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THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

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WSJ.com

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Last week: DJIA 26071.72 ▲ 268.53 1.0% NASDAQ 7336.38 ▲ 1.0% STOXX 600 400.88 ▲ 0.6% 10-YR. TREASURY ▼ 24/32, yield 2.639% OIL \$63.37 ▼ \$0.93 EURO \$1.2220 YEN 110.79

What's News

Business & Finance

Investors are increasingly turning to so-called drive-by home appraisals in deals to buy up tens of thousands of foreclosed properties. **B1**

◆ **Xerox's biggest** and third-biggest investors have formed an alliance, and they plan to encourage the printer giant to explore a potential sale. **B1**

◆ **Sanofi is nearing** a deal to buy hemophilia-drug maker Bioverativ for more than \$11.5 billion. **B1**

◆ **Twitter executive** Noto is in discussions to become the next CEO of online lender SoFi. **B1**

◆ **U.S. shale** companies are poised to earn real money this year for the first time since the start of the fracking boom. **B1**

◆ **P&G stepped up** its efforts to combat an online meme in which teens ate Tide laundry pods. **B3**

◆ **Saudi Arabia's energy** minister said OPEC and other big-oil allies should find ways to cooperate beyond production limits. **B2**

◆ **Amazon's cashierless** convenience store at its headquarters in Seattle is slated to open to the public. **B3**

◆ **Twitter identified** 1,062 user accounts tied to a Russian government-backed propaganda outfit. **B4**

World-Wide

◆ **Lawmakers failed** in their efforts to end the federal government shutdown before the workweek began, as negotiations over immigration continued to roil Congress. **A1**

◆ **A government** shutdown isn't expected to leave much imprint on the broader economy. **A4**

◆ **White House** chief of staff Kelly is becoming one of the president's chief conservative anchors on the immigration issue. **A4**

◆ **Turkey launched** a weekend offensive on a Syrian Kurdish enclave, opening a new front in the seven-year war. **A6**

◆ **Germany's Social** Democrats voted in favor of entering formal coalition talks with Merkel's conservative bloc. **A6**

◆ **Canada and Mexico** began laying out proposals to convince the U.S. not to pull out of Nafta. **A3**

◆ **Afghan officials** said 19 people were killed in Kabul in a 12-hour siege at an international hotel. **A7**

◆ **As Trump aims** to curb immigration, Chile has opened its doors to the region's poorest migrants. **A8**

◆ **South Africa's Zuma** is nearing his endgame, after years of controversy. **A8**

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Senate Struggles to End Standoff



Lawmakers working Sunday included, clockwise from top left, Senate Majority Leader Mitch McConnell; top right, Sens. Bob Corker, left, Mark Warner, center, and Joe Manchin; bottom right, House Minority Leader Nancy Pelosi; and, bottom left, House Speaker Paul Ryan.

Pressure builds on lawmakers as federal shutdown moves into the workweek

WASHINGTON—Lawmakers failed Sunday to end the federal government shutdown, which stretched into a third day Monday as negotiations over immigration continued to roil Capitol Hill.

The Senate was expected to hold a procedural vote at noon

By Kristina Peterson,
Natalie Andrews
and Siobhan Hughes

Monday on a measure that would keep the government funded through Feb. 8, but it wasn't clear if it would have enough support to advance.

A group of centrist senators from both parties had huddled Sunday in an attempt to chart a way out of the stalemate, fearing that it would harden as the shutdown's effects expanded once the workweek began, including potential furloughs for tens of thousands of federal employees.

That group didn't produce a clear-cut breakthrough Sunday night. But Senate Majority Leader Mitch McConnell (R., Ky.) came to the chamber's floor Sunday night to express his willingness to consider immigration legislation in early February if a deal hadn't already been reached.

"Should these issues not be Please see TALKS page A4

◆ Kelly emerges as Trump anchor on immigration..... A4
◆ Shutdowns haven't shut down the economy..... A4

Party Bases Flex Their Muscles

By GERALD F. SEIB

shut down because of a dispute over the Dreamers. How does this happen?

The answer says a lot about where the political system is today. In this case, as in many others, the process is being driven not by those in the broad center but by those in the more narrow and partisan ideological bases of the two parties. The shutdown has happened because most politi-

cians worry more about a backlash from those bases for not being rigid enough than about an adverse reaction from the broader public for being too rigid.

