and good tell the rest of us what to do. Sometimes it works out—as in Singapore, for the time being, or, in Mr. Ferguson’s view, in the great and good British and now American empires. Yet relying on the Tower means depending on the great and good being great and good. A dopey nationalism can make protecting the American solar-panel industry or the Whirlpool Corp. look legitimate. The great and good gave us Vietnam and the second Iraq war.

No, the Tower needs to be grounded in ethics—and so, too, does the Square. Admittedly, that is obvious. But today, as Orwell said, we have sunk to a depth at which the restatement of the obvious is the first duty of intelligent people.

Inside the Palazzo Pubblico in Siena topped by the Tower, in the room in which the Council met, are murals by Ambrogio Lorenzetti depicting a society of good government and bad, a heaven and a hell. Do hierarchies assure us of good government? No. As the murals imply, good councilors do. Good U.S. senators do, such as Lindsey Graham or even, bless her, Elizabeth Warren, despite their evident faults. Or for that matter the founding brothers on their better days, despite their Tory faults. Ethics matters, well beyond connections and influence. And invisible hands get directed by the supplies and demands in the Square.

But Mr. Ferguson knows that, too.

Ms. McCloskey is a distinguished professor emerita at the University of Illinois at Chicago and the author, most recently, of “Bourgeois Equality: How Ideas, Not Capital or Institutions, Enriched the World.”

Plotting for England

buckles, windows and skylights. He was not merely ambitious: He believed that he was an exceptional man and hankered for greatness.

In 1785, he published a monograph titled “The Increase of Manufactures, Commerce, and Finance, With the Extension of Civil Liberty.” This propounded innovative notions about what is now called venture capitalism and discussed the best ways to assess chances of gain or risks of loss in investment decisions. His next book, “The Commercial and Political Atlas,” pioneered the use of graphics to ex-

William Playfair was a spy, speculator, inventor, pamphleteer—and pioneer of the pie chart.

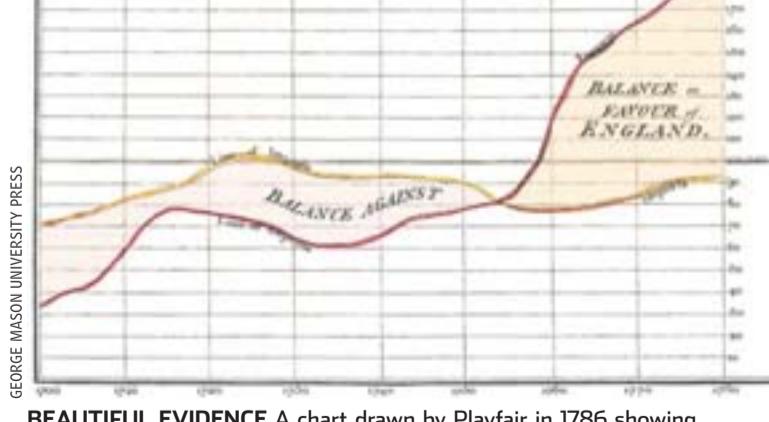
plain statistics and chart economic variables over time. Mr. Berkowitz’s fascinating visuals show how pie charts, bar graphs, trend lines and suchlike were developed and popularized by Playfair.

In 1789, Playfair was living in Paris. Although he did not claim to have participated in the storming of the Bastille, of which he wrote a vivid account, Mr. Berkowitz thinks it likely that he did. He turned against the French revolutionaries after seeing them impale, behead and dismember their fellow citizens—“scenes of rage and horror, which I shall never forget.” He published polemics against French Jacobin revolutionaries and proved himself a master of invective.

Playfair was a culpable figure in the first great American political scandal, the Scioto Affair of 1790. The Scioto Co. printed maps, pamphlets and handbills, issued bogus land deeds, marooned hundreds of French settlers in Ohio’s wilderness and ruined Wall Street financiers. Mr. Berkowitz’s account of the Scioto scam, its protagonists and collateral damage is sometimes hard to follow: There are so

France used to pay for its wars with England. At a time when paper was still handmade, one sheet at a time, from discarded cloth, 90 reams of paper a week were used to print counterfeit French bank notes in a remote castle in Northumberland, near the Scottish border.

Mr. Berkowitz gives a fascinating and clear account of this secret operation, which ran until 1796 and was “the



BEAUTIFUL EVIDENCE A chart drawn by Playfair in 1786 showing England’s trade balance with Denmark and Norway from 1700 to 1780.

many obscure names, links, lies and technicalities that one would need to be a corporate lawyer to understand the shenanigans.

In the mid-1790s, after war had been declared between England and revolutionary France, Playfair persuaded the London government to back his attempt to wreck the French economy by counterfeiting vast numbers of assignats, the paper currency

first designed to destroy the economy of a rival nation.” Playfair’s memorandum proposing the scheme has only recently been found, after nearly 225 years. Mr. Berkowitz adduces other telling evidence, including a letter from Playfair to a former prime minister advising him how to avoid incriminating questions about the plot.

When, as a result of decisions by the Bank of England, coins became

scarce in 1797, Playfair founded the Original Security Bank. His plan was to issue IOU tickets to replace metal currency in what was essentially an Anglicized version of revolutionary France’s assignats. “Calling the Bank’s organization byzantine would be unfair to Byzantium,” Mr. Berkowitz says. It went bankrupt after less than a year.

Mr. Berkowitz is a mostly clear, lively writer, who sometimes hits the page with an excessive zip and zap that can leave his reader reeling. He tries to offset the technicalities in his book with an overload of anachronistic slang. London’s Newgate prison is “designed to scare the bejeezus out of [its inmates],” for example. The overall effect is of enthusiasm for getting a tortuous story straight. Mr. Berkowitz’s precision extends to his punctuation, which will delight old-style grammarians who like to see commas and colons used plentifully, and also correctly.

“I am,” Playfair said, “in point of religion and politics, a very old-fashioned man.” But in money matters he was an innovator who pushed his luck, had poor judgment in associates, and spiraled downward in entrepreneurial improvisations before his death in 1823. Mr. Berkowitz compares Playfair to Forrest Gump, but this frenetic optimist, both crafty and unlucky, who although constantly ambushed and battered by events, irrepressibly sprang back from his bad breaks, is more likely a cartoon character. He was the Wile E. Coyote of his age.

Mr. Davenport-Hines’s most recent book is “Edward VII: The Cosmopolitan King.”

BOOKS

'Few men during their lifetime come anywhere near exhausting the resources dwelling within them. There are deep wells of strength that are never used.'—Richard Byrd

South Pole or Bust!

The Stowaway

By Laurie Gwen Shapiro

Simon & Schuster, 239 pages, \$26

BY DIANA PRESTON

IN 1928 Billy Gawronski, the hero of Laurie Gwen Shapiro's all-true boy's adventure story, was a teenager on a mission—to join Cmdr. Richard Byrd's expedition to Antarctica whatever the obstacles. They were formidable. Billy was only 17 with no skills to offer an expedition attracting huge interest and thousands of applicants.

Byrd was already a national hero. In 1926 President Coolidge had awarded him the Medal of Honor for being the first to overfly the North Pole (despite rumors his flight had fallen some way short). The following year, after Charles Lindbergh pipped him to being first to fly non-stop from New York to Paris, Byrd announced his intention to lead the first American expedition to Antarctica since 1840 and to be the first to overfly the South Pole.

Byrd would not be the first to take to the skies in Antarctica. In 1902, on his Discovery expedition, the British adventurer Robert Scott had experimented with a hot-air balloon nicknamed Eva, shooting high into the air after jettisoning too much ballast and saved only by the balloon's secure mooring. Undeterred, a few minutes later Third Officer Ernest Shackleton ascended to photograph the pale vastness below.

Ms. Shapiro, a documentary filmmaker and columnist for the Forward, nicely evokes the mood of a Jazz Age America obsessed by celebrity, exploration, and the possibilities of flight, and how Byrd's plans gripped the imagination of Billy, the only child of a Polish Catholic immigrant couple living in Lower Manhattan. The parents' ambitions for Billy were conventional—that he should join their home-decorating firm as an upholsterer. Wisely, he told them nothing of his plan to stow away on one of Byrd's ships, the City of New York.

On the night of Aug. 24, 1928, Billy plunged into the Hudson and struck out for the vessel. Scrambling aboard and hiding himself in the dark recess of the fo'c'sle, to his amazement he discovered two other stowaways already in occupation—Jack Sowlowitz, a 16-year-old from Brooklyn, and Bob Lanier, a young black man. Soon after the City of New York departed, sailors discovered all three. Billy and Jack were hastily put ashore, where newspapers seized on their story. Bob Lanier was luckier, taken on as a dishwasher.

Three weeks later Billy Gawronski stowed away again. Jumping from his



POLAR EXPOSURE Byrd's ship the City of New York in the ice in Antarctica; Billy Gawronski (inset) aboard the Eleanor Bolling in 1928 or 1929.

bedroom window he hurried to where Byrd's supply ship, the Eleanor Bolling, was moored, again swam out and clambered aboard. Quickly discovered and put ashore, he tried a third time, only to be thrown off once more. The Bolling sailed from New York without him. A few days later, however, when she docked in Norfolk, Va., Billy was on the dockside. Impressed by his pleadings and tenacity, the cook offered him a job cleaning dishes—but then the police arrested him as a truant.

When his father arrived from New York to collect him, Billy persuaded him to relent and let him pursue his dream. The question now was, Would Byrd take him? Byrd did, offering him a job as "our mess boy," suspecting Billy would be "good copy" for an expedition short of funding. He was right. Headlines such as "Byrd Gives Job to Stowaway!" soon appeared, followed by regular reports on Billy's progress, quoting from his wires to his parents. Readers learned that when the Bolling reached Tahiti, where naked women swam out to greet the ship, Billy one night "danced with one of the fair beauties to holy hell."

Reaching New Zealand, Billy found himself famous there too. "Adventure seems to be the very breath of life to this boy," one paper wrote. Byrd soon

announced that all those aboard his vessels would continue to Antarctica to help build the expedition's base, which Byrd named Little America.

Stowaway Bob Lanier was no longer on the City of New York. He had suffered persistent racial abuse before being sent home from Panama for allegedly having no "sea legs." Billy Gawronski, however, luxuriated in Antarctica's teeming penguin colonies, which were as pungent, Ms. Shapiro rightly says, as "cow dung laced with digested and decomposed fish."

Upon arrival at the Bay of Whales, the natural harbor on the Ross Ice Shelf where Byrd intended to build his base, Billy unloaded supplies—braving sub-zero temperatures to save the aluminum wing of a plane about to slide from the ice into the sea—and labored on the huts of Little America. However, he was not among those Byrd selected to winter over there. After just four weeks Billy was sailing back to New Zealand.

Before he departed, Byrd told Billy his role henceforth would be to publicize the expedition. Billy did just that, capitalizing on his fame as the unstoppable stowaway. He was permitted to return to Antarctica on the ship sent to collect Byrd's party. During Billy's absence, on Nov. 29, 1929, Byrd had indeed overflown the South Pole, a feat for which he would reap

most of the glory, although, as Ms. Shapiro points out, he was not at the plane's controls. The pilot was Bernt Balchen, a Norwegian.

Cmdr. Richard Byrd took a teenage stowaway to Antarctica, knowing it would make good press.

When the expedition returned to America, Billy participated in the lavish celebrations, even finding himself a guest at the White House. Despite being one of the lauded "Byrd Men" and never losing his hankering for exploration, Billy never joined another expedition. Eventually he joined the U.S. Merchant Marine. During World War II he sailed on the dangerous but vital Arctic supply convoys to northern Russia, something about which it would have been good to learn more. He married in late middle age and retired to Northport, Long Island, where, on his captain's pension, he and his Polish wife ran a combination nursery, greenhouse and antiques shop. He died, in 1981, at age 70.

"The Stowaway" is an engaging story, engagingly told, that makes the reader root for Billy. It is no

fault of the author that the reader may find it anticlimactic to discover some two-thirds of the way through that for all Billy's striving, Byrd dispatched him from Antarctica after such a short time. Consequently this is no visceral, Shackletonian tale of endurance and survival in "the great white" but rather an account of a young man's pursuit of his dreams against all odds.

Billy's determined optimism shines through Ms. Shapiro's pacey if occasionally breathless narrative. She is clear-sighted about Byrd, acknowledging his charm and generosity but also his "huge ego." Her counterpointing of Billy's story with that of other young hopefuls like Paul Siple, the 19-year-old Eagle Scout selected for the expedition who had none of Billy's battles to fight, and Billy's fellow stowaway Bob Lanier, who never made it to Antarctica, is effective and poignant. Like much of the book it prompts one to ponder the effects of social class on fate, and the special qualities that make some people push themselves to the limit.

Ms. Preston is the author of "A First-Rate Tragedy: Robert Falcon Scott and the Race to the South Pole" and, most recently, "Paradise in Chains: The Bounty Mutiny and the Founding of Australia."

A Radical Critique of Modernity

Why Liberalism Failed

By Patrick J. Deneen

Yale, 225 pages, \$30

BY TOD LINDBERG

FIRST, A POINT about the title of Patrick J. Deneen's "Why Liberalism Failed": While the failure he alleges does indeed encompass the progressive element in American politics, Mr. Deneen's target is much bigger. The "liberalism" that has failed, in his telling, is the very project of modernity itself, whose origins date to the 16th and 17th centuries and whose signal political achievement, arriving in the 18th century, was the founding of the United States. Yes, that "failure"—and that liberalism.

Liberalism went wrong from the beginning, in Mr. Deneen's view. Its fundamental innovation was to define politics around the liberty of the individual, the protection of whose rights is the purpose of government. Thomas Hobbes reasoned about a "state of nature" in which human beings stand weak and afraid, their lives "solitary, poor, nasty, brutish and short." They band together to create an all-powerful state—"Leviathan," as he called it—to provide relief from this condition and from the fear of violent death that goes with it. But the human quest to use politics to improve on natural conditions only begins here. Building as well on Machiavelli and Francis Bacon, liberalism seeks not an accommodation with nature and human convention but mastery over nature and liberation from convention. By way of John Locke, who saw

human beings as naturally reasonable and tolerant and saw politics as a way of securing their individual liberty, it's a short step to the American Founders and the Bill of Rights.

Modern-day American progressives and conservatives are thus two sides of the same coin: Politically, they are both concerned with the protection of rights, the difference being the kind of rights they emphasize. For conservatives, it's property rights: the idea that one is entitled to the fruits of one's labor. For progressives, it's rights of self-actualization: the idea that as an individual you are free to

Liberalism's breakdown of social norms has been a boon to individuals but a bust for the shared culture.

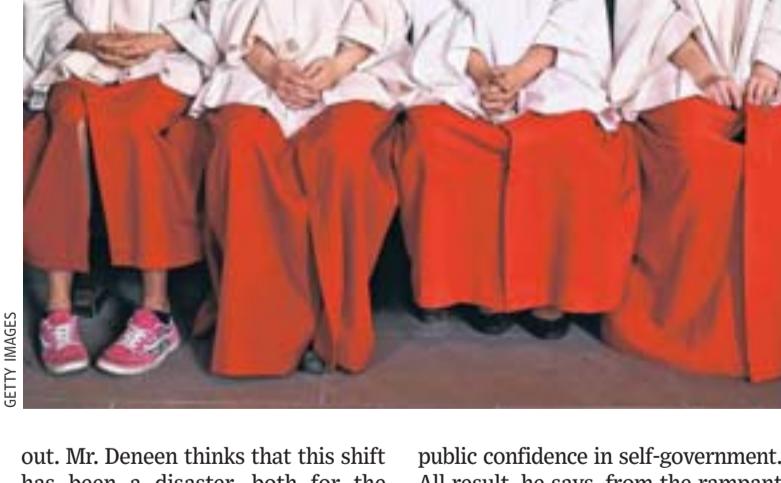
"follow your bliss," in Joseph Campbell's famous phrase.

The "liberty" that makes up our modern liberalism, in Mr. Deneen's telling, is a bastardization of a far superior conception of liberty with roots in the ancient world: In classical philosophy, liberty was the overcoming of passions that was uncheckable, render humans slaves to the worst in their nature. True freedom wasn't license to do as one wishes but the cultivation of the best possibilities of the human condition.

At a relatively high level—say, the sort of person Aristotle was addressing in his "Nicomachean Ethics"—the cultivation of virtue could produce a true gentleman and refine the impulses of a potential tyrant. For

ordinary human beings, the "culture" into which they were born—their ties to a particular place with local habits, customs and standards of conduct—fulfilled a similar function, instructing them collectively in how they should live.

In short, the older view of liberty included a vision of how to live a good life that modern liberalism has decided human beings can do with-



out. Mr. Deneen thinks that this shift has been a disaster, both for the human beings forced to hew to liberalism's rudderless individualist ethos and for civilization.

But, one may say, hasn't liberalism in the classical sense been rather successful? Hasn't it managed to improve living conditions for well, billions of people—to give them unprecedented say in their government and control over their lives? In fact, hasn't it achieved a certain global dominance? Mr. Deneen doesn't dispute this.

Rather he argues that, as liberalism succeeds and becomes more fully itself, it "generates endemic pathologies more rapidly and pervasively than it is able to produce Band-Aids and veils to cover them."

He sees evidence of liberalism's failure in the 2008 financial crisis; the new extremes in economic inequality; the reckoning due human beings from climate change; and the collapse of

engagingly. His insights as well as his crotchets in pursuit of his argument are often arresting. He writes compellingly on the growth of government in tandem with the spread of liberal market principles, for example, noting that a supposed preference for "limited government" has been no match for the demand for expanding government enforcement of individual rights. And how much more cranky could one be than to challenge Great Books programs on campus on the grounds that "many of these books were the source of the very forces displacing the study of old books"?

Mr. Deneen makes a point of saying that he doesn't want to try to go back to pre-liberal times, in which hierarchical authority imposed absolute limits on human possibility—the dark side of "culture" shaping people's pursuit of a "good life." He argues instead for a practical effort to revitalize, within liberal society, the local sense of community and culture, household and family, that once shaped human fulfillment and that liberalism has disrupted. That sounds like a desirable choice for many people, but it is indeed a choice: a voluntary arrangement—in short, a liberal arrangement.

It's also noteworthy that Mr. Deneen does not have to propose sailing off to some undiscovered country to pursue his vision. That's because his community would readily find the security and freedom it requires within liberalism's horizon.

Mr. Lindberg is a senior fellow at the Hudson Institute and the author, most recently, of "The Heroic Heart: Greatness Ancient and Modern."

BOOKS

'We regard the agreement signed last night . . . as symbolic of the desire of our two peoples never to go to war with one another again.' —Neville Chamberlain



AT THE BRINK OF WAR French Prime Minister Édouard Daladier (far left) and his envoy, with Adolf Hitler and his envoy, at the Führerbau on Sept. 29, 1938.

Appeasing the Masses

MunichBy Robert Harris
Knopf, 303 pages, \$27.95

BY D.J. TAYLOR

THE DOWNSIDE to being an internationally best-selling novelist, most internationally best-selling novelists will usually concede, lies in the weight of reader expectation. Or rather, in the myriad and sometimes contradictory forms that this expectation can take. Strike out in a bold new direction, and half of your fans will instantly complain that they liked your books the way they were. Stick to the same formula, on the other hand, and the same percentage will take to the Amazon review pages to lament your decline into stasis and inertia. There is no getting around this dilemma, and it is thrown into the sharpest of reliefs by Robert Harris's highly entertaining new novel, "Munich."

Mr. Harris, a former political columnist for the London Sunday Times, has been bringing his historical novels—this is the 12th—to the market for more than a quarter of a century. Densely researched (the current offering boasts a 53-item reading list), tightly constructed and deftly written, they are set in a variety of locales and time periods while exhibiting a mild predilection for ancient Rome ("Pompeii," 2003, and his trilogy of novels about Cicero) as well as World War II ("Fatherland," 1992, "Enigma," 1995). Authenticity is all in such historical re-creations, and my World War II veteran father always reckoned "Fatherland," in which a defeated Britain has become a satellite

state of the Third Reich, to be the most plausible counterfactual novel he had ever read.

"Munich," set in the fateful autumn week of 1938 in which Hitler, the British Prime Minister Neville Chamberlain and their French counterpart, Édouard Daladier, delayed the war's outbreak by a twelvemonth, promises similar satisfactions. Like many an excursion in Harris-land, its plot runs in parallel, with two interconnected lives busily at work on either side of the channel eventually meeting in a single point. On the British side, we have Hugh Legat, a Foreign Office recruit to Chamberlain's staff whose professional troubles are compounded by a faithless wife; on the German side, Hugh's old Oxford friend Paul von Hartmann, whose Nazi-party membership is a front for his involvement in a conspiracy to topple the Führer before he can do any more damage.