Put differently, for many politicians, the danger lies less in the shutdown than in anger within the base for failing to push all the way to a shutdown. Activists in the bases, after all, provide the energy in

election season, and they have been increasingly willing to shoot their own kin when they prove too willing to compromise with the other side.

This dynamic has been on display all around. President Donald Trump has, at various points, seemed ready to embrace a bipartisan compromise on immigration that would have prevented a shutdown.

Please see BASE page A4

Investors Turn to 'Drive By' Home Appraisals, Adding Risk

By RYAN DEZEMBER
AND PETER RUDEGEAIR

When Blackstone Group LP wanted to borrow hundreds of millions of dollars to buy foreclosed homes after the housing crash, it needed a quick, inexpensive way to value thousands of houses the investment firm already owned and was offering as collateral.

Blackstone and its lender, Deutsche Bank AG, settled on a sort of drive-by valuation done by real-estate agents that are more cursory and cost far less than traditional appraisals.

Congress outlawed the use of such assessments, called broker price opinions, or BPOs, to value properties for traditional mortgages. But the prohibition, enacted as part of postcrash financial regulation, doesn't apply to investors buying tens of thousands of houses.

Now these perfunctory valuations abound, underpinning tens of billions of dollars of home deals. Sometimes the process is outsourced to India, where companies charge real-estate agents a few dollars to come up with U.S. home values by consulting Google Earth and

real estate websites.

BPOs have been used to value collateral in the more than \$20 billion of bonds sold by institutional landlords, such as Blackstone's Invitation Homes Inc., and in the fast-growing business of lending to individual house flippers.

Banks request them when considering whether to foreclose or negotiate repayment plans with delinquent homeowners.

Their popularity shows how Wall Street is finding ways to adapt to government efforts to crack down on some of the ex-

Please see VALUE page A2

Hall of Fame Checklist: Home Runs, RBIs, One Obsessive Fan

* * *

Outsiders are busting open the clubby world of baseball writers who cast votes

By JARED DIAMOND

In his ninth year on the ballot for the National Baseball Hall of Fame, longtime Seattle Mariners designated hitter Edgar Martinez finds himself on the cusp of Cooperstown. He has mounted a slow climb toward the 75% of votes needed for induction from eligible members of the Baseball Writers' Association of America.

And if he hears his name called when the election results are revealed on Jan. 24, he will have one very impor-

tant person to thank for putting him over the top: a 28-year-old Philadelphia Phillies fan who barely ever saw Mr. Martinez play on television, let alone in person, and was still in grade school for most of his best seasons.

"It's unjust to keep him out of the Hall of Fame," said Ryan Spaeder, an active U.S. Marine and the vocal leader of a grass-roots movement dedicated to fighting for the former player's candidacy. "Justice needs to be served."

Please see FANS page A10

INSIDE



TIDE PODS 'CHALLENGE' HAUNTS P&G

BUSINESS & FINANCE, B3



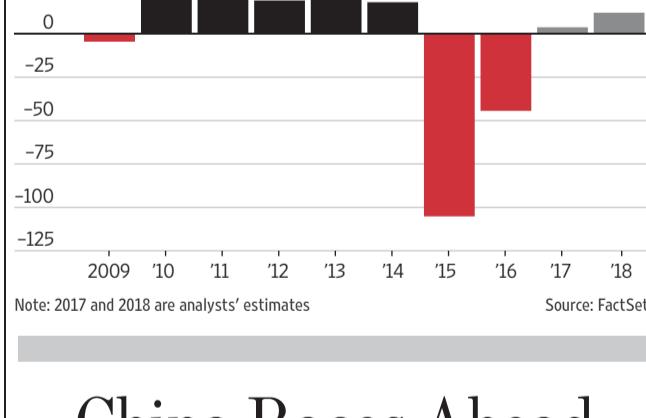
STOCKS AREN'T FOR SOCIAL CLIMBING

OPINION, A15

Shale Drillers Are Back in Black

U.S. shale-oil companies are on track to post solid profits while limiting spending to the cash generated from operations. Higher crude prices also are behind the projection. **B1**

Total net income of 50 U.S. energy producers whose output is mostly shale oil



Note: 2017 and 2018 are analysts' estimates

Source: FactSet

China Races Ahead In Gene Editing

U.S. helped devise Crispr tool. Chinese doctors, unfettered by rules, are first in human trials

HANGZHOU, China—In a hospital west of Shanghai, Wu Shixiu since March has been trying to treat cancer patients using a promising new gene-editing tool.