What follows is a brisk little exercise in alternate history, in which Hugh becomes a last-minute addition to Chamberlain's entourage as he sets out for Germany, while Paul and his co-conspirators try to find a way of pressing into the British prime minister's hand a secret document that outlines Hitler's true intentions for beleaguered central Europe. Not the least of the ironies that Mr. Harris coaxes into life is the fact that Hartmann's anti-Hitler faction are desperate for the Munich talks to fail. By their own calculation, only a breakdown in negotiations and the prospect of immediate war would be enough of an excuse for the German army to rise up and overthrow the deranged ex-corporal plotting in the Führerbau.

If any of the ingredients of a successful historical thriller have gone

missing in "Munich," then I failed to spot their absence. To particularize, Mr. Harris's re-arrangement of the pre-World War II chessboard has drama (the Gestapo's pursuit of Hartmann); it has determinism (as when Hugh reflects that "he had always known Munich was not done with him; that however far he might travel from that place and time he was forever caught in its gravitational pull"); it has celebrity walk-ons (Chamberlain, Winston Churchill, the British Foreign Secretary Lord Halifax) and it has period doppelgängers

Two old Oxford chums meet again on opposing sides of Chamberlain's fateful 1938 negotiation.

(Hartmann, in particular, looks as if he is based on the "good German," Adam von Trott zu Solz, executed by the Nazis in 1944). The novel also plays some amusing twitches on the historical thread, the funniest of these coming when somebody predicts that an innocuous diplomatic attendee named Lord Dunglass, the future 14th Earl of Home, will eventually become British prime minister. The prophecy is dismissed on the grounds that it was "inconceivable that in the modern age a premier could sit in the House of Lords."

This novel also harbors a light dusting of cliché (of Hartmann's glacial mistress, Frau Winter, we learn that "the skin of her feet, of her stomach and between her breasts was alabaster-white"). But here and there,

the reader detects a faint sense of something more interesting quietly astir beneath the derring-do and the sight of Chamberlain and his wife companionably tucking into their breakfasts at 10 Downing Street. Not very often, but regularly enough to make the reader sit up and take notice, Mr. Harris will try a flourish. He does it when Chamberlain sets off for the airport in the rain and the forest of raised umbrellas is said to resemble "a bulbous black fungus," and he does it again when Hugh is dragged off on a small-hours visit to Hartmann's ex-girlfriend Leyna, now confined to an asylum after being viciously assaulted by Nazi thugs. "Her head was propped up on the pillow," Mr. Harris writes, "a thick white nightgown buttoned to her throat. Legat would never have recognised her. Her hair was cut manishly short, her face was much fatter, her skin waxy. But it was the lack of animation in her features, in her dark brown eyes especially, which rendered her a stranger."

Such passages suggest there is a kind of buried aesthetic side to Mr. Harris's writing, which every so often clammers its way above the surface and that, if he cared to, could help him give the le Carrés of this world a run for their money. If "Munich" has a fault, it is the novel's slightly frictionless air, the sense of anything really tricky or arresting being quietly avoided, so that the time-honored patterns of historical fiction can run true. But as Mr. Harris would probably retort, if this criticism were brought to him: Why change a winning formula?

Mr. Taylor is the author of "The Windsor Faction" and "The New Book of Snobs," among other works.

FICTION CHRONICLE: SAM SACKS

Twists in the Flow of Life

HERE'S WHAT Bill Whitman, a 62-year-old advertising agent, says about his wife in the title story of Denis Johnson's collection "The Largesse of the Sea Maiden" (Random House, 207 pages, \$27): "She's petite, lithe, quite smart; short gray hair, no makeup. A good companion. At any moment—the very next second—she could be dead."

The swerve in that description hints at the powerful instability of Johnson's writing. Death is never far from its mind. Likewise, Johnson's stories tread a crooked path through illness, addiction, criminality, mania and simple existential confusion. His gift is to extract the beauty in all that brokenness, like the painters who pulled holy light out of the wounds of martyrs.

The collection takes on an extra, if painfully unwanted, level of meaning for being published posthumously. Johnson's death in May of last year—he was 67, and the cause was liver cancer—prompted a remarkable outpouring of tributes. He was prolific but attention-shy, so most of his eulogizers knew him only through his writing. But that was clearly enough to forge a feeling of kinship. His story "Doppelgänger, Poltergeist" plays on the twin meanings of the word "confessor," being the person who hears confessions and the person who gives them. To his readers, Johnson seemed to occupy both roles, revealing his darkest sins and wildest obsessions on the page

while listening without judgment as others—his rogue's gallery of fallen characters—shared their own.

"The Largesse of the Sea Maiden" is Johnson's second story collection, which comes as a surprise only because he's so closely associated with his first, "Jesus' Son," one of the few works of fiction from the 1990s whose canonization seems guaranteed. There are direct connections between the books—Dundun, a heroin-addled killer in "Jesus' Son," appears as a nihilistic young jailbird in "Strangler Bob," where a ghoulish inmate foretells the murders he'll one day commit. Other

affinities are thematic: Hospitals are a frequent setting, as are rehab facilities. Some characters possess an almost demonic clairvoyance about approaching catastrophes; others find a form of peace in God. And though these are longer, fuller, rangier stories than the strobing fever dreams of "Jesus' Son," they possess the same incredible emotional density. They feel squeezed, to borrow Johnson's phrase, "in the almighty grip of the truth."

A slanted, poetic voice gives them their offbeat humor. In "Doppelgänger, Poltergeist," a pompous literary editor

at his retirement party "made a speech and was given a plaque and then toured the room holding the plaque in the crook of his arm, filling the premises with his big, onrushing face, his bush of brown hair floating above his head and following it around." "The Starlight on Idaho" follows the disordered memories of an alcoholic in detox whose isolation and drug regi-



CONFESSOR Denis Johnson, 1949-2017.

men take him to the brink of madness. His problems run in the family. Recalling that his brother once mailed him the newspaper article about his arrest, as though it were a badge of honor, he notes that the clipping had been torn out by hand: "My oldest brother is somebody who the state of Texas won't let him possess scissors."

Sanity is mostly a ruse in Johnson's universe, and the masquerade is steepest in the story about Bill Whitman,

the adman rusticating in sunny San Diego. It's a mark of Johnson's flexibility that the work could be mistaken for something of John Cheever's. In brief, accumulating episodes, this American Prufrock relates his encounters with the ineffable and the uncanny, the moments when "the flow of life twists and untwists, all in a blink—think of a taut ribbon flashing."

In one recollected scene at a dinner party, a colleague shows off a small oil painting by Marsden Hartley and drunkenly insists that the work is his

Denis Johnson pulled beauty from brokenness in stories of addiction, criminality and confusion.

to destroy if he feels like it. It sounds like bluster, but seconds later the canvas is smoldering in the fireplace. *Et in Arcadia ego.* Grace and oblivion are inextricably yoked in these transcendent stories, the testament of a writer who lived and worked on unusually close terms with death, until that great mystery finally stole him.

English author Luke Kennard's debut, "The Transition" (Farrar, Straus & Giroux, 328 pages, \$27),

returns us to the earthbound woes of economic anxiety. In a near future marked by ever sharper financial inequality, an online content producer named Karl Temperley gets into hot water for credit card fraud and tax evasion. To avoid jail, he and his wife, Genevieve, sign up for an enigmatic program called The Transition, whose stated aim is to rehabilitate "middle-class underachievers" and train them for the realities of the modern work force.

At first the indoctrination seems easy. Karl and Genevieve are encouraged to improve their oral hygiene and learn a foreign language. But it soon becomes apparent that The Transition is a massive social engineering project that acts as "a winnowing fan, sifting the best candidates out and chucking the rest on the heap." Because The Transition views Genevieve as a far more promising candidate than Karl, it sets about undermining their marriage.

The story has much in common with Margaret Atwood's 2015 novel "The Heart Goes Last," which, like "The Transition," mines the disturbingly plausible prospect of corporate totalitarianism for absurdist comedy. The two books suggest a new category of futurist fiction: the neoliberal dystopia, in which human value is determined exclusively by workplace efficiency and earning power. Karl emerges as a resistance leader by virtue of his stalwart mediocrity. He's a kindly, loving layabout who'd rather read books and dawdle on the internet than do anything innovative—not the hero we think we want, but perhaps the hero that we need.

SCIENCE FICTION: TOM SHIPPEY

Buzz Feat

JAMES ROLLINS'S riveting "The Demon Crown" (Morrow, 441 pages, \$28.99) is a mix of biology, techno-thriller and archaeology. You have to hope that what you're reading is fiction.

Much of it isn't. The biology element centers on insects, the most dangerous creatures on earth—especially one group of them that seriously bothered Darwin—and on venomics, the study of toxins. The techno-thriller part involves, of course, a plot to take over the world by unleashing "a biological Pearl Harbor." But it may be the archaeology which is most factual and most fascinating.

This strand of the story centers on the Smithsonian Institution, which was founded by an English chemist and mineralogist, who endowed it with a sum equal, back then, to 2% of the federal budget. Given the size of his donation, it's perhaps natural that the Smithsonian should have reverently exhumed his bones from Italy, where he died in 1829, and brought them to Washington in 1904. Or was there something else in the coffin that they knew about?

Elite military scientists race to stop killer insects, following clues laid by Alexander Graham Bell.

Not only was Smithson himself brought to America, so was his Italian tomb, with its strange carvings. And his tombstone, which, even more strangely, is 11 years off about his age. They must be clues, Mr. Rollins's characters suspect. As in real life, the person who conducted the exhumation was none other than Alexander Bell, the man who invented the telephone. Just the guy you would ask to solve a problem, and to leave a warning.

In Mr. Rollins's novel, those in charge of solving the problem now that things have erupted are the members of Sigma Force, a team of scientifically trained special-forces vets. The author has them chasing around the planet, from Snake Island (with its population of ultra-venomous lancehead pit vipers) to Hawaii (for the Pearl Harbor re-run) to the salt mines of Poland, not forgetting Washington, D.C., and Genoa.

The nuggets of hard information, often accompanied by illustrations, are what make the story, but plot revelations keep coming and the pace never slows. Just the thing for a post-holiday booster shot.

BOOKS

'The tragedy wasn't that Stanford White died, but that I lived.' —Evelyn Nesbit

The Architect, the Beauty & the Madman

The Girl on the Velvet Swing

By Simon Baatz

Mulholland, 392 pages, \$29

BY HAROLD SCHECHTER

I FEEL REASONABLY certain that when he set out to write his true-crime page-turner "The Girl on the Velvet Swing," Simon Baatz had no inkling of how relevant it would be upon publication. At a moment when the relationship between an artist's moral character and the value of his work has become a subject of heated debate, this vivid retelling of the 1906 murder of Stanford White couldn't be timelier.

Celebrated as New York's leading architect, White was responsible for some of the city's most elegant buildings and monuments, among them the Washington Square Arch, the Century Club, the Tiffany Building, and the Fifth Avenue mansions of such Gilded Age nabobs as the Astors and the Vanderbilts. He was also a notorious voluptuary whose long-standing marriage did not impede his tireless pursuit of nubile showgirls. His multi-story apartment on West 24th Street functioned largely as an opulent lair for the seduction of his underage conquests. Adorned with mirrored ceilings, animal-skin rugs and heavy tapestries that blocked out all natural light, its most salient feature was a red velvet swing, upon which White's girlfriends would disport themselves in various states of undress for his enjoyment.

In September 1901, White, then 47 years old, set his libertine sights on the city's most celebrated beauty. Her name was Evelyn Nesbit, and she was 16 years old.

Born in a small town outside of Pittsburgh, she, with her younger brother and her mother, was plunged into penury when her lawyer father died at the age of 40. After several hardscrabble years, their fortunes began to turn when Evelyn—already a ravishing beauty at the age of 14—became a sought-after model, posing for some of the most famous American artists of the time, including Charles Dana Gibson and Frederick S. Church. Swiftly achieving iconic status, she was pictured on everything from magazine covers to Coca-Cola calendars, toothpaste ads to cigar boxes. In 1901, she joined the cast of a popular Broadway musical, "Floradora." It was during her stint as a chorus girl that she caught the salacious eye of Stanford White.

Following their introduction at a lunch arranged by one of Evelyn's showgirl friends, White exerted his considerable charm to ingratiate himself with her mother. In short order, he contrived to get Mrs. Nesbit out of town, promising to keep a watchful eye on her little girl. Within



GIBSON GIRL Evelyn Nesbit, the celebrated model and Gilded Age icon, in 1902, the year after she met Stanford White.

days of Mrs. Nesbit's departure, White brought Evelyn to his apartment, plied her with champagne and then took her virginity while she lay unconscious on his canopied four-poster.

Though White may have set about seducing Evelyn with the cold calculation of the practiced roué, he soon found himself in amorous thrall to the adolescent beauty. Evelyn, after recovering from the shock of her violation, began to enjoy the power she wielded over her famous lover. For months, they pursued their illicit affair.

For all his genuine feelings for Evelyn, White was incapable of staying faithful to her. Even as he went back to bedding other teenaged chorines, however, he remained fiercely possessive of his former plaything. There was one obsessed admirer that White could not protect her from: Harry K. Thaw of Pittsburgh, a deeply unstable young playboy who had shown signs of mental disturbance from earliest childhood

and been expelled from Harvard for moral turpitude.

Attempting to buy his way into New York City's most exclusive social clubs, Thaw was rebuffed at every turn. Though these rejections had everything to do with his own bizarre behavior, he took it into his disordered head to lay the blame on Stanford White, who became his *bête noire*. Driven as much by his hatred of White as by his infatuation with Evelyn, Thaw—who had become fixated on the porcelain-skinned beauty during her stint on Broadway—embarked on a relentless courtship. Though initially put off by his weird intensity and puffy-faced looks, she slowly came to appreciate his flashes of charm, cultivated conversation and solicitous attentions. That he was heir to a \$40-million industrial fortune did nothing to detract from his appeal.

During a trip to Europe, Harry repeatedly and unavailingly proposed marriage to Evelyn, who eventually

confessed that she could not become his wife because she was not a virgin. An anguished Thaw—cursing the loathsome creature who had debauched his angel—forced her to reveal every sordid detail of her deflowering by White. Back in New York City, feeling abandoned by White and concerned about her own financial future, Evelyn managed to persuade herself that Harry, despite his oddness, was at bottom a kind, sweet, generous man. In April 1905, the former chorus girl, now all of 20, became his wife.

Far from subsidizing, Thaw's obsession with his detested rival grew more intense following the marriage. His long-simmering madness finally boiled over on June 25, 1906. That evening, Harry and Evelyn visited the rooftop theater of Madison Square Garden, the spectacular entertainment center at 26th Street and Madison Avenue designed by White. At 11 o'clock, White himself suddenly appeared and took a seat at the table reserved for his exclu-

sive use. Moments later, Thaw made his way to White's table and, drawing a .22-caliber pistol from beneath his coat, pointed the muzzle at the architect's face and fired three times. While the audience broke into a panicked flight for the exit, Thaw calmly told the on-duty fireman, the first person to reach him, "I did it because he ruined my wife."

With its unbeatably titillating combination of sex, scandal, celebrity and sudden, violent death, the murder of Stanford White became the first of the various "Crimes of the Century" that would keep the American public riv-

The trials of Harry Thaw, who murdered his wife's rapist, set the pattern for a century of media circuses.

eted for the next nine decades. Harry Thaw's two trials—the first ending in a hung jury, the second in a verdict of not guilty by reason of insanity—would set the pattern for every such media circus to follow, from the Leopold and Loeb proceedings to the O.J. Simpson trial. After stints in two mental asylums, interrupted by an escape, Harry died of a heart attack in 1947 at the age of 76.

Divorced from Thaw and left almost penniless, Evelyn managed to survive for a while by capitalizing on her notoriety: singing in cabarets, acting in low-budget movies, writing a pair of tell-all memoirs. Descending into alcoholism and morphine addiction, she made a failed suicide attempt in the mid-1920s. Following her recovery, she resumed her increasingly pathetic performing career and then moved to Los Angeles, where she spent the remainder of her life in obscurity. She died in January 1967 at the age of 82.

The murder of Stanford White has been the subject of many other books, including, most famously, Charles Samuels's "The Girl in the Red Velvet Swing" (1953) and E.L. Doctorow's novel "Ragtime" (1975). Mr. Baatz's gripping, deeply researched retelling is certain to stand as the definitive version. Like his best-selling book on the Leopold and Loeb case, "For the Thrill of It" (2008), it is a terrifically entertaining work of popular history: swiftly paced, richly evocative, engrossing from the first page. In our post-Weinstein present, it is also likely to leave readers, particularly New Yorkers, with complicated feelings about beloved landmarks like the Washington Square Arch, knowing that the artist who created them was a sexual predator with pedophilic tastes.

Mr. Schechter's latest true-crime narrative, "Hell's Princess: The Mystery of Belle Gunness, Butcher of Men," will be published in April.

MYSTERIES: TOM NOLAN

The World Through the Screen

IT'S AN injunction as old as the Gospels: "Physician, heal thyself." But following that axiom proves difficult for the emotionally wounded Dr. Anna Fox, the former child psychologist who narrates *"The Woman in the Window"* (Morrow, 427 pages, \$26.99), the thrilling debut novel from A.J. Finn (a pseudonym for Daniel Mallory, an executive editor at William Morrow).

A troubled psychologist begins to confuse film and fact while spying on her neighbors.

Separated from her husband and daughter—and suffering from severe agoraphobia—Anna lives alone in a townhouse in gentrifying Harlem, too frightened even to walk outside. "Agoraphobia hasn't ravaged my life," she notes, "so much as become it." Her consolations include prescribed medications, nightly conversations with the family she can no longer see, and DVDs of the noir films she has loved since adolescence (one of which lends its title, in part, to this book).

Anna also likes to spy on the neighbors, à la Jimmy Stewart in Hitchcock's "Rear Window." But when she sees a woman murdered in the

house opposite her own, her world turns to chaos. The police don't believe her. There's no supporting evidence. "A freak to the neighbors," Anna describes herself. "A joke to the cops. A special case to her doctor. A pity case to her physical therapist."

"It isn't paranoia if it's really happening," Anna insists to the cops and her caregivers. But is it really happening? Her perceptions altered by the pills she gobble and the wine she swills, Anna starts to confuse reality with dreams and old movies: "I feel as though I'm falling through my own mind." Yet she retains the tools of her trade and a wealth of dark insights from a lifetime's viewing of crime cinema. Will this be enough to make sense of her terror, real or imagined? As Anna well knows, although noir films have sudden twists and big surprises, few have happy endings.

Alice Vega, the fierce and focused private investigator in Louisa Luna's sensational *"Two Girls Down"* (Doubleday, 304 pages, \$25.95), works hard to avoid sad endings. Her well-paid specialty is finding missing persons. She is asked: How many such has she been hired to locate in her career? "Eighteen," she says. And how many has she actually found? "Eighteen."

Her 19th and 20th assignments are two sisters, 8 and 10 years old, taken

one Saturday from a mini mall in the town of Denville, Pa., on their way to a birthday party. When the understaffed local police force makes no progress in the case, an aunt of the girls' mother calls on Vega. The patronizing cop in charge dismisses Vega as "a girl with a gun who's

no-nonsense Vega, clad in black, appears exotic and intriguing to Caplan:

"He watched her eyes cover the room like headlights.... There was something a little hypnotic in [her] voice."

One of the book's great pleasures is seeing Caplan and Vega's initially testy entanglement develop into a true partnership. But there are many other aspects in Ms. Luna's story to savor as well: a host of sharply sketched characters, from spaced-out dopers to distraught parents and grandparents; action sequences startling in their sudden violence; and quick psychological revelations that pierce the heart. Affecting, too, is the book's dénouement, when the fate of the missing girls appears to be, at last, in the hands of their two persistent champions.

When it comes to damaged and depression-prone crime-fiction heroes, Louisianian Dave Robicheaux takes the Mardi Gras king cake. The "semi-retired" sheriff's detective from Iberia Parish returns in James Lee Burke's compelling *"Robicheaux"* (Simon & Schuster, 445 pages, \$27.99), and his prospects look grim. "My home was cavernous with silence," Dave reflects. "My wife was gone, and so were my pets and most of my relatives. With each day that passed, I felt as though the world I had known was



watched too much Buffy." To help her navigate these unfriendly waters, she turns to Max Caplan, a P.I. and ex-cop who had retired from the Denville force under a cloud of suspicion.

Forty-one years old and divorced, the decent but beleaguered Caplan makes his current living chasing down deadbeats and adulterers, work he finds depressing and unrewarding. The

being airbrushed out of a painting."

The world presents events that Dave finds hard to process—for instance, the rise of local tycoon and golden boy Jimmy Nightingale. He is "a patrician and an elitist," Dave notes, "but among common people, he was kind and humble.... Jimmy was a star, a populist in whom everyone could find something to like." Nightingale is about to run for the U.S. Senate and turns to Dave for a favor. But the detective is soon embroiled in matters that may make him an undesirable acquaintance for anyone in public life.