By Preetika Rana, Amy Dockser Marcus and Wenxin Fan

U.S. scientists helped devise the tool, known as Crispr-Cas9, which has captured global attention since a 2012 report said it can be used to edit DNA. Doctors haven't been allowed to use it in human trials in America. That isn't the case for Dr. Wu and others in China.

In a quirk of the globalized

technology arena, Dr. Wu can forge ahead with the tool because he faces few regulatory hurdles to testing it on humans. His hospital's review board took just an afternoon to sign off on his trial. He didn't need national regulators' approval and has few reporting requirements.

Dr. Wu's team at Hangzhou Cancer Hospital has been drawing blood from esophageal-cancer patients, shipping it by high-speed rail to a lab that modifies disease-fighting cells using Crispr-Cas9 by deleting a gene that interferes with the immune system's ability to fight cancer. His team then infuses the cells

Please see CRISPR page A10

U.S. NEWS

THE OUTLOOK | By Nick Timiraos



In enacting a tax cut that is projected to raise annual federal-budget deficits to nearly \$1 trillion in the coming years, Washington could be trading more growth now for the risk of more pain down the road.

The U.S. government has traditionally reduced interest rates, boosted spending or cut taxes when the economy contracts. Budget analysts warn that future policy makers would have less ammunition to take such actions during the next recession because tax changes are projected to push already-rising national debt levels even higher.

That could make the next downturn more severe than it would otherwise be and put added pressure on the Federal Reserve to respond to future crises.

"While I'm always for reforming the tax code, the timing of this thing doesn't make any sense," said William Hoagland, a former budget adviser to Senate Republicans now at the Bipartisan Policy Center in Washington, referring to the tax cuts signed into law by President Donald Trump in December. "If we do actually have a downturn in the economy, what are the levers available from the federal government's perspective?"

The good news is that very few economists think a recession is anywhere near. Forecasters surveyed by The Wall

Street Journal in December put a low 13% probability of recession in the next 12 months.

Still, a downturn will eventually happen, and when it does the government could be ill-prepared to respond.

Even before last year's \$1.5 trillion in tax cuts, deficits were projected to swell over the coming decade due to the costs of caring for an aging population.

Having less fiscal flexibility also creates thornier trade-offs in annual budget fights, illustrated by the partial government shutdown that began Saturday. Other priorities, such as rebuilding the military, could become casualties. The U.S. will spend more on interest payments than on the military by 2027, according to projections by the Congressional Budget Office.

The White House and congressional Republicans say stronger growth will boost tax receipts that will eventually make up for revenue shortfalls from tax-rate cuts. But they haven't released detailed analyses buttressing that argument, and estimates by the Joint Committee on Taxation, the CBO and many private analysts contradict those claims.

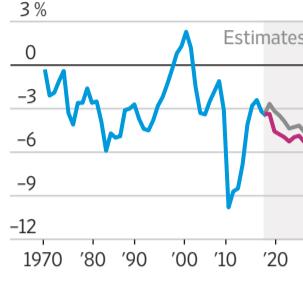
Martin Feldstein, a Harvard economist who advised President Ronald Reagan and who supported the tax bill, said the tax cut might actually serve as insurance against a future shock. "If we have a recession, people are going to

Borrowing Boost

U.S. deficits and debt as a share of gross domestic product were already projected to rise before Congress approved \$1.5 trillion in tax cuts. They are forecast to rise even higher as a result of the legislation.

Surplus/deficit as a share of GDP

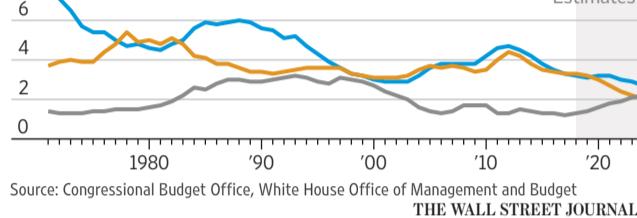
■ CBO June 2017 baseline ■ CBO estimate after tax bill



Under current forecasts, the U.S. could spend more on interest payments by 2022 than on all non-defense programs subject to congressional appropriations.