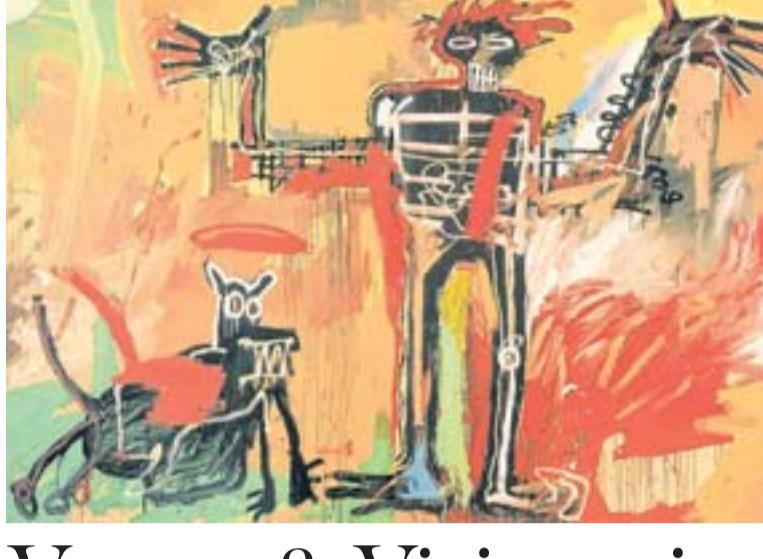
The man responsible for the car-accident death of Dave's wife is found fatally beaten on the highway, and Dave's fingerprints are on the victim's vehicle. Dave was blackout drunk the night of the crime and can't say for sure he didn't do it. Pending further developments, he goes about his police business: investigating a spreading web of felonies and possible conspiracies including Nightingale's alleged rape of a famous novelist's wife and a series of killings committed by a bizarre hitman who speaks like a child and acts like a psychopath.

Events and characters proliferate until the reader is fully embedded in Dave's world, sharing in his physical and psychic battles while marveling at the lush scenery and extreme weather of his homeland. Solutions, when they come, seem almost irrelevant. As Dave says: "I'll take weird over rational any day of the week."

BOOKS

'Wealth is the slave of the wise man, the master of the fool.' —Seneca

CHILDREN'S BOOKS: MEGHAN COX GURDON



Verses & Visionaries



THIS SPRING marks 50 years since an assassin's bullet felled the Rev. Martin Luther King Jr. American children learn every year about the civil-rights movement—the subject is a lodestar of school curricula—so there might seem to be little to add, for them, to the well-known story of King's role in the nonviolent campaign. Yet Brian Pinkney and Andrea Davis Pinkney have done it. With **"Martin Rising: Requiem for a King"** (Scholastic, 127 pages, \$19.99), this husband-and-wife team (he the illustrator, she the author) have created a fresh appreciation of the life and significance of the movement's most eloquent and charismatic leader.

Ms. Pinkney concentrates her poetic narrative on the months leading up to King's murder, at a time when sanitation workers in Memphis, Tenn., were going on strike and persistent foul weather seemed an augury of things to come. In her short "docupoems," as the author calls them, young readers will find King depicted as a father, a friend, a mortal who celebrates his birthday and catches cold like any other person; but also as a man of profound faith and intellect, "the Bible, his beacon."

Ms. Pinkney writes: "Lincoln, / Thoreau, / Tolstoy— / and Gandhi, (whose heart was warmed / by the wisdom woven / in the Sermon on the Mount.) / These greats were Martin's North Star. / The compass / that led him to the mountaintop." Mr. Pinkney's lovely swooping artwork in bright watercolor, gouache and India ink owes a great (and acknowledged) debt to the swirls and loops and winged creatures of Marc Chagall. Wings are an affecting motif here: In an image near the end, a mule-drawn hearse rolls through the streets of Atlanta, golden wings sprouting from the martyr it's carrying.

Jean-Michel Basquiat's fierce, tumultuous paintings (see above) exude terrific power—and a measure of unexpected humor—when paired with Maya Angelou's verse in the picture book **"Life Doesn't Frighten Me"**

(Abrams, 40 pages, \$19.95). First published in 1993, this arresting volume, edited by Sara Jane Boyers, uses a high-impact typeface to convey its message of defiance. "Shadows on the wall / Noises down the hall / Life / Doesn't / Frighten / Me / at all," writes Angelou (1928-2014). A skeletal man and dog splashed with red and orange paint, a monstrous bear-man, and other images by Basquiat

A requiem for Dr. King, a visit with Lewis Carroll and a sassy call to bravery from Maya Angelou.

(1960-88) express wild feelings and even terrors. We see two inchoate figures battle with boxing gloves, their teeth bared, and read: "Tough guys in a fight / All alone at night / Life doesn't / Frighten me / At all." It's a refrain that children ages 6-10 may want to chant to themselves long after they've put down the book.

As a concept, there is everything to love about the zestful adventure **"One Fun Day With Lewis Carroll"** (Houghton Mifflin Harcourt, 32 pages, \$17.99). Kathleen Krull's "celebration of wordplay" introduces 6- to 9-year-olds to Lewis Carroll's life and to the Jubjubs and Jabberwocks, the slithy toves and vorpal blades, of his "Alice" books. Júlia Sardá's implish and colorful artwork carries just enough menace to evoke the borderline madness of Wonderland. Yet as a real thing, a story to be read, this attractive volume runs into a difficulty common to literary picture-book biographies. Why would any child be interested in a writer whose work he hasn't read yet? Carroll may have made Alice, but it is she who secures his place in history, so this book works best as a jolly sequel to be opened only after children have read (or better yet, have been read) "Alice in Wonderland" and "Through the Looking-Glass." Then they'll have the fun of greeting his eccentric words and characters again as old friends: "Callooh! Callay!"

FIVE BEST: A PERSONAL CHOICE

William C. Rempel
on American moguls**Andrew Carnegie**
By David Nasaw (2006)

1 SCOTSMAN Andrew Carnegie entered the U.S. in the mid-19th century, age 12, penniless and undereducated but bristling with ambition. David Nasaw captures in fine detail Carnegie's transformation from precocious office assistant and telegraph operator at the Pennsylvania Railroad to richest man in the world—and America's happy tycoon. Fully grown, the capitalist giant stood barely 5 feet tall, for which he compensated by wearing high-heeled boots and a top hat. A self-confident optimist, he preached a "Gospel of Wealth" that saw rich men as "chosen" to serve the public good. One New York headline called Carnegie a "millionaire socialist." "My business is to do as much good in the world as I can," he once said. Carnegie strongly advocated that the rich bequeath their vast estates to charity rather than to heirs. By his death, Carnegie had donated or arranged to give away his entire fortune, valued today in the tens of billions of dollars.

The People's Tycoon
By Steven Watts (2005)

2 BY THE 1920S, Henry Ford's Model T had made him one of the richest and best-known manufacturers in the world. Half of all cars on America's rapidly expanding roadways were Fords. He had introduced the assembly line and the \$5 day, doubling the standard wage of auto workers. Steven Watts's sweeping research charts Ford's colorful rise among a new



GETTY IMAGES

GREAT SCOT Andrew Carnegie, 1910.

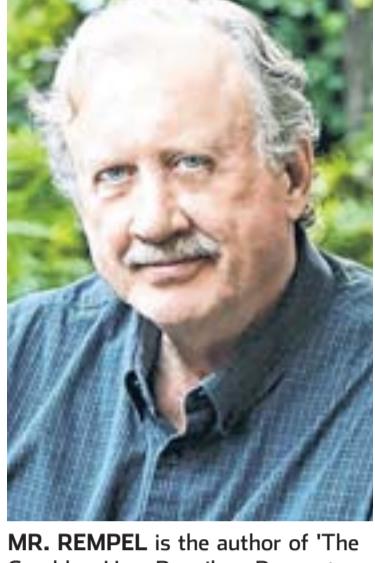
breed of moguls—the celebrity businessman. In this absorbing American tale, Ford preaches the merits of hard work even as his assembly lines are replacing workers. With all his flaws—he was an anti-Semite, an unfaithful husband and a difficult father—Ford and his homespun brand of Midwest country wisdom connected with the public. He helped ease its fears throughout America's unsettling shift from a mostly agrarian nation to a booming industrial giant. "At the very moment he was transforming the world," Mr. Watts writes, "he made new ideas and practices palatable by maintaining a conspicuous reverence toward the past."

Titan
By Ron Chernow (1998)

3 THE HARSH stereotype of John D. Rockefeller Sr. as a ruthless robber baron gets a makeover in Ron Chernow's even-handed portrait of the oil magnate widely considered the world's first billionaire. The son of a charming but often absent snake-oil salesman father and a pious and frugal mother, Rockefeller grew up surrounded by economic uncertainties. After landing his first job as an assistant bookkeeper in Cleveland, he celebrated Sept. 26 as "Job Day" for the rest of his life. An early investment with friends in a chemical process to refine kerosene launched 24-year-old Rockefeller into oil refining. And that would lead to the creation of the energy giant Standard Oil. Always an advocate for capitalism, he nonetheless found it messy and often inefficient. He favored monopolistic controls and engaged in predatory pricing, collusion with the railroads, and industrial espionage to crush his rivals. This did not prevent him from considering himself divinely favored. "God gave me my money," he said, because "the Lord knew that I was going to turn around and give it back." His charitable giving began in his youth, titheing pennies at the Baptist church. Mr. Chernow offers a compelling insight: "It might well be that his early commitment to charity gave him some inner license needed to pursue wealth with unparalleled—and at times unprincipled—vigor."

The First Tycoon
By T.J. Stiles (2009)

4 CORNELIUS VANDERBILT was a scrappy, poorly educated boatman from Staten Island who grew up to dominate the



MR. REMPEL is the author of **"The Gambler: How Penniless Dropout Kirk Kerkorian Became the Greatest Deal Maker in Capitalist History."**

nation's steam shipping and railroads and became one of the richest Americans who ever lived. When he died in 1877, his estate was valued at about one-20th of the entire U.S. economy. T.J. Stiles colorfully details how his influence extended far beyond that wealth. Indeed, it lingers to this day. As America's transportation king, Vanderbilt fostered long-distance trade and helped open California to development during the Gold Rush. Along the way, he consolidated regional rail lines into an efficient national network. The first corporate tycoon, Vanderbilt pioneered the giant corporation. Mr. Stiles describes Vanderbilt as an elbows-out competitor. And that's meant as a compliment. In the biographer's view, the Commodore, as he was known, contributed to the creation of an American business culture in which competition is "a personal, economic, and political virtue."

Empire
By Donald L. Barlett & James B. Steele (1979)

5 TWO INVESTIGATIVE reporters produced this definitive biography of billionaire Howard Hughes, the aviation pioneer and Hollywood playboy with a penchant for secrecy. The Hughes story has long been tangled in myth and fantasy. But rigorous research and lively storytelling bring to life the substance of this throwback tycoon who set international aviation records and once pocketed a check for more than a half-billion dollars after selling TWA. He viewed himself, we learn, as "a corporate superman blessed with the Midas touch and Napoleonic daring." The writers, however, portray the obsessive Hughes as a man more in the line of a gifted self-promoter on the edge of madness than as a business genius, a man with "an overpowering urge to become a legend in his own lifetime."

Best-Selling Books | Week Ended Jan. 7

With data from NPD BookScan

Hardcover Nonfiction

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Fire and Fury Michael Wolff/Henry Holt & Company	1	New
Judgment Detox Gabrielle Bernstein/North Star Way	2	New
The Subtle Art of Not Giving a F*ck Mark Manson/HarperOne	3	5
Your Best Year Ever Michael S. Hyatt/Baker Books	4	New
The Whole30: The 30-Day Guide Melissa Hartwig/Houghton Mifflin	5	-

Nonfiction E-Books

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Fire and Fury Michael Wolff/Henry Holt & Company	1	New
Judgment Detox Gabrielle Bernstein/North Star Way	2	-
Lost City of the Monkey God Douglas Preston/Grand Central Publishing	3	-
Home Sweet Murder James Patterson/Grand Central Publishing	4	New
The Miracle of Dunkirk Walter Lord/Open Road Media	5	-
Man's Search for Meaning Viktor E. Frankl/Beacon Press	6	-
Judgment Detox Gabrielle Bernstein/North Star Way	7	New
365 Days With Self-Discipline Martin Meadows/Martin Meadows	8	New
The Subtle Art of Not Giving A F*ck Mark Manson/HarperCollins Publishers	9	-
Astrophysics for People in a Hurry Neil deGrasse Tyson/W. W. Norton & Company	10	3

Hardcover Fiction

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
The Wisdom of Sundays Oprah Winfrey/Flatiron Books	6	2
The Whole30 Fast & Easy Cookbook Melissa Hartwig/Houghton Mifflin	7	4
Leonardo da Vinci Walter Isaacson/Simon & Schuster	8	1
Astrophysics for People in a Hurry Neil deGrasse Tyson/W. W. Norton & Company	9	8
Let Trump Be Trump Corey R. Lewandowski & David N. Bossie/Center Street	10	-

Nonfiction Combined

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Fire and Fury Michael Wolff/Henry Holt & Company	1	New
Judgment Detox Gabrielle Bernstein/North Star Way	2	New
Tribe of Mentors Timothy Ferriss/Houghton Mifflin	3	-
Lost City of the Monkey God Douglas Preston/Grand Central Publishing	4	-
Home Sweet Murder James Patterson/Grand Central Publishing	5	New
The Miracle of Dunkirk Walter Lord/Open Road Media	6	-
Man's Search for Meaning Viktor E. Frankl/Beacon Press	7	-
Judgment Detox Gabrielle Bernstein/North Star Way	8	New
365 Days With Self-Discipline Martin Meadows/Martin Meadows	9	-
The Subtle Art of Not Giving A F*ck Mark Manson/HarperCollins Publishers	10	-

Fiction E-Books

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
End Game David Baldacci/Grand Central Publishing	1	-
The Woman in the Window A.J. Finn/HarperCollins Publishers	2	New
Dust (Scarpetta) Patricia Cornwell/Penguin Publishing Group	3	-
Unbound Stuart Woods/Penguin Publishing Group	4	New
The House at the Edge of Night Catherine Banner/Random House Publishing Group	5	-
A Will & A Way Nora Roberts/Silhouette	6	-
Robicheaux James Lee Burke/Simon & Schuster	7	New
Beneath a Scarlet Sky Mark Sullivan/Lake Union Publishing	10	-

Methodology

NPD BookScan gathers point-of-sale book data from more than 16,000 locations across the U.S., representing about 85% of the nation's book sales. Print-book data providers include all major booksellers (now inclusive of Walmart) and web retailers, and food stores. E-book data providers include all major e-book retailers. Free e-books and those sold for less than 99 cents are excluded. The fiction and nonfiction lists in all formats include adult, young adult, and juvenile titles; the business list includes only adult titles. The combined lists track sales by title across all print and e-book formats; audio books are excluded. Refer questions to Peter.Saenger@wsj.com.

Hardcover Business

TITLE AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Your Best Year Ever Michael S. Hyatt/Baker Books	1	New
Principles: Life and Work Ray Dalio/Simon & Schuster	2	2
StrengthsFinder 2.0 Tom Rath/Gallup Press	3	-
Tribe of Mentors: Short Life Advice Tim Ferriss/Houghton Mifflin	4	1
Total Money Makeover Dave Ramsey/Thomas Nelson	5	4
Extreme Ownership Jocko Willink/St. Martin's Press	6	5

REVIEW



WEEKEND CONFIDENTIAL: ALEXANDRA WOLFE

Jennifer Brea

A documentary filmmaker chronicles her own struggles with a debilitating syndrome

SEVEN YEARS AGO, Jennifer Brea was working toward a Ph.D. in political science at Harvard University, looking ahead to a career in journalism or academia. After a trip to Kenya, she came down with a 104.7-degree fever. She recovered from the fever but kept falling ill. She had recurring infections, experienced dizzy spells and grew sensitive to sound and light. Increasingly, she wasn't able to get out of

bed. Sometimes she couldn't even muster the energy to speak.

For more than a year, doctors weren't able to give her a diagnosis. Some told her she was depressed, stressed out or dehydrated. One neurologist said that she had conversion disorder, a psychological condition in which a patient has neurological symptoms that can't be explained by a medical condition—in her case, the doctor said, possibly caused by some distant, forgotten trauma.

Finally, a doctor diagnosed her with chronic fatigue syndrome, also known as myalgic encephalomyelitis—a little-understood disorder with symptoms including extreme

exhaustion, an inability to get refreshing sleep and cognitive impairment. Now 35, Ms. Brea still struggles with the illness and has created a powerful account of her experience in a new film, "Unrest," which has made the Oscar shortlist for best documentary.

She raised more than \$210,000 through Kickstarter to make the film, in which she talks about her own illness and interviews other CFS patients over Skype from her bed. The documentary is streaming on PBS's Independent Lens website through Jan. 22 and premieres on Netflix on Jan. 15.

Growing up in Orlando, Fla., Ms. Brea was an active, adventurous

child. "I was playing outside from the moment I got home to pitch-black dark, then on the weekend my mom and I would go spend hours in bookstores" and at the movies, she says. Ms. Brea went to Princeton University, where she majored in politics, then enrolled at Harvard. She never completed her Ph.D.

After she fell ill, she began taking home videos of herself, thinking that she might write about the experience later. She ended up showing the footage to her doctors so they could see how serious her condition was. She was diagnosed with CFS in the summer of 2012. In the film, some shots show her crawling up stairs—too weak to walk up

'I would write an email and pass out for the next five hours.'

them—and lying on her front porch after a trip outside, crying in pain and unable to speak.

An estimated 836,000 to 2.5 million Americans have CFS, though most haven't been diagnosed, according to the Centers for Disease Control and Prevention. It's more commonly found in women. Ms. Brea thinks that is one of the reasons doctors haven't taken the condition seriously. "We tend to blame the patient or psychologize them," she says. "I think that's especially true for women."

There are no commercial lab tests for CFS, making it difficult to diagnose, and its origin is a mystery. Scientists are investigating a number of potential causes, including infections, immune system changes and genetics. Patients who have had the illness for more than five years are unlikely to completely recover.

Once Ms. Brea decided to make a documentary, the filming process took a toll, especially during the early days. "I would write an email and pass out for the next five hours," she says. At one point, she could only film one day a month. From her bed, she started reaching out to other patients on online message boards to interview them.

She now takes a range of medications, including antiviral and anti-inflammatory drugs, which have improved her condition. These days, she's able to work from home or bed for much of the day. Ms. Brea says she can read articles but not novels, and can talk on the phone only sparingly. She still needs a wheelchair when she goes out. "I still have a lot of physical disabilities...and my brain is not what it used to be," she says. She is thankful that she keeps getting better. "I try to do as much as I can with the life that I have," she says.

Interviewing others, including teenagers and people who have been sick for decades, both inspired her and made her angry about the state of health care and the way doctors often dismiss CFS patients. "That really helped me frame it as a social-justice issue," she says. Her film highlights campaigns to fund research to better diagnose and treat chronic fatigue syndrome.

It also captures personal moments, such as conversations between her and her husband, Princeton University professor Omar Wasow, about the strain that her illness has put on their lives.

Ms. Brea hopes to direct another film, though she's not sure what the topic will be. She never expected to end up in the movie business. "I think growing up in Orlando, most people who were successful were orthodontists," she says. "I didn't know anybody who was an artist."

Making "Unrest" gave Ms. Brea hope during the worst phases of her illness. "I think for me that type of pain felt totally useless, but when the camera was there, that moment could mean something and help other people," she says. "I have found a new purpose in life that is far more valuable and meaningful than the path I might have taken had this not happened."

MOVING TARGETS: JOE QUEENAN

Good Grieg! I've Gotten Addicted to Norway

YESTERDAY I read that more than half the cars sold in Norway last year were either electric or hybrid. I was so excited that I tipped over my glass of Voss, the classy Norwegian designer water. In doing so, I drenched my copy of "Cockroaches," Norwegian Jo Nesbo's thriller that my younger sister gave me last Christmas, along with 10 other Nesbo classics.

I'm not sure when Norway started to take over my life. I was always a big fan of Edvard Grieg, particularly the peerless orchestral piece "In the Hall of the Mountain King." And in college I fell under the spell of the Norwegian Nobelist Knut Hamsun, whose most famous novel is "Hunger." I devoured it. In my 30s, I became pretty friendly with a hair stylist who pined for the fjords. But that was pretty much it for me and Norway.

In recent years, Norse culture has begun to extend complete hegemony over my consciousness.

First I became addicted to the Norse whodunit wizard Karin Fossum. Then I began watching brilliant TV series like "Lilyhammer" and cult-classic films like "Troll-hunter." And after I saw the award-winning play "Oslo"—which, admittedly, was about Mideast peace talks and was written by an American—I developed an insatiable appetite for gravlax, the piquant salmon dish from Norway.

From that point on, I embraced The Full Norway. I ate loin of reindeer three times a week. I began to smear brown cheese all over my waffles. I put on 35 pounds slamming away Norwegian sweater cookies and dried mollusks. And, just like Norwegians, I stopped sitting next to people on the subway out of profound respect for their personal space.

Last year, a U.N.-commissioned group officially named Norway

Pile up the brown cheese and the dark crime novels.



the happiest country on Earth. I found the report a bit puzzling, because it didn't square with the bleak image of Norway I was getting from books and movies and from eating dried mollusks. Frankly, if you're in the market for a self-inflicted nervous breakdown, take a crack at Karl Ove Knausgaard's six-volume autobiographical series "My Struggle." And chowing down on that classic delicacy of cod "tongues" isn't nearly as much fun as eating Twinkies.

Lately I've been trying to take a break from Norse culture, cutting down on the lutefisk and putting the rollerskis away for the winter.

No dice. When I visited New York's Museum of Modern Art, staring out at me was a typically creepy work by the great Norwegian painter Edvard Munch. It made me want to scream. Later, I took in the film version of Nesbo's "The Snowman." It was abominable.

Soon afterward, I watched the film "Downsizing," which stars Kristen Wiig—who, wouldn't you know it, is of part-Norwegian descent. So was my favorite Irish-American actor Jimmy Cagney. (Still not 100% sure about Antonio Banderas.) And then my sister sent me a trilogy of brilliant mysteries about the brutal murder of a nude Norwegian canoeist. Yup, author Vidar Sundstol could be the next Arnaldur Indridason. Seriously.

Yesterday, a good friend told me that I absolutely, positively had to start watching the Norwegian TV series "Valkyrien," which stars Sven Nordin as a brilliant, angry, disenchanted, risk-taking specialist who sets up an illicit medical lab under the streets of Oslo. I said nope, I'm going to swear off Norway for the rest of the month and watch the NFL playoffs instead. This Sunday, it's the Saints against the Vikings.

Ofta.

REVIEW

EXHIBIT

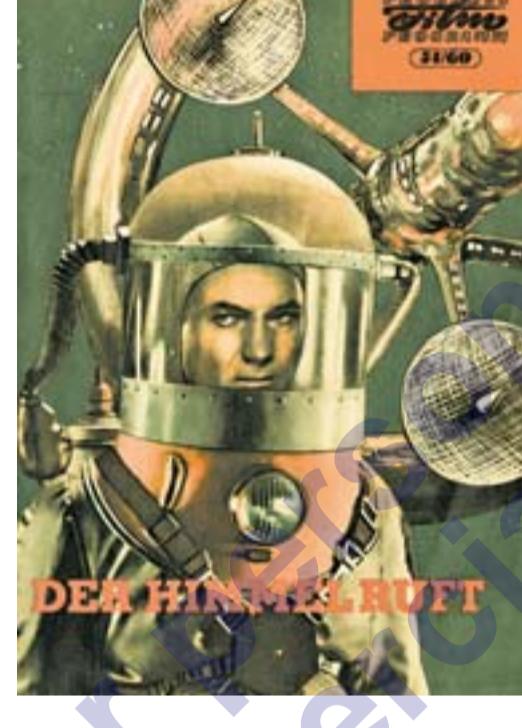
Iron-Curtain Curiosities

From 1949 to 1990, East Germany was almost completely closed off to foreigners. "The East German Handbook" (Taschen, \$40), by Justinian Jampol, brings to light some 2,000 objects from the now defunct country. The items come from the collection of the Wende Museum, a Culver City, Calif., institution focused on Eastern Europe and the Soviet Union in the Cold War era. They go beyond propaganda and include symbols of everyday life, from children's toys to mail-order catalogs. "Taken all together, they suggest that life in [East Germany] was represented by more than dissidence and repression," writes Dr. Jampol. —Alexandra Wolfe

Right: State-owned airline Interflug wasn't allowed to fly over the border to West Germany. **Left:** An East German state-owned company bought the production rights to this Garden Egg chair, designed in West Germany, in 1971. When the Berlin Wall fell, the original designer reacquired the rights.



Near right: 'The Sky Calls,' a 1959 Soviet science-fiction film about a mission to Mars, was popular in East Germany. **Middle right:** A 1960 ad from the beverage company Margon, whose sodas and juices were commonly mixed with alcohol. Alcoholism was a problem in the country, writes Dr. Jampol.



THE WENDE MUSEUM/TASCHEN

PLAYLIST: NATHAN ENGLANDER

A New-Wave Escape

'This Is the Day,' by The The, encouraged a young writer who wanted to leave home

Novelist Nathan Englander, 47, holds the post of distinguished writer in residence at New York University. He is the author of "Dinner at the Center of the Earth" (Knopf). He spoke with Marc Myers.

I grew up in an orthodox Jewish community in West Hempstead, N.Y. I always wanted to be a writer, but I didn't really have a reference point. No one's cousin was a writer, and becoming a writer wasn't on my family's approved list of dreams.

I felt trapped and wanted to get out of my house, which won't offend my mother in the least. As she has said, nobody was happier to show up at college than me.

In 1983, when I was 13, I was studying at a yeshiva. But it wasn't the right fit for me. Instead of smoking pot, I became intellectually naughty, challenging the rabbis with theological questions—a truly pitiful rebellion.

At the time, my older sister was commuting to Adelphi University, a mile from our house. One day she brought home a DJ friend, Chris, who drove a van filled with crates of albums. Chris was gentle and cool, and my family loved him. On one of his visits, he handed me a cassette of The The's album "Soul Mining." He sensed I was a hungry little New Waver.

When I listened to the tape on my Walk-

Man, did I want to change.'

but I never told her about the song. She heard it for the first time recently when I blasted it while dancing with our 2-year-old, Olivia.

I don't know if Olivia would put the song up there with Elmo, but she definitely got the point.



MATT JOHNSON of The The in 2000.

PA IMAGES/GETTY IMAGES

HISTORICALLY SPEAKING: AMANDA FOREMAN

Tales of the First Fixer-Upper

THIS YEAR marks the bicentennial of the public reopening of the White House after the War of 1812, when the British burned the executive mansion and sent President James Madison fleeing. Though the grand house has legions of devotees today, its occupants haven't always loved the place.

The problems began in the 1790s, as the Founding Fathers struggled with the question of how grand such a residence should be for an elected president in a popular government. Was the building to be a government office with sleeping arrangements, a private home, the people's palace or all of the above? Frequent name changes reflected the confusion: President's Palace, President's House and Executive Mansion. The president made its official name the White House only in 1901.

As President James Monroe discovered after Congress appropriated \$20,000 in 1817 for White House furniture, decorating the executive mansion is never cheap or without controversy. The entire budget was used up just in furnishing the oval saloon (now called the Blue Room). Monroe offered his own furniture, but disputes over his claims for reimbursement led to a series of congressional investigations.

As American politics became more open and democratic, some voters felt that they should enjoy certain rights to the house. During the presidency of Andrew Jackson (1829-37), souvenir hunters once cut up some curtains as keepsakes. As a visitor during the administration of John Tyler (1841-45), Charles Dickens saw people spitting (presumably tobacco) on the carpets.

After decades of use, the Monroe-era chairs became so shabby that a journalist in the 1840s said they would "disgrace a house of shame." In 1861, Mary Todd Lincoln started a badly needed renovation—and was viciously attacked in the press for exceeding the \$20,000 refurbishing budget by almost \$7,000.

But the building's problems remained. Four decades later, Theodore Roosevelt authorized the famed architectural firm of McKim, Mead & White to remake the White House's interior structure. Their work included moving the president's office to a newly built west wing. For decor, Roosevelt favored the Roman imperial style, including classical columns, as well as moose and elk heads.

Years of neglect and careless alterations came to



THOMAS FUCHS

a head in 1948. Harry Truman's daughter, Margaret, was playing the piano in her room when a piano leg broke through the rickety floor. Some structural engineers declared the only remedy was a complete rebuild, but a compromise left the four outside walls intact. Besides the expanded parts of the building, what visitors see today is a 1950s version of architect James Hoban's original 18th-century blueprints.

Truman deserves credit for not abandoning the White House's iconic architecture, and in 1952 conducted a celebratory television tour of the makeover. But he had filled many of the empty rooms with fake antiques from the upscale New York department store B. Altman.

In 1960, Jackie Kennedy burst into tears while touring the run-down family quarters before her husband's inauguration. But she soon set about restoring the house's historic integrity, along with many of its lost objects. She played a key role in making the executive mansion a living museum, now overseen by the Committee for the Preservation of the White House and supported by a trust.

Yet for all its quirks and foibles, the house has retained its understated grandeur. There's still no better address in America than 1600 Pennsylvania Avenue.



PLAY

NEWS QUIZ: Daniel Akst

From this week's
Wall Street Journal

1. At the Golden Globe Awards, dominated by a reckoning over sexual harassment and a speech by Oprah Winfrey, which movie swept best drama, best actress, best supporting actor and best screenplay?

- A. "The Shape of Water"
- B. "Darkest Hour"
- C. "The Disaster Artist"
- D. "Three Billboards Outside Ebbing, Missouri"

2. Democrats have to gain 24 seats to retake the House of Representatives. Since the Civil War, when a president's approval rating is sub-50% (as Donald Trump's is), what's the average outcome for his party in midterm elections?

- A. A gain of 20 House seats
- B. A loss of 20 House seats
- C. A loss of 40 House seats
- D. A loss of 60 House seats

3. After boldly inserting freshman Tua Tagovailoa as quarterback, Alabama came from behind to win the national college football championship—over which team?

- A. Bard
- B. Auburn
- C. Clemson
- D. Georgia

4. Amorphia is discussed in a new book. Who or what is it?

- A. A group that advocated legal marijuana before merging with NORML

To see answers, please turn to page C4.

- B. A British pop singer known for her sensitive duets with Donovan
- C. A drug used to treat the inability to change
- D. Marge's hippie half-sister in the Simpsons

5. What company just set a higher new minimum starting pay of \$11 an hour for its employees?

- A. Goldman Sachs
- B. Wal-Mart
- C. Sears
- D. Wells Fargo

6. What's left of a Texas ranch owned by former President Lyndon B. Johnson is coming on the market for \$2.8 million. It's just a few miles from where?

- A. Johnson City
- B. El Paso
- C. Amarillo
- D. Arlen

7. Hurricane-induced production problems have contributed to a shortage of what key item used by hospitals?

- A. Paperwork
- B. Disposable syringes
- C. Nylon surgical sutures
- D. Intravenous bags

8. Canada filed a complaint with the World Trade Organization against the U.S. to defend exports—of what?

- A. Maple syrup
- B. Softwood lumber
- C. Winter wheat
- D. Newsprint



VARSITY MATH

Illustration by Luci Gutiérrez

A problem

in spatial visualization and another related to tennis have come to the coach's attention.

Rolling Circles

Two circular disks have radii of 12 and 14. The larger disk is held fixed while the smaller disk is allowed to roll around the outside of the larger disk without slipping. In their starting positions, point P on the smaller disk coincides with point Q on the larger disk.

How many rotations of the smaller disk must occur before points P and Q coincide again?

Minimum Racket Wear

Having won the first set of a singles match at the Australian Open, Rafael Nadal is just starting the second set.

What is the least number of times his racket could have hit the ball during the first set? You will need to know that if a player, in two attempts to serve on a point, swings and misses both times, that player loses the point. No tricks are involved here.

ILLUSTRATION BY LUCI GUTIÉRREZ

+ Learn more about the National Museum of Mathematics (MoMath) at momath.org

SOLUTIONS TO LAST WEEK'S PUZZLES

Varsity Math

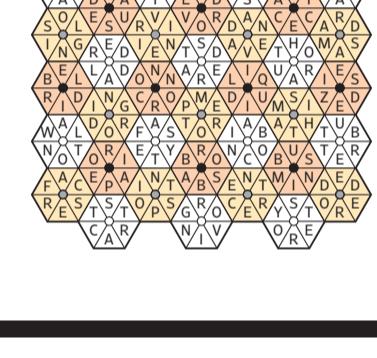
In Tennis Exhibition, Rafa and Roger played in set number 13. The answer to Losing Streak is 52 points.

For previous weeks' puzzles, and to discuss strategies with other solvers, go to WSJ.com/puzzles.

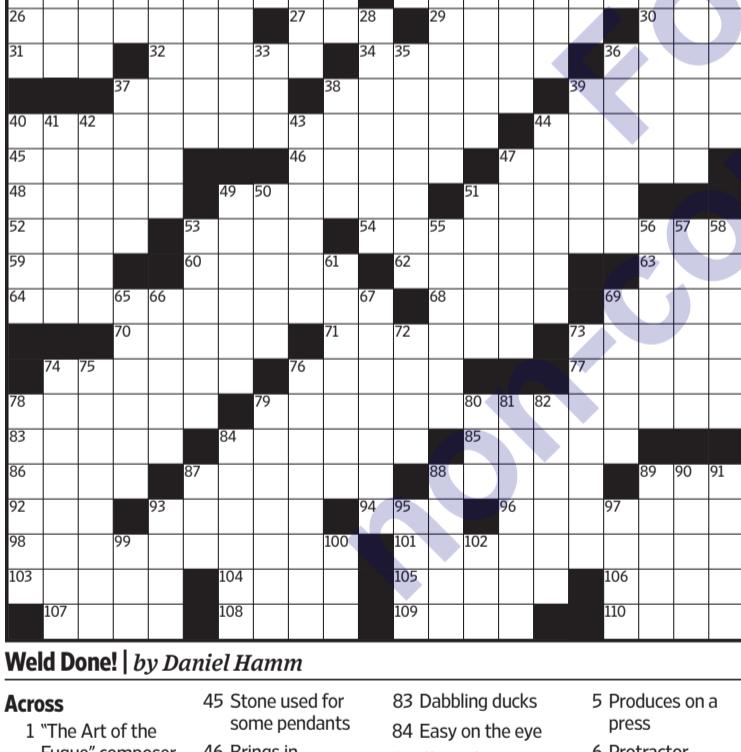
Resolutions



Rows Garden



THE JOURNAL WEEKEND PUZZLES Edited by Mike Shenk



Weld Done! by Daniel Hamm

- Across**
- "The Art of the Fugue" composer
 - It's inclined to move up and down
 - Band's boomers
 - Phillies manager Kapler
 - Confederate
 - Thick soup, perhaps
 - Unadorned
 - In the vicinity
 - Sock hops that are really hopping?
 - Clone of a kernel?
 - Elementary curriculum
 - Nursery occupant
 - Great buy
 - Fatiduous dresser
 - Tibetan transport
 - Poultry pens
 - Major route
 - Venetian magistrate
 - Plays a round
 - Catches
 - Ashleigh Murray's "Riverdale" role
 - The skin of an animal, especially when tanned?
 - Dishevels
- Down**
- Stone used for some pendants
 - Brings in
 - Banks
 - Makes a sacrifice, perhaps
 - Sage fellows
 - Wasn't well
 - Like some Chardonnays
 - Jazz trumpeter Baker
 - Snowdrift?
 - Mathematician's multiplicative identity
 - Prospectors' finds
 - Elbow, say
 - Green prefix
 - Feature of a Renaissance Faire costumer's manual?
 - Clears out
 - Large number
 - Undersized
 - Jackson Hole backdrop
 - Sign of life
 - Oar fulcrum
 - Some skirts
 - No longer sleeping
 - Howitzer ammo
 - Roughly 15 feet by 6 feet by 5 feet, for the Focus?
 - Dabbling ducks
 - Easy on the eye
 - Chew the scenery
 - Miniature maelstrom
 - Carmine's cousin
 - Claim while cuffed
 - Tiny terror
 - Uru. neighbor
 - Self-possession
 - Comte's superior
 - Period when honeyed drinks were popular?
 - Art gallery owner, on occasion?
 - "Cradle of Polynesia"
 - Cockeyed
 - Swift specialty
 - Betray surprise
 - 1969 World Series champs
 - Cargo hauler
 - Delicacy
 - Carries a balance
 - Cuckoo
 - Big Island "Bye!"
 - Vivien's "Gone With the Wind" co-star
 - Homicidal alter ego
 - Producens on a press
 - Protractor measure
 - Satisfies
 - Cancún coin
 - Crunch target
 - They know the score
 - Typical sixth-grader
 - Ceremonial dinners
 - London lockup
 - Dhabi
 - Winner of eight Best Choreography Tonys
 - Late deliveries?
 - Con quest
 - Conical quarters
 - Uses a key on, in a way
 - Work period
 - Like some yoga
 - Parapsychology powers
 - Spoils, in a way
 - Back-to-back move
 - "All the Money in the World" figure
 - King Mongkut's realm
 - Derby patron's quaff
 - Some SLRs
 - Defensive tackle Rodney
 - Honda's luxury marque
 - Wedding reception guest
 - 1980s attorney general
 - Cops' collars
 - Smartphone precursors
 - Knot, e.g.
 - Shakespearean schemer
 - URL bit
 - Adrenaline, informally
 - Clinic address

Violent sandstorm of north Africa

Spiny pet

More unpleasantly soggy

Making less mess

Chaotic skirmishes

Corduroy feature

Piglets

Like the Ferrari Testarossa

Architect's afterthought

Singers Maggie and Patsy

"Plan 9 from Outer Space" star

Have as a customer

Shuts down, as a harbor

Lookouts' sites

Swift works

With tongue in cheek

Blunts

Was a buttinsky

"Calvin and Hobbes" girl

Substantial, as a sum

Recreational activity

Rousseau painting set in a jungle

Bit of psychological manipulation

film industry

Ticks off

On the block

Danny's "Lethal Weapon" co-star

Illustrious

Unimportant person

Some SLRs

Defensive tackle Rodney

Honda's luxury marque

Wedding reception guest

1980s attorney general

Cops' collars

Smartphone precursors

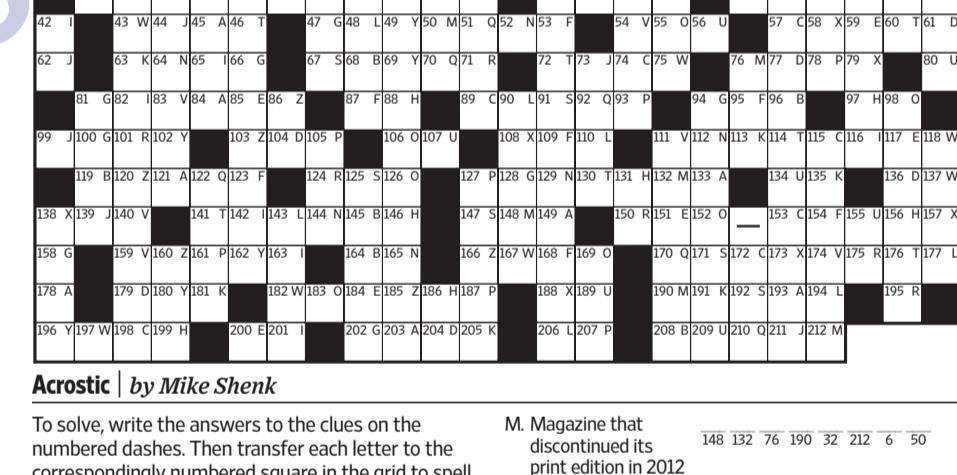
Knot, e.g.

Shakespearean schemer

URL bit

Adrenaline, informally

Clinic address



Acrostic by Mike Shenk

To solve, write the answers to the clues on the numbered dashes. Then transfer each letter to the correspondingly numbered square in the grid to spell a quotation reading from left to right. Black squares separate words in the quotation. Work back and forth between the word list and the grid to complete the puzzle. When you're finished, the initial letters of the answers in the word list will spell the author's name and the source of the quotation.

- A. Charity with roots in an 1887 campaign by a Denver woman, priest, rabbi and two ministers (2 wds.)
- B. Musical study of beats and movement
- C. A sonic boom is the result of one (2 wds.)
- D. Complete consensus
- E. Individual entry in a fiscal budget (2 wds.)
- F. Original title of "Oklahoma!" during out-of-town tryouts (3 wds.)
- G. Complains chronically
- H. Kayaker's wear (2 wds.)
- I. Beak protuberance of a baby bird (2 wds.)
- J. Sorcerer's manual for summoning demons
- K. Too big to function well, as a bureaucracy
- L. Worldwide agency whose logo includes a globe, sword, olive branches and scales
- M. Magazine that discontinued its print edition in 2012 after 80 years of publication
- N. Bird that's too young to fly
- O. Miscellaneous items
- P. Young Brit of the 1950s and '60s who adopted a neo-Edwardian style (2 wds.)
- Q. Nervously confused or excited (3 wds.)
- R. State divided by the Straits of Mackinac
- S. External acoustic meatus, familiarly (2 wds.)
- T. Miserly sort
- U. Period of four years, by which the Greeks computed time
- V. Reliably loyal and hardworking
- W. Deep-dish apple dessert
- X. Danny & the Juniors song that hit #1 on January 6, 1958 (3 wds.)
- Y. Where Patrick Henry delivered his "Liberty or Death" speech
- Z. Quotation at the start of a book, suggesting its theme

Get the solutions to this week's Journal Weekend

Puzzles in next Saturday's Wall Street Journal.