Government outlays as a share of GDP

■ National Defense ■ Non-defense ■ Net Interest



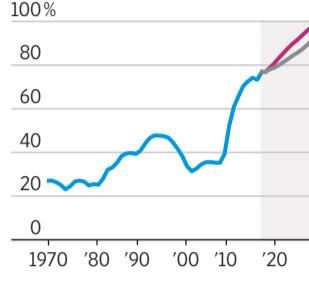
Source: Congressional Budget Office, White House Office of Management and Budget
THE WALL STREET JOURNAL.

be very happy to have this stimulus," he said.

Professional forecasters believe the tax bill will boost growth modestly this year and next, but they also see it adding to deficits and the national debt. Assuming steady growth, the CBO forecasts the

Publicly held debt as a share of GDP

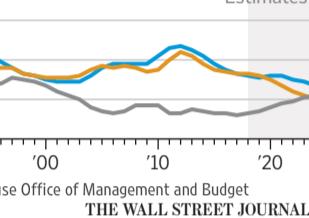
■ CBO June 2017 baseline ■ CBO estimate after tax bill



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Government outlays as a share of GDP

■ National Defense ■ Non-defense ■ Net Interest



Source: Congressional Budget Office, White House Office of Management and Budget
THE WALL STREET JOURNAL.

tax cuts will send deficits to 4.9% of gross domestic product by 2020, versus 3.6% under a forecast made last June.

Publicly held debt, which doubled as a share of GDP during and after the 2007-09 recession, was projected before the tax cuts to rise from

78% this year to 91% over the coming decade. The CBO now expects this ratio to hit 97.5%.

A new analysis, co-authored by Christina Romer, a top economic adviser to former President Barack Obama, found fiscal space matters in a downturn. The study evaluated the economic performance of 24 developed nations after financial shocks since 1967. It found countries with lower debt-to-GDP ratios responded more aggressively, and countries that used all of their available tools to cut rates and stimulate growth saw modest declines in output. Countries without space to ease fiscal or monetary policy saw larger contractions.

Monetary policy also faces limits. Because interest rates are already low, they can't be cut much in a downturn. If fiscal policy has less juice, "it puts everything back on the Federal Reserve," said Mr. Hoagland.

After keeping benchmark short-term rates near zero for seven years, the Fed has raised rates five times since December 2015, most recently last December to a range between 1.25% and 1.5%. Officials project rates will rise to around 3% by 2020. That is still much lower than in the past. During and after the last three downturns, the Fed cut rates by 5.25 percentage points, 5.5 points and 4.75 points, respectively.

ECONOMIC CALENDAR

In the U.S., data releases may be postponed—including a report on fourth-quarter gross domestic product scheduled for Friday—while the federal government remains shut down amid an impasse over spending and immigration.

TUESDAY: The Bank of Japan releases its first **monetary policy decision** of the year, amid signs of a pickup in inflation. People familiar with the BOJ's thinking say it is likely to maintain its major policy rates.

WEDNESDAY: The National Association of Realtors trade group releases data on **U.S. existing-home sales** in December. Sales of previously owned homes rose in November to the strongest pace in more than a decade. Economists surveyed by The Wall Street Journal forecast home sales rose at a 5.75 million rate in December, compared with 5.81 million in November.

THURSDAY: The European Central Bank makes a policy decision amid signs that the euro-zone economy is in its best shape in more than a decade. The minutes of the bank's December policy meeting, published earlier this month, show that officials considered moving early in 2018 to further reduce its stimulus, assuming economic growth remains strong.

FRIDAY: U.K. government statisticians are scheduled to release economic growth figures for the final quarter of last year. Economists polled by the Journal expect the preliminary **GDP reading** to show that Britain's economy grew at a steady pace in the final three months of the year, expanding by 0.4% on the quarter.

Despite Break in Cold, Northeast Winter Enthusiasts Find Ice



SHEER SKILL: Daniel Ballew of Rochester, N.Y., scaled a cliff Sunday in Keene, N.Y., where the local high was about 36 degrees.