Solve crosswords and acrostics online, get pointers on solving cryptic puzzles and discuss all of the puzzles online at WSJ.com/Puzzles.

REVIEW



THOMAS COLE'S 'The Course of Empire: Destruction' (1836), one of a series of five depictions of human civilization, will be on view at the Met.

ICONS

Thomas Cole, Repictured

A career retrospective unveils an international and politically minded artist

BY ALEXANDRA WOLFE

THE CURATORS of a new Metropolitan Museum of Art exhibition might have titled it, "Everything You Never Knew About Thomas Cole."

Cole is known as the father of the Hudson River School, a group of American artists who painted dramatic outdoor panoramas. But "Thomas Cole's Journey: Atlantic Crossings" posits an artist with an international background and interests—and one who had political beliefs very different from the other painters in the group, such as Frederic E. Church.

The name of the Hudson River School itself was originally pejorative. "Put about by younger artists and critics who found the work of Cole and his followers old-fashioned, this term, now a badge of honor, was originally intended to mock their provincialism," write co-curators Elizabeth Mankin Kornhauser and Tim Barringer in the exhibition catalog.

The Cole in this exhibition—which runs in New York from Jan. 30 to May 13 and celebrates the 200th anniversary of his first Atlantic crossing from England—comes across as an artist inspired as much by his visits to England and the European continent as by the Catskill Mountains north of New York City.

The show will have six chronological sections, starting with Cole's youth in northern

England. Born in 1801, he grew up in the Lancashire town where workers known as Luddites protested the rise of factories by smashing machinery. Cole himself worked at a calico-print factory as a teenager. Dr. Kornhauser, a curator of American paintings and sculpture at the Met, says that these experiences helped to shape Cole's opposition to technological progress and eventually drew him to paint scenes of nature. After his father lost his job in England, his family moved to America in 1818 to find work.

Cole, who had no formal art training, learned about his craft from a portrait painter—although he first drew trees. He visited the Catskills in 1825. "He was the first artist to take on the subject of pure wilderness," Dr. Kornhauser says. Cole also painted landscapes rooted in American literature. James Fenimore Cooper's 1826 novel, "The Last of the Mohicans," inspired an 1827 painting, on view in the exhibition's second section and showing Cora, the daughter of a British colonel, kneeling before Tamenund, a wise Native American chief, on a mountain precipice.

By 1829, Cole had achieved enough success to be able to return to Europe. He visited English Romantic artist John Constable in London and admired the way that he painted dramatic cloud formations in his plein-air, or on-site, cloud studies. The third section includes Constable's works.

Cole thought that industry would bring about American decline.

Then Cole headed for Italy, where he used the plein-air technique himself, as seen in the fourth section, "Italy: The Grand Tour." There, Cole studied Titian and other earlier masters and created studies of Italian ruins on view in the exhibition, such as his 1832 "Campagna di Roma," a close-up depiction of an aqueduct, with mountains in the background.

In France and Italy, according to the curators, Cole became fascinated by how great civilizations rose and fell and felt that industry would be responsible for the decline of his own. Increasingly, "Cole foresaw inevitable doom for the republic, as with Rome before it," Dr. Barringer, an art history professor at Yale University, writes in the catalog.

In that trip, from 1829 to 1831, Cole conceptualized one of his best-known series of paintings, "The Course of Empire." The series, which he began in 1834, offers five depictions of human civilization, from idealized nature-steeped scenes to the rise of empire and subsequent decay. The exhibition includes all five paintings.

That same year, Cole became an American citizen, despite his dislike of President Andrew Jackson, who backed imperial and commercial expansion. After Jackson was elected, Cole wrote in his journal, "It appears to me that the moral principle of the nation is much lower than formerly...it is with sorrow that I anticipated the downfall of pure republican

government—its destruction will be a death blow to Freedom."

The fifth section, "Consummation," features Cole's seminal work, popularly known as "The Oxbow," an 1835-36 oil painting showing deforestation on a mountainside and a bend of the Connecticut River.

The section also includes a handful of later works, such as "Study for 'The Hunter's Return'" (1845), a landscape of trees and mountains, with a small cabin nearly camouflaged in the lower right-hand corner. His aim was to show how humans could live in harmony with nature, says Dr. Kornhauser.

Cole died suddenly at age 47 of pleurisy and lung congestion. The last part of the exhibit, "Cole's Legacy," showcases works by his students, namely Church and Asher B. Durand.

The show highlights how they took a different perspective from Cole. For example, in Durand's 1853 "Progress (The Advance of Civilization)," railroads and telegraph cables fit seamlessly into the landscape as smoke mingles with sun rays. Durand's painting "celebrates without a hint of doubt the triumph of civilization over the wilderness," Dr. Barringer writes in the catalog. He adds that Durand and Church absorbed Cole's aesthetic lessons but embraced Manifest Destiny, the concept that settlers had a mission to expand across North America. It was a theory that "Cole abhorred."

Cole's "Oxbow" painting, in which the river makes the shape of a question mark, raises questions that still apply today. As Dr. Barringer writes, "Cole asks us: Will the ruinous fate of past empires befall modern America?"

NEW-YORK HISTORICAL SOCIETY/OPPENHEIMER EDITIONS

MASTERPIECE: 'PORTRAIT OF ARCHBISHOP FILIPPO ARCHINTO' (1558), BY TITIAN

SPLIT PERSONALITY

BY TOM L. FREUDENHEIM

TITIAN'S ENIGMATIC "Portrait of Archbishop Filippo Archinto" (1558), one of many stars in "Old Masters Now: Celebrating The Johnson Collection" (through Feb. 19), a glittering special exhibition at the Philadelphia Museum of Art, makes you want to rip away the filmy curtain that both defines and partially obscures the dour fellow being portrayed.

That's because Filippo Archinto (1500-1558)

was such an interesting man—a talented young scholar who gained the favor of Pope Paul III, who named him to several important posts. Also known to be an advocate of Ignatius of Loyola and the Jesuits, Archinto subsequently was embroiled in church controversies under Pope Paul IV, and served a contentious stint as Archbishop of Milan before dying in exile.

The Philadelphian John G. Johnson (1841-1917), considered the greatest lawyer of his day, was an avid art collector and bequeathed to the city of Philadelphia over 1,400 works of art that were eventually placed at the Philadelphia Museum of Art. Starting with Archinto's family, over the centuries the painting had passed through many

The painter flaunts his skills.

Collection. And Titian painted over a half dozen portraits of this type, several with far more interesting faces, glances, hands and robes than we see in the Archinto image. But this is the only one in which a fictive curtain separates sitter from viewer. And this gauzy suggestion of mystery is what draws us to it.

Although the painting's attribution to Titian has not always been secure, current scholarship ascribes it to him. Teresa Lignelli, senior conservator of paintings at the Philadelphia



PHOTOGRAPH COURTESY OF THE PHILADELPHIA MUSEUM OF ART, 2018

ASSERTING his virtuosity in a manner different from many of his other works.

Museum of Art, who supervised the work's recent cleaning in preparation for the exhibition, is persuaded that Titian's hand is evident in the painting's brushstrokes.

However, none of this gets at the utter magic Titian has created in the Philadelphia portrait. The uncanny manner in which the curtain bisects the composition is an astounding, if inexplicable, formal device, accentuated by the manner in which the diaphanous screen runs through the sitter's right eye, where a pair of minuscule dots suggest that he might be trying to look at us.

If that's the case, we still have no clue as to

why he's partially obscured by a gossamer textile. I'll go with the unromantic suggestion that maybe Titian wanted to assert his painter's virtuosity in a manner somewhat different from so many of his other extraordinary works. The delicacy of the curtain is extraordinary in how it forces the artist to develop ways of differentiating between covered and uncovered hands and face almost, but not quite, obscuring or blurring their features behind the sheer fabric. The play of light on the surface of the curtain and the change of texture behind its slightly heavier horizontal stripes, as well as all we can still see behind this faint cover, are a testament to Titian's spectacular, even seductive, painting skills.

Admittedly, it's also difficult to erase one's atavistic visual memory of Francis Bacon's 1953 riff on the great Velázquez "Portrait of Pope Innocent X" (1650). The Bacon—itself inspired by Raphael and Titian papal portraits—adds yet another dimension to the magic exuded by the Philadelphia painting and makes it feel somehow modern. To have "Portrait of Archbishop Filippo Archinto" newly considered within the context of the thoughtful and intelligent exhibition now celebrating the centennial of the bequest of the John G. Johnson Collection to Philadelphia adds an important perspective to our understanding of Titian's painterly prowess.

Mr. Freudenheim, a former art-museum director, served as the assistant secretary for museums at the Smithsonian.

'Star Wars' director Rian Johnson on his favorite gadgets



D9

OFF DUTY



The first Jeep Grand Cherokee that doubles as a muscle car

D10

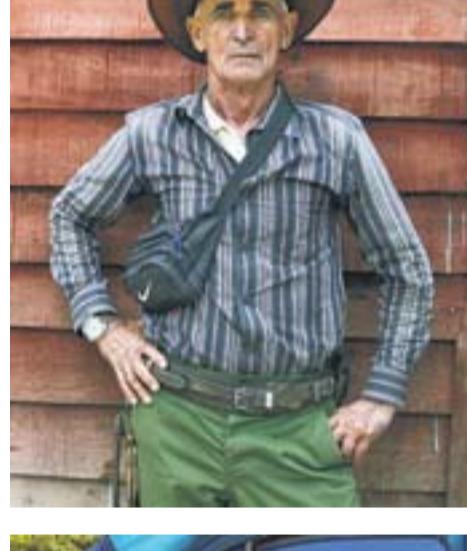
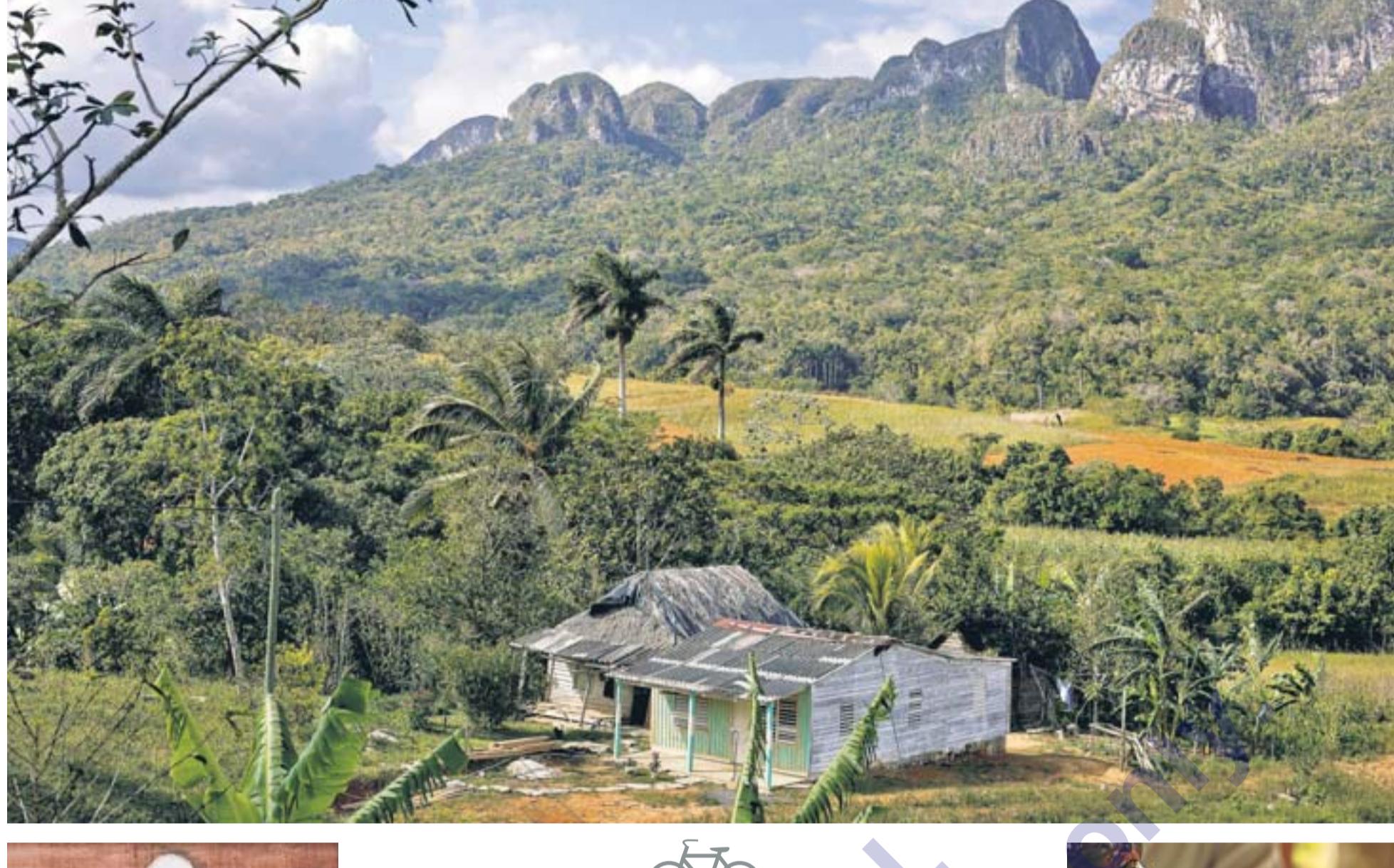
EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Saturday/Sunday, January 13 - 14, 2018 | D1



Talk About a Revolution



An American traveler, returning to Cuba after a 20-year absence, sets out on his own to explore the countryside by bicycle—bumps in the road be damned



ROSE MARIE CROMWELL FOR THE WALL STREET JOURNAL

ROLL CALL Clockwise from top: A home in Viñales National Park; a rum tasting in the park; salsa at Cayo Jutias; wheels on offer at Bike Rental & Tours Havana; a cowboy at Viñales National Park.

BY ROBERT P. WALZER

MY LAST TRIP to Cuba had been in 1997 when the country was still enduring the *periodo especial*—the euphemistically dubbed “special period” of deprivation after the Soviet Union’s collapse. At that time, traveling under a journalist visa, I noted roads devoid of cars and bare store shelves. Despair and paranoia pervaded the air, with Cubans miming a long beard when criticizing Fidel Castro rather than speaking his name out loud.

I found things distinctly different during my trip to Cuba two months ago, nearly two years into the U.S.

government’s easing of travel restrictions. Cars abounded (new Japanese and Chinese models among the more common ‘50s Chevys and Fords). Small private businesses were ubiquitous, especially the B&Bs called *casas particulares* and restaurants called *paladares*. Most Cubans were still struggling, though many had accumulated some wealth as capitalism made strides.

For weeks, I had planned a cycling trip in Cuba with my old friend Rob from London. We would meet in Havana and ride about 120 miles west on rented bicycles through small towns until we reached Viñales, a rural tobacco-cum-tourist town surrounded by farms and limestone outcroppings. Upon our arrival, it took Tito Servitje, the Spanish-Catalan owner of Bike Rental & Tours Havana, five minutes to talk us out of our plan.

“You’ll waste a lot of time riding there,” he said. “Grab a bus to Viñales and then take day trips from there. It’s gorgeous.” After taking one look at the “good” bikes Tito had promised us by email—actually old, heavy, steel clunkers with worn tires—we decided this was sage advice. (Newer models have since arrived, I’m told.)

We rode our bulky rentals to Havana’s Viazul Bus Station, a microcosm of Cuba’s unpredictability and underdeveloped infrastructure. The experience involved waits on multiple lines, a broken computer and indifferent staff. Cuba has long had unique rules of engagement. But personal relations and humor helped grease the wheels of cooperation. So, Rob and I, who are both fluent Spanish speakers, chatted up various agents,

Please turn to page D8

[INSIDE]



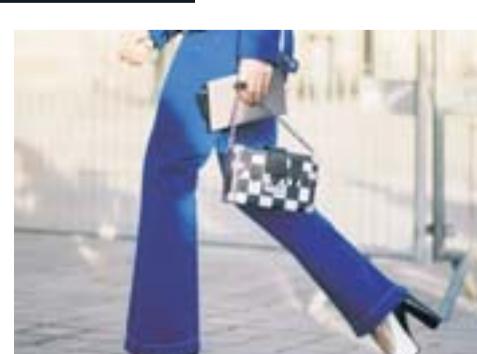
THE HOUSE OF WORTH

Who knew Edith Wharton was also a sage of interior design? Her tips D4



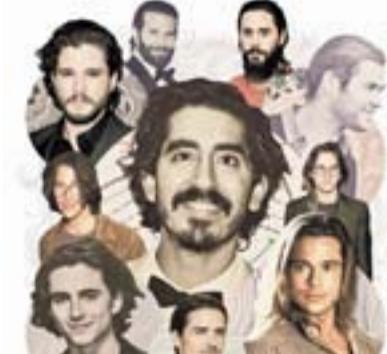
CHICKEN SALAD, HOLD THE BOREDOM

This mayo-free version of the classic will renew your appetite D6



THE BELL-BOTTOM LINE

Flared pants: appealing or appalling? Two writers take sides D2



GO LONG

With more men growing out their hair, shagginess is losing its stigma D3

STYLE & FASHION

BELL EPOCH
 Flares have strolled back into style, as demonstrated by blogger Camila Coelho, in Louis Vuitton, outside the spring 2018 Paris Fashion Week shows.

LOVE/HATE RELATIONSHIP

A Flare-Up Over Flares

Bell-bottom pants return—and the differences between the pro and con camps are wide

WHY I LOVE THEM

ALLOW ME to be candid: The best thing about flared pants is that, in all of their loose, swishy glory, they feel like pajama pants—but look incalculably more elegant. The exaggerated shape of flares helps you appear dressed up without resorting to a dress, especially valuable in the frigid winter months. Instead of wearing a frock to my friend's holiday party, I chose the warmth of burgundy corduroy flares from Acne. Paired with heeled boots and a swingy top, they were more than festive enough for the occasion.

Contrary to belief, flares aren't just for the tall. The key is finding the right ratio between the width at the knee and the leg opening, according to Catherine Holstein, whose label Khaite offers a number of bell-bottom styles. For shorter sorts, an excessive jump in width "can take away from the elegance," she said. Another rule? Flares should always be worn with a heel.

Flared trousers are versatile. These days, you can wear them cropped or baggy, flouting the con-

ventional wisdom that flares must be hemmed to one specific shoe height. They are a true day-to-night style, complementing almost every type of top. In the 1970s, Jane Birkin, a founding mother of flares, alternated between T-shirts, billowing blouses and skinny turtlenecks. They make the monochrome trend easy to pull off, too—I add a navy sweater to my second-favorite flares, a pinstriped navy wool pair from the J.W. Anderson and Uniqlo collaboration, and voilà, a chic, cohesive outfit is born.

The one variety I've yet to embrace is the super-flare, the type that balloons out recklessly from a tight knee. To style this more challenging cut, said Ms. Holstein, "you'll never go wrong with looking to history to predict the future." She recommends turning to images of Birkin or Françoise Hardy for guidance. And if your New Year's fashion resolution is to embrace bolder style, the super-flare might just be the way to go.

—Lane Florsheim

WHY I HATE THEM

FLARED PANTS scare me. Not in the spine-tingling way a horror flick does; it's more of a feeling of "how do I sensibly walk in pant legs as voluminous as a wedding gown?" Truth be told, I'm prone to tripping, especially when fabric pools around my feet, but that's exactly how designers at brands such as Chloé, Sonia Rykiel and Prabal Gurung tailored their pants for this resort season. I envision myself mincing anxiously down the subway stairs, excess fabric jutting out below my knees, jostled by commuters annoyed by my tortoise-like pace. That's not my idea of fashion success.

Tailor Malisa Bowman, owner of In-House Atelier in New York, has a solution for the flare-averse:

cropped ones, which hit about 4-6" above the ankle, so that extra fabric won't trip you up. And I've been told that if you hem longer pairs correctly and choose the right shoes, unintentional pratfalls shouldn't be a problem. New York-based tailor Michael Velasquez,

who's worked with Madonna and Lady Gaga, suggested wedges. "They give you height with stability," he said. When getting pants hemmed, bring the shoes you plan to wear along, so your tailor can abbreviate the trousers accordingly. (Downside: You'll always have to wear that pair with them!) Also, ask your tailor for a $\frac{1}{4}$ " hem allowance (rather than the usual 2-3") as anything wider can snag a heel and send you sprawling.

On that note, let's just say that this new breed of flared pants won't be bringing me down, since I won't be wearing them. To fully disclose why I dislike them, I'd have to dredge up whiny childhood resentments toward my older sisters, who looked bitchin' (a compliment in the '70s) in bell-bottoms. My sisters, so self-assured and worldly, seemed as sleek as Cher in their hip-huggers and pleather car coats. Me, I couldn't strut my stuff like that, especially in those wide-legged pants.

—Donna Bulseco

From top: Argyle Flares, \$1,500, gucci.com; Derek Lam 10 Crosby Flares, \$385, dereklam.com; Khaite Flares, \$780, stylebop.com; Demitri Flares, \$285, theory.com

GETTY IMAGES (COELHO); F. MARTIN RAMAM/THE WALL STREET JOURNAL (DEK LAM, DEMITRI); DAVID CHOW FOR THE WALL STREET JOURNAL (2); STYLING BY JILL TELESNICKI

FÊTE ACCOMPLI A GOOD-LOOKS GUIDE TO RECENT EVENTS

Dark Victories

The stars donned black at the Golden Globes—but, in a sea of noir, some still stood out. We hand out our own awards

Most Likely to Invest In Corgis

In this regal Christian Dior Couture number, Jessica Biel appeared to be auditioning for season three of 'The Crown.'


Best Throwback

The hair! The velvet! The plentiful diamonds! Viola Davis oozed old-school glamour in her Brandon Maxwell gown.

Best Head-To-Toe Black

▲ Justin Timberlake in Dior Homme, one of the many men who committed to a total blackout.

Most Likely to Attend A Funeral in Capri

Tracee Ellis Ross turned heads in a Marc Jacobs gown and turban, not to mention the perfect red lip.

Best Victor/Victoria Moment

Claire Foy advocated for gender equality in a stylish Stella McCartney tuxedo. ▼


Most Targeted Use of Color

▲ An orange-and-white beaded bull's-eye on Allison Williams's Armani Privé gown was a brighter touch.


Most Fashiony Statement

◀ Caitriona Balfe's off-the-shoulder gown, complete with a built-in choker, puff sleeves and a peplum worked because...it's Chanel!


Classiest Classic Tux

Daniel Kaluuya's simple Gucci shawl collar and patent-leather dress shoes argued against trying too hard. ▼


Most Tinker Bell-esque

With its lace ruffles floating down the back, Nicole Kidman's Givenchy gown gave her wings.


Most Fervent

Oprah, in Atelier Versace, accepted the Cecil B. DeMille Award with a fiery speech that prompted manic speculation about a 2020 presidential run.


Modest Mention

▲ In an elegantly conservative Victorian-style gown by Louis Vuitton, Alicia Vikander evoked a social-butterfly version of Jane Eyre.

STYLE & FASHION

Pumped Doesn't Rule

A lot of guys despise amped-up, neon workout gear splattered with logos. Luckily, quieter, minimalist garb is trending

BY SCOTT CHRISTIAN

FOR SOME TIME now, dressing for a workout has meant confronting a sartorial dilemma: You either head out in dowdy sweatpants à la Rocky Balboa, or you parade around in garishly logo'd workout gear like some human Nascar speedster. The latter might tempt an athlete eager to maintain a seven-figure sponsorship deal. But the average Joe who just wants to burn some calories might welcome a more aesthetically restrained option—especially if it features the latest in fabric technology and has a higher style quotient than Rocky's sweatpants. Fortunately, a few upstart brands are providing just that.

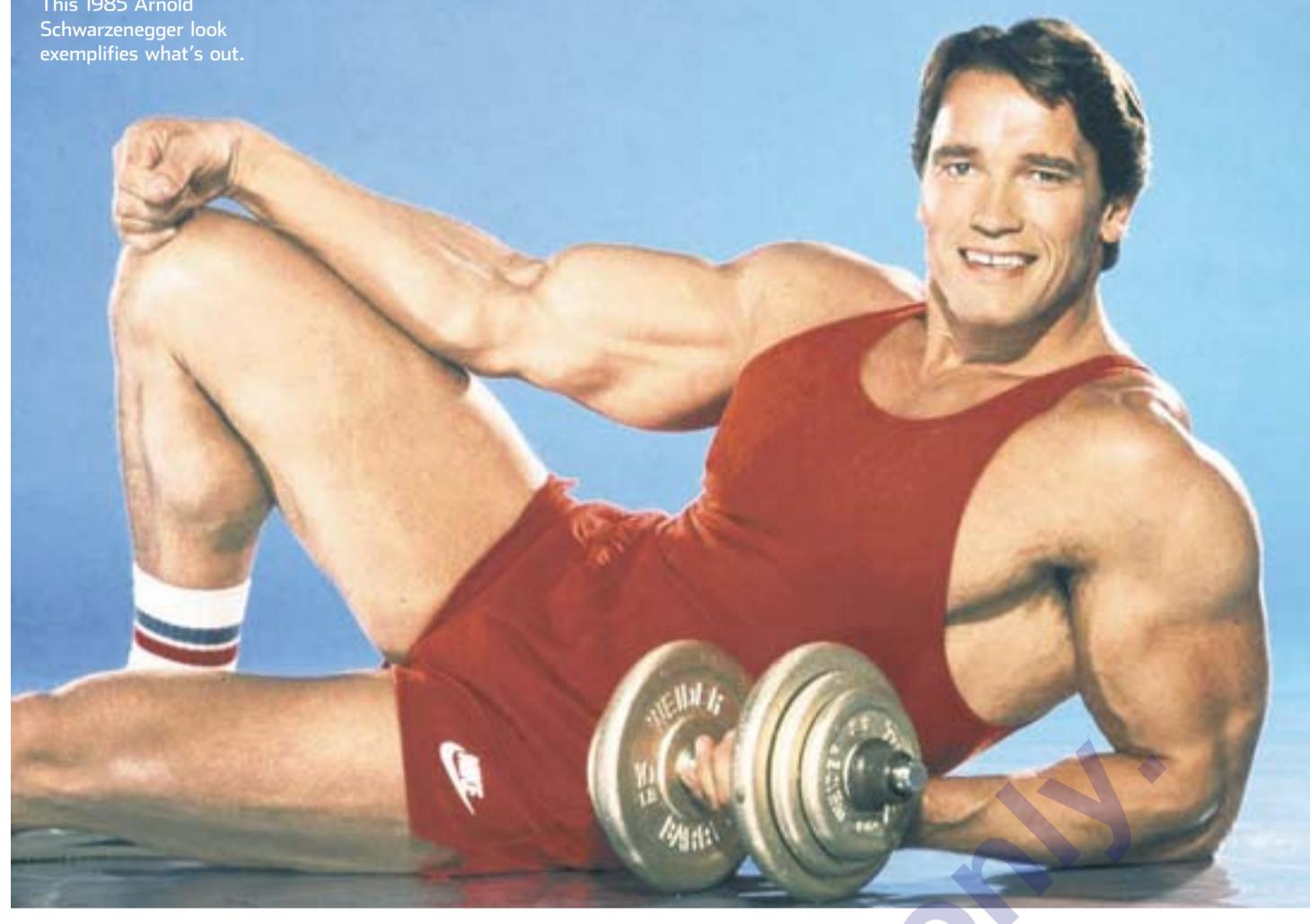
"When I moved to New York, wearing a big Swoosh or Under Armour's [slogan] 'Protect This House' was not speaking to me," said Gregg Cohenca. And given the minimalism of most Manhattanites, he wagered that other guys were equally turned off. So Mr. Cohenca founded Jacques, a new performance-wear brand that prioritizes sharp, low-key style; it features no outward-facing logos and a muted color palette inspired by natural materials. It's an antidote to the garishness of most workout clothes, with their neon colors and logos visible from Mars.

Other players in this market find maximalism downright ugly. "You feel like you're lit up like a Christmas tree when you are out running," said Tim Soar, founder of London-based brand Soar Running, which makes monochromatic windbreakers and tops. And it's not much of a leap to think that feeling comfortable with your look could boost your confidence at the gym.

Of course, streamlined style is only one part of the equation—men also want activewear with moisture wicking, four-way stretch and odor control, three things Jacques's performance fabrics offer, said Mr. Cohenca. For his part, Mr. Soar sources laminated fabrics from Japan, woven fabrics from Italy and technical fabrics from Switzerland. Gabriella Kelly, head of marketing for Satisfy, another scrupulously subdued running-apparel brand, points to its Justice fabric, a lightweight and breathable material inspired by medical bandaging that it says is 35% lighter than industry-standard sports fabrics and dries twice as fast.

One final benefit: Stripped of the noisy, blatant graphics, these minimalist clothes can be worn away from the gym. We might try strolling into a Sunday brunch in them. But don't get carried away. Unless your office has Excessively Casual Fridays, steer clear of work.

SHINY HAPPY PERSON
This 1985 Arnold Schwarzenegger look exemplifies what's out.



SWEAT-SHOPPING // LOW-KEY WORKOUT APPAREL THAT WON'T DISTRACT FROM YOUR STRIDE



Understated Pullover

And Wander Top, \$240, mrporter.com

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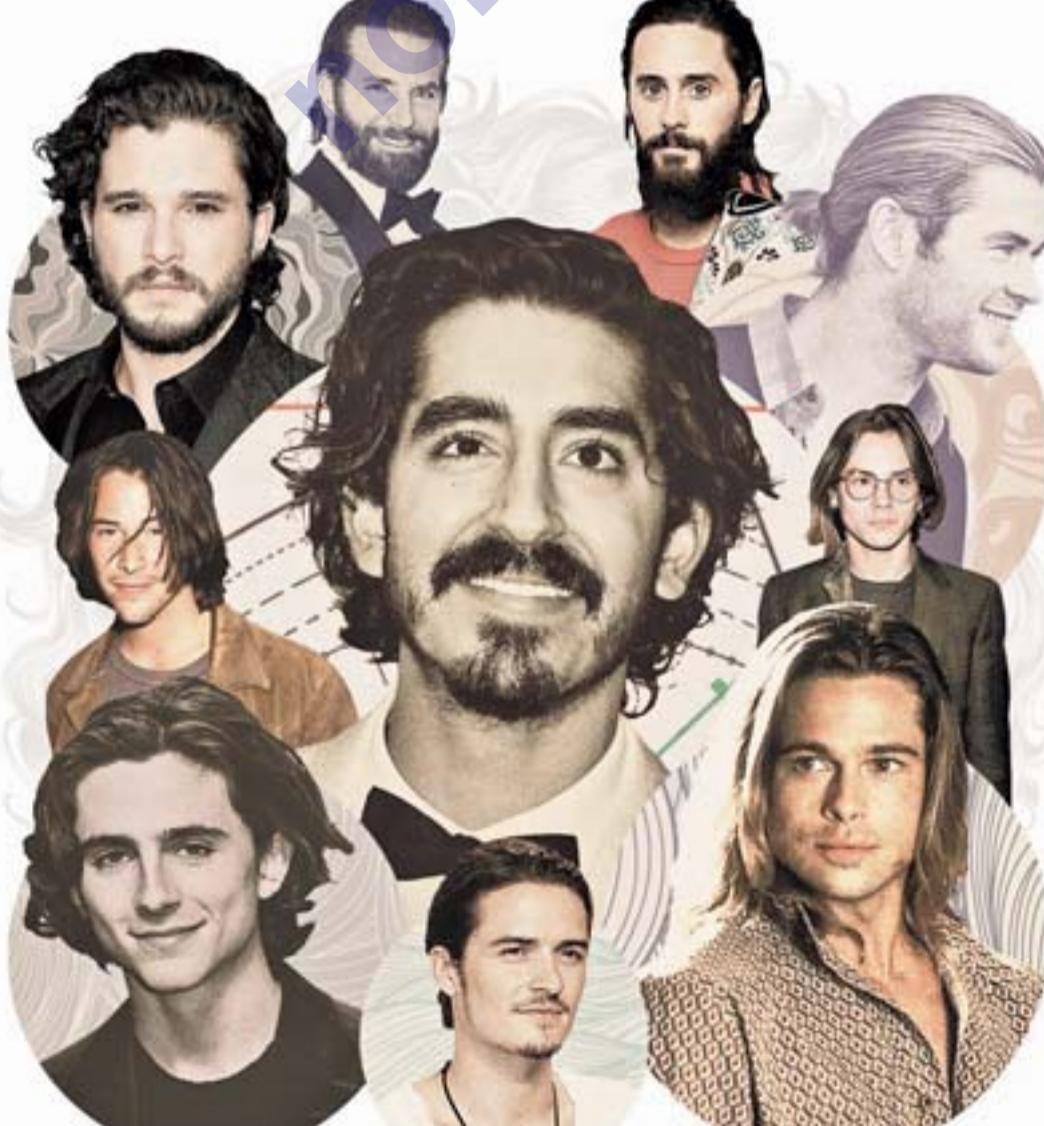
Jacket, \$225, soarrunning.com

Quiet Duo

Top, \$95, and Shorts, \$135, jacquesnyc.com

Let's All Get Along

Attitude check: How you view today's generation of long-haired men says more about you than them



LENGTH IN NUMBERS The new hair club for men. Clockwise from top left: Kit Harington, Bradley Cooper, Dev Patel, Jared Leto, Chris Hemsworth, River Phoenix, Brad Pitt, Orlando Bloom, Timothée Chalamet, Keanu Reeves.

BY JACOB GALLAGHER

JOSEPH KEEFER'S hair is longer than his girlfriend's. Falling well past his shoulders, his mane overflows that of many members of the opposite sex. Yet the Los Angeles-based men's fashion consultant wouldn't think of chopping it off anytime soon. "At some point I'll cut it when I'm older," he said, "but I'm 34 and I've gotten this far, so I'll hold onto it for a while."

That Mr. Keefer has managed to "get this far" without incident shows just how acceptable long hair on men has become. Turn on "Game of Thrones" and you'll spot Jon Snow (Kit Harington) tossing his trademark mop around militantly. Attend a New York Mets game and watch pitcher Noah Syndergaard throw fastballs, his blonde 'do streaming out from beneath his cap. Walk through an airport as I did recently, and 20-something men sporting Farrah Fawcett waves will have you doing double takes.

Of course, historically, it's not as if crew cuts were the only option. In the 1968 Rolling Stones documentary "Sympathy for the Devil," Mick Jagger and Keith Richards's shaggy coifs are on full display. In the 1990s, the late actor River Phoenix was a Rapunzel-haired heartthrob. And if you want to get biblical, there's always Samson's abundant hair.

Though long-haired men are still not the norm, their ranks are, yes, growing, and while there are still critics who find the look unacceptable, they're starting to seem out of touch. Even Samson is enjoying a renaissance: An action-

movie reboot of the tale is coming in February, its hero sporting the requisite down-the-back hairdo.

As a Sikh, New York architectural designer Harry Chadha, 24, lets his hair grow naturally for religious reasons. It's only recently that he's noticed so many other adopters. "I joke that I'm the original," said Mr. Chadha. When asked why he thinks others are resisting a clip, he cited a loosening of standards when it comes to the male image. "People seem freer about their appearance," he said. Though it may sound implausible, Mr. Keefer has found long locks easier to maintain than a cropped cut. "I'll condition my hair, but I mostly just run a brush through it before I shower and wash it," he said.

There are complicating factors, however. Some guys think long hair has an expiration date. "Once it has a lot of gray, your hair might not look as good," conceded Charles Mangan, a marketing director for Bravado, a New York merchandise and brand management company. Like others quoted, he is under 35 and feels that, trendy as it may be, long hair works better on those who haven't yet encountered the scourge of gray hair and bald spots. Men like Colin Farrell and Brad Pitt—once long-haired icons—have shorn their locks as they have gotten older.

Still, it is worth noting that in many workplaces (if not, say, the Senate), long hair is no longer verboten; none of the men I talked to had faced any censure at work. So if you look askance at a guy for his shag, ask yourself whether you want an outlook that's increasingly out of fashion.

DESIGN & DECORATING



If proportion is the good breeding of architecture, symmetry...may be defined as the sanity of decoration."

UNBALANCING ACT

In this New York apartment library designed by Mr. Jayne, an Italian mosaic fireplace provides a focal point, which he flanked symmetrically with mirrors, sconces and built-in oak bookcases. Further establishing a strong architectural balance in the Wharton tradition: a grid-like coffered ceiling with a light fixture dead center. The asymmetrical upholstered seating—a pair of sofas might have been more predictable—deliberately upsets the order, creating a pleasant tension. "I admire symmetry," said Mr. Jayne, "but you can't maintain it absolutely without looking foolish. It is particularly wonderful when you break it....The genius is having a symmetrical frame so it all looks at ease."

Edith Wharton's Words of Wisdom

Decorating advice more than a century old doesn't seem fusty to designer Thomas Jayne

BY MIEKE TEN HAVE

IN THE EARLY 20th century, the American author Edith Wharton wrote of her stately home and garden in the Massachusetts Berkshires, "...this place, every line of which is my own work, far surpasses 'The House of Mirth.'

Best known for prose that illuminated the complexities and yearnings of the American elite into which she was born, Wharton was also an authority on classical design. An autodidact, she modeled her estate, the Mount, after an English 17th-century Restoration-style house. Open to the public, it now draws thousands of visitors a year.

In 1897, five years before the publication of her first novel, Wharton co-wrote "The Decoration

of Houses" with architect Ogden Codman, Jr. This treatise on residential design remains of lasting interest to contemporary designers, including Thomas Jayne, known for interiors that artfully embrace and refresh historical tradition.

"The Decoration of Houses" was a remarkably practical book that explains not just how but why you do something," said the New York-based Mr. Jayne, also a chair for that city's Winter Antiques Show later this month. "And then of course there's the whole literary quality of it."

He has revisited the book's maxims in a new guide of his own, "Classical Principles for Modern Design" (Monacelli). In it, as here, he illustrates Wharton and Codman, Jr.'s dictums through the lens of his own designs—taking the odd liberty in modernizing their spirit.

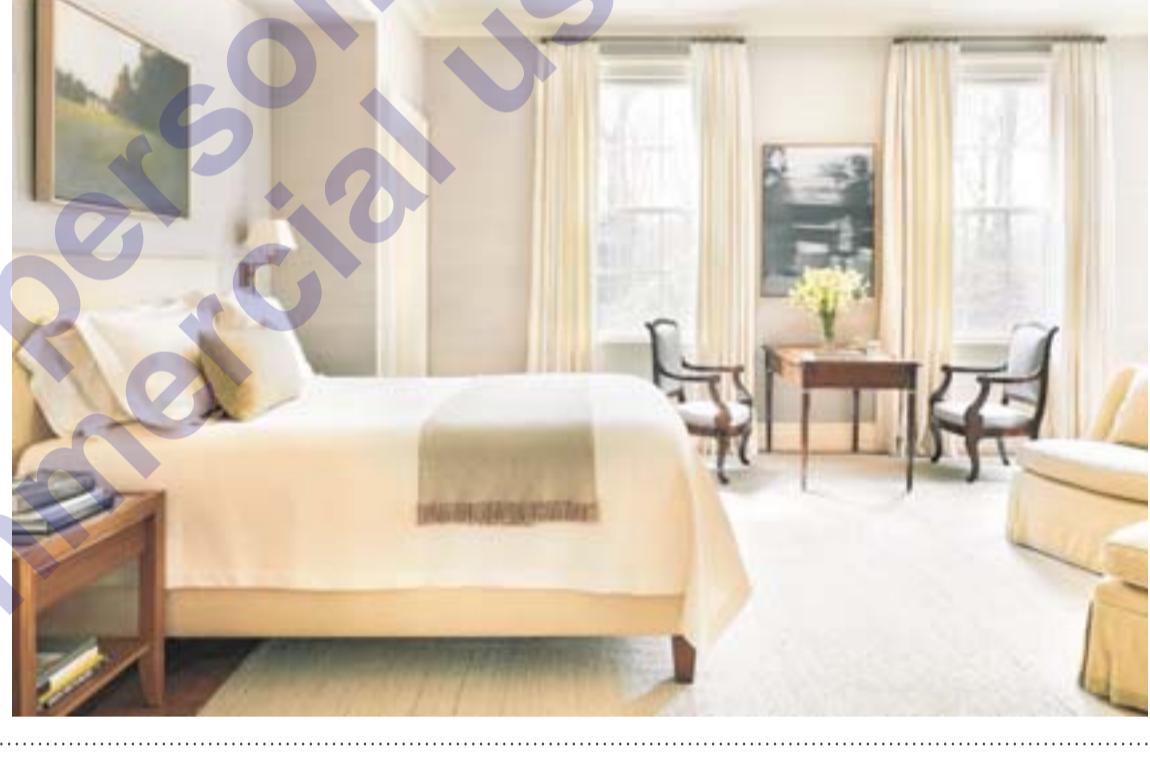
"It should be borne in mind of entrances...that, while the main purpose of a door is to admit, its secondary purpose is to exclude."

FOYER CONSIDERATION Ms. Wharton believed homes should have distinct public and private spheres. "A vestibule signals you are entering into a private, protected space," said Mr. Jayne, who created one in this Montana lodge. After surrounding a fir and metal front door with glass sidelights and a transom, he delineated a type of antechamber by erecting a second frame with its own glass sidelights and transom. "It lets in the light but doesn't show too much to the outside world." Mr. Jayne selected a slate floor that also marks the entrance space as separate from the home's wood-floored main areas.



"Since bedrooms are no longer used as salons, there is no reason for decorating them in an elaborate manner; ...in this part of the house simplicity is the most fitting."

A KIND OF HUSH When applying Wharton's dictate to simplify bedrooms, said Mr. Jayne, "the trick is to make an interesting quiet room as opposed to a cop-out quiet room." In this Pennsylvania space, he enlisted various textures—a cashmere throw, silk curtains and wallcovering, strié wool carpet—in muted shades of gray, cream, white and pale blue. "What bolsters the seeming simplicity is many colors so close in value they all blend together," he said. The moody paintings, by Gerhard Richter, play against the otherwise neutral room but are still serene. "The bold colors of, say, Andy Warhol's Soup Cans wouldn't work," said Mr. Jayne.



"Architectural features...are part of the organism of every house, inside as well as out."



"In decorating the walls of a room, the first point to be considered is whether they are to form a background for its contents, or to be in themselves chief decoration."

STAR PLAYER The immersive landscape wallpaper by Gracie Studio established the agenda for this Manhattan bedroom. White, cream and violet hues subjugate the textiles to the wallcovering's palette. "You don't see any one thing first when you walk in," said Mr. Jayne. "We used curved forms for the upholstery and chairs to treat the room holistically." This room, he added, adheres to Wharton and Codman's rule, though in an unpredictable manner, that rooms have a cornice and base for visual harmony. Mr. Jayne added base molding, "but the way the paper's painted, the sky acts as a cornice," he said. "It was a kind of accidental genius."



STRONG BONES

Wharton believed that architecture, both interior and exterior, was key to successful decorating. In its absence, Mr. Jayne creates it. When he found a series of original 18th-century Chinoiserie panels at Christie's Auction House in London, he turned to architect Peter Pennoyer to create a framework to showcase them in this Manhattan dining room. He also silver-leaved the cornice and moldings to boost the room's architectural gravitas. The vertical pilasters and wall paneling serve the classical imperative that the base and cornice be visually connected. Furthermore, the cornice moldings extended past the wall and onto the ceiling. "It's a good trick," said Mr. Jayne. "It makes a short room seem taller."



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EATING & DRINKING

ON WINE LETTIE TEAGUE



Pour On the Oak: Rioja's Reliably Aged Reds

THE RED WINES OF RIOJA, Spain, are some of the most reliable wines in the world. They are also some of the most affordable: A five- or six-year-old Reserva wine can cost less than \$20 a bottle. But what do we lose in the name of reliability? Can Rioja be a bit too predictable sometimes?

Even fans talk about Rioja in more practical than rhapsodic terms. "I like Rioja. You can get something okay for a cheap price," said my friend Allison, who buys red Rioja quite often. She added a few more complimentary words, such as "fruity," "soft" and "bold."

Rioja is one of the best-known wine regions in Spain with vineyards dating back thousands of years. It's dominated by high-profile bodegas and familiar brands that are widely distributed and easily found in stores, thanks in part to collective marketing efforts over the past several decades. According to New York-based North American trade director of the DOC Wines of Rioja, Ana Fabiano, there have been Rioja campaigns of one kind or another in the U.S. for over three decades.

Though the Romans were the first to plant vines in Rioja, the region really owes its modern reputation to 19th-century winemakers from Bordeaux. In the mid-1800s, when the dreaded vineyard louse phylloxera decimated Bordeaux vineyards, their winemakers traveled to Rioja in search of phylloxera-free vines.

Bordeaux producers brought advanced winemaking techniques to the region. Bodegas founded back then and still prominent today include La Rioja Alta, Marqués de Riscal, R. López de Heredia and Marqués de Murrieta. These brands are among the top 20 that account for 70% of Rioja wine imports in the U.S. today, according to Ms. Fabiano.

Although the region has strong historical ties with Bordeaux, many wine professionals have compared Rioja reds' soft, approachable character to that of their counterparts in Burgundy. Extended aging in barrel and bottle softens the wines' tannins. In fact, aging is so important in Rioja



PEP MONTSERRAT; F. MARTIN RAMÍN/THE WALL STREET JOURNAL (BOTTLES)

that the region's wines are classified according to how long they've been aged.

The youngest reds, aged just a few months before they're released, are simply labeled Rioja (sometimes called Joven) and sport a dark

Gran Reservas, the top wines made only in the best vintages, are aged at least five years in oak barrels and bottle.

green "trust seal" on the back label. The next-youngest wines, designated as Criazna, are aged at least two years in barrel and bottle and marked with a bright red seal. Reserva wines are aged at least three years in barrel and bottle (and often longer), and sport a dark Burgundy-colored seal. Finally, Gran Reservas, the top wines made only

in the best vintages, are aged at least five years in barrel and bottle and often much longer; their seal is royal blue.

The star grape of Rioja is Tempranillo. Some wines are produced entirely from that grape, but most are a blend of Tempranillo and several other red grapes, including Garnacha, Graciano, Maturana Tinta and Mazuelo. Often likened to Cabernet Sauvignon thanks to its dark color, its aromas of black cherry, spice and leather, and its often tannic nature (softened by that time in oak), Rioja has also been compared to Pinot Noir, the red wine of Burgundy, on account of notes of earth and red fruit. (I'd say the Cabernet comparison is more apt.)

Of course, the use of oak barrels in fermentation and aging will influence the character of any wine, and Rioja wines are practically ambassadors of oak. Traditionally the wines are aged in American oak barrels whose sweet vanilla notes are a Rioja trademark—though today more Rioja producers age their

wines in a combination of French and American wood, and some modern producers even opt for an all-French-oak treatment, resulting in wines that are bigger and more deeply colored and tannic.

Traditional producers dominate in Rioja, and their wines are still made very much as they always have been, save, perhaps, for the length of time spent in oak. Victor Urrutia, CEO of Bodegas CVNE, noted his winery once kept its top wines in oak barrels for up to 20 years. "Now it's more like 10 years," he said—though he added that their aim is to "make wines as good as the very best that we did in the past."

CVNE (Compañía Vinícola del Norte de España) is one of the oldest wineries in Rioja, founded in 1879 by two brothers whose descendants are still running it today. Each of its four different wineries has a separate brand or label; two of its Cune label wines were among the 15 Riojas I purchased for my tasting. The wines ranged

from an \$11 bottle of 2013 Marqués de Cáceres Crianza to a \$60 bottle of 2009 Bodegas Muga Prado Enea Gran Reserva, though most were priced between \$15 and \$25. The selection spanned the full range of aging categories too, from Joven to Gran Reserva.

Many of the wines fit my friend Allison's description—soft, approachable, easy to drink and well priced—though a few really stood out. At the lower end of the price/complexity scale, the 2014 Cune Crianza (\$12) was simply fun to drink, a fresh and fruity, delicious, juicy wine a bit like a Beaujolais and a terrific deal. The 2008 La Rioja Alta Viña Ardanza Reserva Rioja (\$25), fully mature and marked by notes of red fruit and leather, was also a great wine for the price, as was the 2012 Marqués de Murrieta Finca Ygay Reserva (\$20), a well-made, richly flavored red with a dominant note of oak. It was more concentrated than its counterpart from the same vintage, the 2012 Marqués de Riscal Reserva (\$17), which was softer and more approachable but lacking in acidity.

Further up the scales of price and complexity, the 2010 Cune Imperial Reserva Rioja (\$40) was a densely concentrated wine that still needed some time to unwind. Two other wines were immediately drinkable and showcased classic Rioja style: The 2005 R. López de Heredia Rioja Reserva Viña Bosconia (\$30), a plush, earthy, lightly rustic red, was my favorite of the entire tasting. The 2009 Bodegas Muga Prado Enea Gran Reserva Rioja (\$60) was the priciest of the group but also a truly exceptional wine, full-bodied, richly layered and beguiling with aromas and flavors that continued to unfold over time in the glass. It's a wine only made in great vintages; there was no Prado Enea produced in 2007 or 2008 nor in 2012 or 2013.

Maybe some of the Riojas had been a little predictable. But when wineries like Muga only produce wines like Prado Enea in truly great vintages, that's Rioja reliability at its best.

► Email Lettie at wine@wsj.com.

OENOFOLY // RIOJAS THAT OFFER MORE THAN MERE PREDICTABILITY



2014 Cune Crianza \$12

This lively and juicy red is what Victor Urrutia, the CEO of CVNE, calls a "lunchtime wine." It's light and flexible, a pleasure to drink in a decidedly non-taxing way—Rioja's answer to Beaujolais.



2012 Marqués de Murrieta Finca Ygay Reserva \$20

A dense ripe red marked by red fruit and spice, soft tannins and toasty oak, this Tempranillo-dominant red spent almost two years in American oak, including some new oak barrels.



2008 La Rioja Alta Vin a Ardanza Reserva Rioja \$25

A medium-bodied blend of Tempranillo and Garnacha, this savory wine marked by fine tannins and an earthy/tobacco note is an exemplar of old-school Rioja wine-making at a good price.



2005 R. López de Heredia Rioja Reserva Viña Bosconia \$30

This legendary winery once blended Tempranillo from its El Bosque vineyard with French Pinot Noir. It no longer does, but the wine remains Burgundy-like: full-bodied, slightly rustic, yet elegant.



2009 Bodegas Muga Prado Enea Gran Reserva Rioja \$60

Made only in exceptional vintages, this blend of Tempranillo, Garnacha, Mazuelo and Graciano is aged over six years in barrel and bottle. It's wonderfully rich and vibrant with silken tannins.

SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Chile-Rubbed Trout With Tomato-Kale Sauté



The Chef

Gonzalo Guzmán

His Restaurants

Nopalito, two locations in San Francisco

What He's Known For

Real-deal regional Mexican cooking that makes the most of San Francisco's market produce.

GROWING UP in the state of Veracruz, about an hour inland from Mexico's Gulf coast, chef Gonzalo Guzmán got used to home cooking full of flavor. "Everyone in my family is a really good cook," he said. His first Slow Food Fast recipe—a chile-rubbed, seared trout fillet served with a spicy tomato-kale sauté—may not be strictly traditional. But it delivers a vivid taste of where he's from nonetheless.

The dish also draws on what he learned working at top San Francisco restaurants—in particular, a respect for local produce. "I cook the greens 75% of the way, until they just wilt and become al dente," he said. The jalapeños, onions and tomatoes in the sauté mirror the colors of the Mexican flag. "We call this 'a la Mexicana,'" Mr. Guzmán said. "The combination of flavors really works." —Kitty Greenwald

TOTAL TIME: 25 minutes SERVES: 4

2 dried chiles de árbol, stemmed	neutral oil	and diced
2 cloves garlic, thinly sliced	4 (6-ounce) trout fillets, skin-on and about $\frac{1}{2}$ -inch thick	2 bunches kale, stems removed, leaves cut into ribbons about 1 inch wide
Kosher salt	1 small onion, thinly sliced	2 cups canned diced tomatoes
$\frac{3}{4}$ cup canola or other	1 jalapeño, stemmed	

1. Make chile oil: In a small skillet over medium heat, toast chiles on both sides until darkened and aromatic, about 2 minutes. Use a mortar and pestle or heavy knife to smash 1 garlic clove with a pinch of salt to form a paste. Add chiles and smash to incorporate. Mix paste into $\frac{1}{4}$ cup oil. Season with salt.
2. Rub $\frac{3}{4}$ of chile oil into fillets. Set remaining chile oil aside for later use. Marinate trout at room temperature at least 5 minutes.
3. Pour 3 tablespoons canola oil into a large sauté pan over medium heat. Add onions, remaining garlic and jalapeños. Cook until onions soften, about 5 minutes. Add tomatoes and cook until reduced by a third, about 5 minutes.

4. Meanwhile, heat 2 tablespoons oil in another large sauté pan over medium heat. Add kale and sauté until wilted, about 3 minutes. Stir kale into tomato sauce, increase heat to high and cook until flavors meld, about 1 minute more. Season with salt. Wipe clean pan used for kale.
5. Set cleaned pan over medium-high heat. Add remaining oil. Once oil is hot, add fish, skin-side down. Reduce heat to medium and sear until skin crisps, about 4 minutes. Flip and sear until flesh is just cooked through and flakes when pressed, about 3 minutes more.
6. Serve fillets over kale sauté and drizzle reserved chile oil over top. Serve immediately.



PEPPER-UPPER Quickly toasting the chiles de árbol before adding them to the dish brings out their complex, smoky, floral notes.

ADVENTURE & TRAVEL

So Far, So Good

Five pampering wellness resorts in far-flung locales that make swell landing pads

WHAT SAY'S you have to hit the ground running? It's natural to want to maximize your travel time, but that doesn't mean you have to plunge straight from every grueling long-haul flight into a museum marathon or street-food binge. The next time you're headed to a faraway spot, consider reserving the first few days for recovery—from jet lag, cramped muscles and life generally. Destination spas and wellness-focused resorts offer Ayurvedic treatments, meditation sessions and soaks in natural hot springs that are a potent antidote to travel weariness.

And you don't even have to choose between indulgence and adventure—the best properties let you dabble in cultural and wilderness experiences while unwinding, too. —*Sara Clemence*



◀ HIMALAYAN HALE AND HEARTY The Oberoi Sukhvilas Resort & Spa, India

Oberoi hotels are known for their palatial feel and hyper-attentive service, but the year-old Sukhvilas Resort & Spa, in the forested foothills of the outer Himalayas, puts an extra emphasis on wellness. At the new spa, guests can take advantage of an infrared sauna for intensive muscular relaxation, a Turkish hammam and a Roman tepidarium (where heated walls and floors gently relax the body). More ambitious health-seekers can sign up for one of the intensive programs—for stress, weight management, detoxing or rejuvenation—which last for 7 to 28 days and are personalized by an

Ayurvedic doctor. The plans might involve Ayurvedic treatments, yoga, dietary changes or mindfulness activities like gardening and forest bathing—meditative guided walks in the woods. Several of the 60 guest villas and tents come with a private pool, and the three eateries source their ingredients from local growers and the on-site farm. *From about \$375 a night, oberoihotels.com*

▼ CREATURE COMFORTS

Bushman's Kloof, South Africa

If you're eager to look your very best when staring down wildlife, you're in luck. Set in an 18,530-acre game reserve a few hours outside of Cape Town, this Relais & Châteaux property has four spa treatment rooms plus a stand-alone treatment gazebo with views over the Boontjes River. Many offerings incorporate indigenous ingredients, such as rooibos, Cape aloe and baobab tree oil. The foot ritual is especially geared toward tired travelers. Guests can go on hikes, fishing expeditions, mountain bike outings or game drives in search of the resident zebras, lynx and antelope, then sample the seasonal cuisine at the property's three restaurants. *From about \$273 a night, including meals and activities, karkloofsafaris.com*



▲ OM TURF Aro Ha Wellness Retreat, New Zealand

Aro Ha, a 40-minute drive from New Zealand's adventure hub of Queensland, offers a more rigorous approach to wellness. Here the rooms are comfortable but simple,

featuring recycled wood and organic cotton linens, and the bathrooms are shared (though only between two rooms). Aro Ha's signature health program, which lasts for at least four nights, includes daily yoga sessions, hiking, interval training and massage; the food is entirely plant-

based and gluten-free, to cleanse and restore the body. The resort is environmentally friendly—solar- and hydro-powered, with the food kept cool in cellars—and intimate, maxing out at 18 guests per retreat. *From about \$3,250 for a four-night retreat, aro-ha.com*



▼ TIME TO SHRINE Amanemu, Japan

Puyuhuapi Lodge, Chile

Bid your Insta feed goodbye. On the edge of a fjord in northern Patagonia, this lodge doesn't have cell service, Wi-Fi or TVs. What it does have are mineral springs, views to the snow-capped Andes and an escape from digital inundation. The spa focuses on water-based therapy, with indoor and outdoor thermal pools; treatments include an algae wrap, in-water massages and varied baths (including a wine soak). Opened in 1990, Puyuhuapi has serious eco-cred: It was originally built from fallen trees, the springs provide bathing water and heat, and the resort generates shockingly little nonorganic waste. Off-property you can go kayaking, hiking or boating—or just enjoy the fresh-as-can-be air. *From \$130 a night, puyuhuapilodge.com*

Set among natural hot springs and sacred sites on Japan's southwestern coast, Amanemu is a modern and luxurious take on traditional Japanese homes, with pale-wood interiors and broad blue-tiled roofs. The nearly two-year-old resort, the Aman group's second in Japan, offers digestive health, stress relief and antiaging programs that last from 3 to 14 nights and are customized for guests. Offerings involve everything from acupuncture to movement sessions, macrobiotic meals to healing baths, in the 21,500-square-foot spa. When you're not engaged in self-care, you can venture out to nearby attractions around the surrounding Ago Bay, including one of Shinto's holiest sites, the centuries-old Ise Grand Shrine, or go fishing for catch that the hotel chef will later fry up, tempura-style.

The property accommodates 24 suites and four villas, each with a private onsen (hot-spring bath). *From about \$987 a night, aman.com*



CLOCKWISE FROM TOP: ARO HA; AMAN; AUGUSTO DOMINGUEZ; OBEROI HOTELS & RESORTS

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ADVENTURE & TRAVEL

A SPIN THROUGH NEWLY OPEN CUBA

BRANCHING OUT

Cayo Jutias, on Cuba's northwest coast, a 40-mile bike ride from the tourist town of Viñales.



ROSE MARIE CROWELL FOR THE WALL STREET JOURNAL; MAP BY JASON LEE

Continued from page D1

baggage handlers and a bus driver for intel. We snagged two handwritten tickets, finessed our bikes into the bus's hold and hopped on.

Alighting from the bus in Viñales we were swarmed by business-card-thrusting owners of casas particulares eager to host us. We took one of their offers and headed to Villa El Croto in a quiet spot outside the bustling center, where our affable host Tita rented us her two rooms for \$19 a day, including full breakfasts. The rooms, typical of a Cuban B&B, were basic (mine lacked a toilet seat) but bright and clean, with air conditioning.

The next day, Tita contacted a friend to guide us on a walking tour in Viñales National Park. Cuba bans motorized farm equipment in the park's Unesco-protected valley, where farmers guide oxen-pulled tillers through rusted soil. The guide, 30-year-old Maikel Valdez, comes from generations of tobacco farmers but now works in tourism. He led us along a tree-shaded path past fields and fruit trees to a tobacco-processing facility, where we sampled cigars with the tips dipped in honey, as is local custom. Mr. Valdez praised Cuba's universal health care and education, but frankly discussed the contradictions of farm life. His family owns their land, but must give the government 90% of their crops' yield. They also own cattle and horses, but can't slaughter them for food. "This is the only country where you can't eat the animals you own," Mr. Valdez said. "If you kill an ox you can go to jail for more years than if you kill a human."

My journey from New York to Viñales, via Havana, was surprisingly easy. In the '90s, as an American, I could only travel on a journalist visa through third-

Giant potholes forced us to perform a new sport: bike slalom.

world countries with the help of foreign travel agents. This time, I booked my Delta ticket online, paying \$480 for the four-hour trip. On the Delta site, I ticked the "people to people" education category and paid \$50 for a visa. No questions asked. The week we were in Cuba, the U.S. rules changed (see "The Cuba Quandary Dissected") but independent travelers are still permitted.

A few years ago, President Barack Obama began to normalize



PUFF ALONG From left: A cigar demo at the tobacco-processing center in Viñales National Park; cyclists at the Mural of Prehistory.

relations between the U.S. and Cuba, culminating in the renewal of diplomatic ties in 2015 after a 54-year schism. President Donald Trump's new rules and rhetoric against the Cuban government sparked angst in Cuba, where erratic internet and media censorship often give way to conspiracy theories and misperceptions. Many locals worry about the loss of dollar-toting Americans, hundreds of thousands of which have visited Cuba in the past two years. "People were starting to get more money and make more political demands," said the owner of a casa particular in Havana. "Now we're going back to the Dark Ages."

Three days into our weeklong Cuba cycling trip, having barely mounted our bikes, we set off on a 40-mile ride northwest to the beach at Cayo Jutias. Several people warned us about the poor conditions of the road. But nothing prepared us for the giant potholes that forced us to perform a new sport: bike slalom. Yet the rural route's scenery was sublime, with jagged mountains covered by fat-bellied palm trees and turkey vultures soaring gracefully above. We passed two farmers on a horse-drawn carriage enthusiastically belting out a song about "life as a vaquero," and oxen dragging a lumber-filled sled.

Arriving hot and tired in the town of Santa Lucia, we rejoiced at the discovery of a shack where a man was pressing sugar cane stalks into juice called guarapo, with an old iron contraption, and

serving it with crushed ice. Some time later we rolled up to the white sands of Cayo Jutias, stripped off our sweaty gear and plunged into the warm, clear waters. On a fall weekday, the beach hosted only a handful of people—mainly Europeans. We sat at a seafood shack and enjoyed cold beers and fresh snapper as a live salsa band serenaded us.

The next day we set off from Viñales southwest by bike with two destinations in mind, the Caves of St. Thomas and the Mural of Prehistory. The color-saturated mural—painted in 1959 on a massive rock face by Leovigildo González Morillo, a Cuban disciple of the Mexican muralist Diego Rivera—depicts natural history up until the age of humans. We found it garish, and viewed it briefly from a distance without paying the \$2 entrance fee before moving on. Further outside Viñales, about 11 miles from the town, we arrived at the Caves of St. Thomas, the largest cave system in Cuba. We joined a group

of Germans and Norwegians for a guided tour, donning helmets with headlamps, then walking up a steep forested path to the cave opening. Inside we saw unusually shaped stalagmites and stalactites, bats, blind crickets and underground pools. Deep in the cave, the guide instructed us to shut off our headlights for a few seconds of delicious darkness.

Biking back to Viñales, we stopped and chatted with a man roasting two pigs on a wood fire alongside the road. He invited us for lunch at his family-run paladar, Finca Emilio, and we spent the next couple of hours chatting, drinking Bucanero beer and eating a farm-to-table feast of beans, yucca, rice and a wild pig that was reared on the area's nuts and herbs. Rosa García Martínez served us the food and a tea made from local herbs. We sat on a wooden deck looking over the spectacular Viñales Valley where Ms. Martínez's husband toiled in the fields just below our perch. It began to rain and a rainbow arrayed across the valley. "We are simple people, not educated," she said. "We do what we can to survive."

Her words lingered the next day as Rob and I crammed, along with several others and our bikes, into a '50s-era Cadillac hearse converted into a taxi for our journey back to Havana.



Visitors touring the Caves of St. Thomas, the island's largest cave system.



The Cuba Quandary Dissected

Visiting the island nation is simpler than most American travelers realize. Here, the essential intel

Is it legal to travel to Cuba on your own? Yes. New Trump-era rules allow individuals to visit Cuba in "support for the Cuban people"—one of 12 categories of travel that require no special authorization.

How can I arrange such a trip? Simply visit the website of any airline that flies to Cuba, including American, Delta and JetBlue, and make a reservation just as you would with any other flight—then choose "support for the Cuban people" when the airline website prompts you.

Does Cuba require a visa? Yes. It'll cost \$50 at your U.S. airport check-in. Be sure to hang onto it. Cuban immigration authorities will require you to show the visa when you leave the country.

What did the Trump administration change? In November 2017, the administration tweaked the policies established by the Obama government. The new rules bar independent travel under the "people-to-people educational travel" category, now requiring people who choose that category to travel in guided tours booked through U.S. agents. But you can still travel as an individual under the above-mentioned "support" category. "It's a misunderstanding that you must only travel to Cuba with a U.S. company or representative accompanying you during your travels," said Manny Kopstein of California-based Cuba Travel Adventures Group.

The Trump government also banned Americans from patronizing about 180 Cuban military-associated entities, including hotels and some products (check the Cuba Restricted List at state.gov). Among the better known are the luxury Gran Hotel Manzana Kempinski and the former Ernest Hemingway haunt Hotel Ambos Mundos, two state-owned lodgings in Old Havana. Certain products such as the rum brands Ron Carney and Ron Varadero also are banned.

How can I avoid running afoul of those rules? It's easy. Still permitted are the private B&Bs, known as casas particulares, and restaurants, called paladeras, among many other businesses. Not on the banned list, for example: The Sheraton Four Points Hotel and Hotel Inglaterra as well as the Gran Teatro de la Habana and the famed Havana ice cream parlor Coppelia. The rules require American visitors to have meaningful interactions with residents, a policy aimed at spurring democratic change in the communist country. Visitors must keep proof of their interactions with Cubans for five years. Receipts count, as do selfies with locals. "You'll be ok if you just make sure you stay in private lodging and eat at private restaurants, or visit a gallery or a community project," said Collin Laverty, owner of Miami-based Cuba Educational Travel.

So, why are some people worried about traveling to Cuba now? After Trump first issued threats and later acted to modify the Obama-era policies, many Americans, confused about the new rules, canceled or postponed trips. It didn't help that, in September 2017, the State Department issued a travel warning after U.S. officials said American diplomats in Havana were attacked with sonic weapons, and then reduced the American Embassy staff in Cuba.

What remains of the Obama-era détente with Cuba? Most everything. The U.S. and Cuba retain diplomatic ties. Airbnb still operates there. U.S. airlines still fly to Cuba, albeit on more limited schedules since reservations have fallen in recent months. Still, locals worry. One B&B owner in Havana told me, "It's like a Michael Jackson dance: Sometimes it's hard to say whether we're stepping forward or stepping backwards."

What's the risk that a sudden U.S. policy change will ruin my trip?

"Changes in policy rarely take effect overnight," said Michael Baney of iJET International, a risk management firm. "And there isn't significant desire, momentum or even ability in Washington to effect an immediate change." —R.P.W.

GEAR & GADGETS

From Zero to Guitar Hero

The latest in music apps and online tools will help you learn to shred like Slash, no teacher necessary

BY JESSE WILL

MASTERING THE GUITAR is a classic fantasy. But if you're wary of hiring a teacher who'll only show you the simplest chords while reminiscing about the time he opened for Sugar Ray, consider going digital. This might be the best time in history to learn (or relearn) the instrument from home. Whether you're a rookie or a rusty old hand, new online tools and apps could fast track you to guitar demigod status, provided you put in the practice.

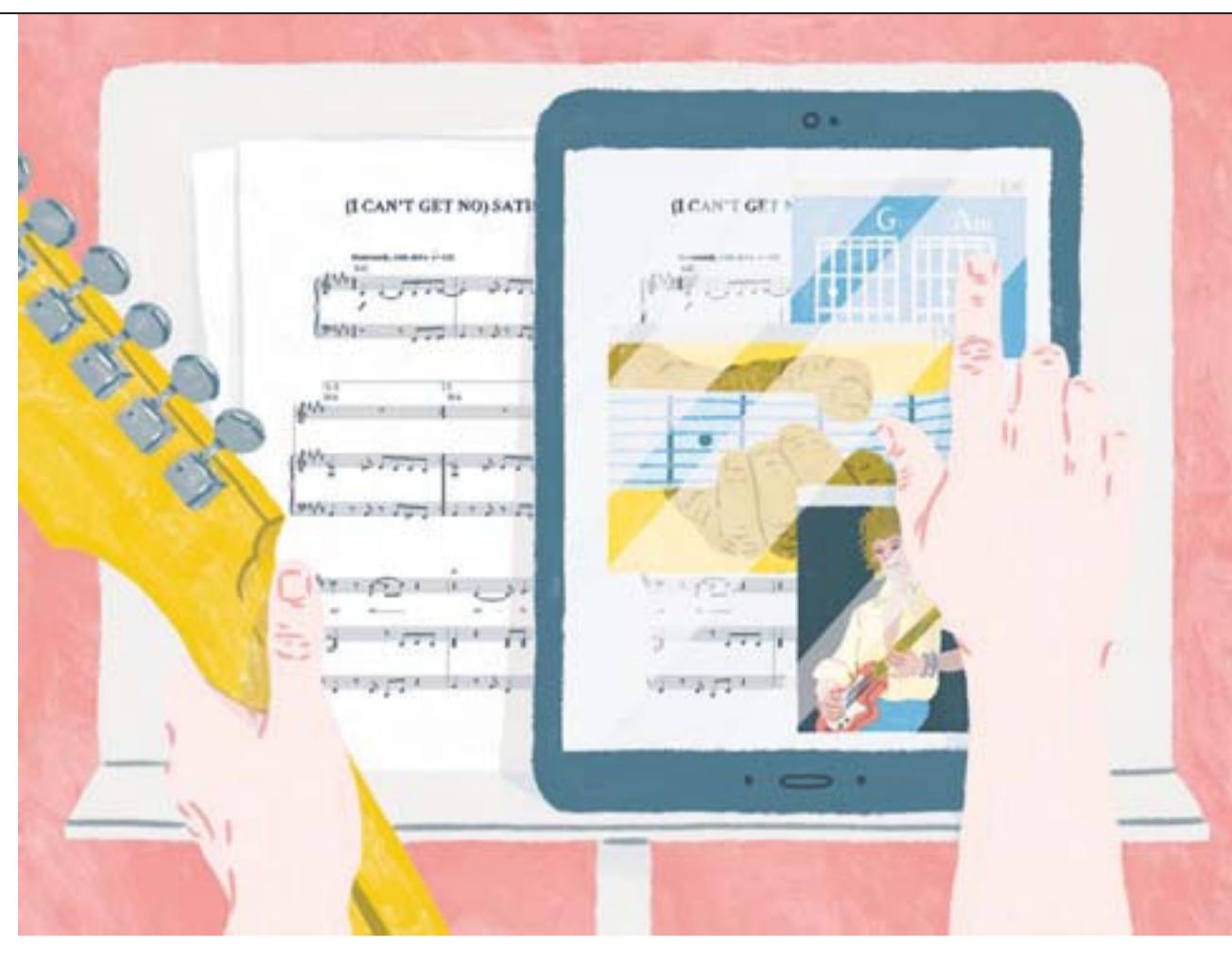
Dave Isaacs, a 20-year music veteran who instructs students in Nashville and across the internet via Skype, said much has changed since he first picked up a guitar as a cash-starved teen. "To learn a song, I used to have to go to a music store, open a book and sneakily write the chords down on my palm," he said. Now you can scour sites like ultimate-guitar.com for chords of more than a million songs—even indie obscurities like Ween's "Spinal Meningitis Got Me Down"—and find countless tutorials on YouTube, all free.

But there's a catch. Most of that information is created by amateurs, for amateurs, so your melodic rendition of that Bon Iver anthem might not ring true with the real ver-

sion. "Since anyone can post anything, there are a lot of inaccuracies," Mr. Isaacs said, warning that beginners can get lost in an online maze of data and quickly lose interest.

To introduce a more credible method—and maybe hook prospective pros on its brand—guitar maker Fender recently launched Fender Play (\$9.99/month, fender.com), a subscription-based app with polished, professional videos that touch on basic skills and emphasize contemporary music. Unlike most grainy YouTube tutorials, Fender's videos are filmed in 4K and edited with footage from five cameras angles that can be accessed on your smartphone or tablet. An overhead view even shows the fretboard from the player's perspective, helping quash the struggle to mirror fingerings of someone sitting across from you. The Fender program's strength is its quality and consistency, great if you're a beginner with limited time.

You first choose a "pathway"—Rock, Folk, Blues, Country or Pop—and are led through a structured course that alternates between mini skill-building lessons and actual song challenges. Fender Play currently hosts tutorials for nearly 300 tunes, including the Ramones's "I Wanna be Sedated" and Lucinda Wil-



liams's "Car Wheels on a Gravel Road."

"We're trying to get more people to the 'aha moment' quicker—a recognizable riff that's really just two chords and some strumming," said Ethan Kaplan, chief officer of digital product at Fender. For now, it's one-sided: You learn only through watching and mimicking the instructor.

For real-time feedback, albeit virtual, the app Yousician (free, or \$9.99 to upgrade, yousician.com) turns learning the instrument into a videogame. Like the mid-aughts hit Guitar Hero, you follow along with an animated fretboard as it scrolls across the screen like a conveyor belt, playing each note as a bouncing cursor lands on it. But instead of mashing colorful plastic but-

tons, you play on your real acoustic or electric guitar while the app rates you on accuracy and timing, listening through your smartphone, tablet or laptop's microphone. As each strum is

These apps turn learning the guitar into a videogame.

scored "Late," "Too Early!" or "Perfect!" you earn higher star ratings and unlock new levels, challenges, songs and lessons.

For those who can't get no satisfaction playing a guitar game, the Berklee College of Music's digital arm began offering live-streamed online

classes in 2016 that can even earn you a bachelor's of professional studies in guitar. The 120-credit program includes core music curriculum, harmony and ear training, and offers one-on-ones with skilled teachers from Berklee's Boston campus via WebEx videoconferencing.

But the vast majority of Berklee Online's more than 8,000 pupils take 12-week à la carte courses ranging from Chords 101 to Advanced Blues Guitar. Students include active military stationed overseas and touring pros like Stefan Lessard, bassist for the Dave Matthews Band, who hones his skills with songwriting, music theory and production coursework.

Newbies, though, may want to start with Berklee's MOOC (massive open online

course) called "Introduction to Guitar." The class offers hours of instruction videos from faculty, as well as quizzes and an interactive online forum. But unlike the bachelor's degree (\$59,160) or the à la carte classes (\$1,229 each), this one is free.

As technology advances, the next generation of rock stars may even learn to shred in augmented and virtual reality, noted Carin Nuternberg, Berklee's VP of Online Education. "It's going to have a tremendous effect on the online-lesson experience," she said. "Soon you could be seeing your instructor's hand superimposed over yours on the neck of the guitar. We're on the verge of a huge shift."

The Stairway to Heaven, it seems, will be paved in pixels.



MY TECH ESSENTIALS

RIAN JOHNSON

The writer/director of 'Star Wars: The Last Jedi' on top-secret screenplays, killing time between takes and the eerie similarities between Rome and a galaxy far, far away

I've racked up an embarrassing amount of time playing **Desert Golfing** on my iPhone X. It's a lovely little app. It's so stupid. Some horrible friend recommended it. I can't remember who, but if I ever do, I need to punch that person in the face. The most humiliating thing is I think I have played more than 1,500 holes on it.



One thing I had with me on set and used every single day was my **Leica M6 35mm film camera** from the 1980s. I bought a ton of very high-speed, black-and-white film, had the camera on my shoulder at all times and just snapped away. By the end of the shoot I had a couple thousand film stills. It kind of keeps your eye fresh on set because you're always looking for interesting stuff to shoot.



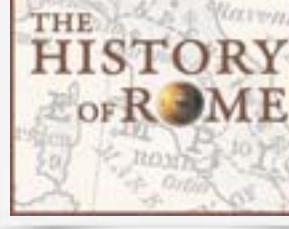
I typed Episode VIII out on a **MacBook Air**. For security it was "air-gapped"—never connected to the internet. I carried it around and used it for nothing except writing the script. I kept it in a safe at Pinewood Studios. I think my producer was constantly horrified I would leave it in a coffee shop.

I draw my storyboards by hand in **Moleskine A4-size soft cover sketchbooks**. I filled about seven or eight for the film. My drawings look like stick figures, ridiculous little chicken-scratch drawings. But Steve Yedlin, my director of photography, really likes them because it boils shots down to absolute basics. My storyboards are a wire hanger on which to hang a conversation that actually describes a shot.

When I was writing Episode VIII, I was listening to "**The History of Rome**" podcast (hosted by Mike Duncan). The stories have a lot of similarities. They're about family dynamics and family politics. They're about war and the mechanisms of war. You've got characters like Nero who are these insane, larger-than-life, operatic madmen driving their country to ruin. It's very timely.

—Edited from an interview by Chris Kornelis

LEICA (CAMERA); OMEGA (WATCH)



I've got a 1960s-era **Omega Speedmaster Pro** (similar model shown) that was kind of a pre-shoot present to myself. I wore it through pretty much the whole production. It's nice because it's got a chronograph that I could use for timing out some moments on set. But it's mostly just a beautiful thing.



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RUMBLE SEAT DAN NEIL

2018 Jeep Trackhawk: The Most Powerful SUV Ever?

IN THE FIAT Chrysler Automobiles (FCA) family, the Jeep Grand Cherokee (\$31,690-\$86,995) is the good son: a fine and thoroughly fastened midsize premium SUV, beloved in North America and quite profitable. The Dodge Challenger SRT Hellcat (\$67,090) is the bad seed: a muscle car, a time capsule of entitled masculinity putting its smoldering rubber boots on the dinner table while people are still eating. The Hellcat's Alphiness comes courtesy of its supercharged 6.2-liter pushrod V8, producing 707 hp and a sound like a tornado trapped in an elevator.

While the Hellcat brand has been a masterstroke for FCA, the company doesn't make a ton of revenue on the low-volume, high-content Hellcat cars like Charger and Challenger. So the decision to put this engine under the hood of a Grand Cherokee should be first understood as amortization—FCA's product planners getting more work out of its exotic V8.

That was the last rational thought to be associated with the program.

Can we just confront the naked absurdity before us? What FCA has done is to compound the uselessness inherent in two product categories: Not only is the Trackhawk an SUV no one will ever take off road; it's also a track-focused machine that will almost never see a racecourse. Yes, there will be exceptions and exceptional owners. For them, 707 hp and a 180-mph top speed are not too much but barely ade-

quate—adequacy being key here. But, mostly, nah. The Trackhawk (great name, by the way) joins an elite group of bratty SUVs including the Range Rover Sport SVR, Porsche Cayenne Turbo S, and Alfa Romeo Stelvio Quadrifoglio. Jeep enters this realm of nobles and promptly sets the tapestries ablaze. With its torque-loading launch control engaged, it can, in the right conditions, crack off an 11.6-second quarter-mile time, including 0-60 mph in 3.5 seconds, officially. This is the quickest and most powerful SUV you can buy from a major car maker. For now.

The Hellcat's V8 sounds like a tornado trapped in an elevator.

But here in the last days of Rome, all glory is fleeting: Lamborghini claims its new Urus is now the world's fastest truck, with a 190-mph top speed, besting the Bentley Bentayga's 187 mph.

Aston Martin and Ferrari are also crowding into the Chelsea tractor segment. It's effectively two air pumps: the iron-block, 16-valve pushrod V8, by God; and on top, the 2.4-liter blower, cramming cooled air down the engine's gullet at up to 11.6 psi of boost, its twin scrolls gnashing together at up to 14,600 rpm.

The V8 is a magnificent anachronism, up-armored with a forged-steel crankshaft and conrods, and aluminum pistons, raging against aluminum cylinder heads trilling sodium-filled valves. Like the Challenger SRT Demon, the Jeep requires two high-flow fuel pumps to supply an excess of 91 octane. And like the Demon, this Jeep burns gas like a hillbilly bonfire.

The steel-splitting effects of 645 pound-feet of torque being what they are, the Trackhawk's all-wheel-drive powertrain required a thorough hardening, from transmission to half-shafts. Crucially, the rear differential housing gets an additional supporting mount, from three to four, to help contain the wrenching forces of holeshot launches.

The quad-mounted rear differential contributes to this car's weird aplomb. Even at wide-open throttle, with four wheels digging and tailpipes frapping, there is virtually no drama imparted to the frame. Simply lift your foot from the brake and the Trackhawk bursts from the line with barely any wheelslip, nailing upshifts, pulling like a hooked marlin. Every pass is inevitable perfection.

It could get boring, provided you're aiming straight. Cornering at speed with the Trackhawk requires some planning, mostly due to the 675-pound hunk of iron ahead of the firewall. If

you're hot on the brakes—which are stupendous—the Trackhawk's rear will start to feel light. While the cornering limits are seriously high, the Jeep tends to push in and out of tight corners, as would you if you had an anvil as a nose-piercing.

The Trackhawk would be easier to hate if it wasn't such a rock-solid beast, the credit for which I mostly as-

sign to the fourth-generation redesign (2011). Begun as a joint project of then-partners Daimler and Chrysler and completed in the dark days postbankruptcy, the Grand Cherokee was over-engineered—my theory being the project managers figured they would be out of business soon anyway, so why not shoot the moon?

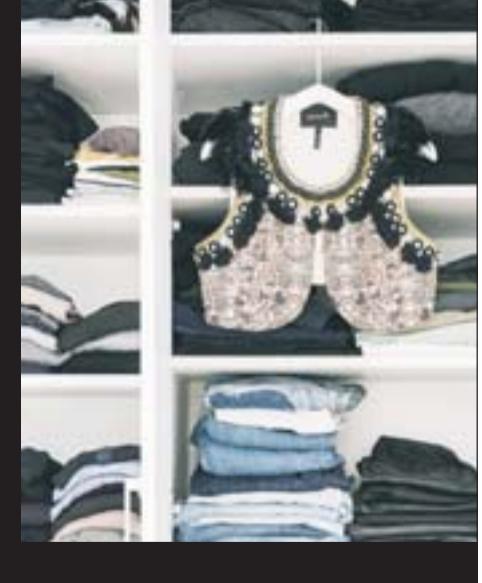
However it happened, the

Grand Cherokee's steel handshake is the first thing I notice when I open the door. This thing feels like field artillery and weighs like it too: 5,363 pounds. I believe I am right in saying the Trackhawk is the only vehicle in the world to combine Lambo-like acceleration with a 7,200-pound tow rating.

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at 4,800 rpm
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Curb Weight 5,363 pounds
0-60 mph 3.5 seconds
Top Speed 180 mph
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