VALUE

Continued from Page One
cesses that contributed to the housing crisis. Critics say BPOs are ill-suited to gauge home values and could leave debtholders with less collateral than they thought. Properties worth less than their debt could result in losses for investors, while inaccurate price information might misguide a lender in a foreclosure process.

"BPOs are a creature of financial institutions that want deals to close fast, and so they don't have to use an appraiser," said Donald Epley, a retired University of South Alabama professor who helped write national appraisal standards after the 1980s savings-and-loan collapse. "You're just dumbing down the standards to make the loan."

Their proliferation has drawn attention from the Securities and Exchange Commission, which is investigating whether rental-home companies pushed for higher valuations on properties underlying securities. Meanwhile, appraisers and Realtors say the quality of BPOs has deteriorated as the price for performing them has dropped to as little as \$25 a house from \$50 or more.

Unlike appraisers, people

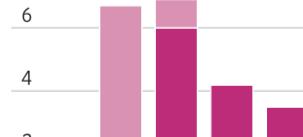
Rent to Repay

Institutional landlords and lenders have sold more than \$20 billion of bonds backed by rents.

Total issuance

■ Balance outstanding ■ Repaid

\$8 billion



Source: Kroll Bond Rating Agency

THE WALL STREET JOURNAL.

who perform BPOs don't need much training or an appraisal license since the estimate is simply meant to suggest listing prices.

BPO proponents, including investors and rental-company executives, say that when pooling thousands of houses in an investment vehicle, individual valuations that are too high or low tend to balance out. The difficulty for appraisers to enter occupied homes also pushes investors toward BPOs, which they say are usually as accurate as appraisals.

"BPOs have really taken hold as a way for lenders and investors to do evaluations en masse," said Dennis Cisterna,

chief executive of Investability Solutions, which provides services to rental-home companies. "Using appraisals on every property usually isn't financially or operationally feasible."

When Fannie Mae last year guaranteed about \$1 billion of Invitation Homes debt, it accepted BPOs for the 7,204 houses serving as collateral. Assuming a typical appraisal price of \$450 and the \$95 that Invitation Homes pays per BPO, the company saved about \$2.6 million.

BPOs have been around for decades but boomed in the mortgage meltdown. Lenders ordered reams of them to price repossessed homes. Real-estate agents gobbled up the jobs as home sales dried up. Many, like Barbara Eiseman, hoped the valuation work would lead to property listings.

It never did, said Ms. Eiseman, a Washington, D.C., Realtor. Yet the roughly 5,000 BPOs she performed over the last decade provided regular income. Her recent assignments have included drive-by assessments supplied by Green River Capital valued the collateral homes at 66.7% more than the loan amount, but that "the market values of the properties may not be accurately reflected."

People familiar with Fannie's processes said it compared the BPOs to home prices of the same properties in its own database.

In May, Green River parent Radian Group Inc. said the SEC requested information on BPOs it provided for rent-backed bonds. Invitation Homes and three other publicly traded landlords said in

September they received subpoenas asking for any communications with Green River about adjusting the valuations, among other documents.

A Radian spokeswoman declined to comment. An Invita-

tion Homes spokeswoman said the company selects, renovates and maintains its properties to the "highest standards," which is "underscored by the strong and consistent performance of these securities."

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ent performance of these securi-

ties."

The surname of Jeff Tay-

lor, a local coal mine operator,

was incorrectly given as Weaver in a Review article on

Saturday about Trump sup-

porters in Buchanan County,

Va. U.S. coal exports surged

68% in the first nine months

of 2017 compared with a year

earlier; the article incorrectly

said the increase was for the

first six months of the year.

The surname of Michael

Tran was incorrectly given as

Train in one instance in a Page

One article in some editions

on Saturday about rising U.S.

crude oil production.

The Juilliard School was

misspelled as Juilliard in a

photo caption with a Page One

U.S. NEWS



A year after the Women's March on Washington, organizers held a 'power to the polls' rally in Las Vegas on Sunday and launched a voter registration initiative aimed at swing states like Nevada.

JOHN LOCHER/ASSOCIATED PRESS

Women's March Urges Voter Registration

Las Vegas rally caps weekend of activism, launches swing-state election initiative

By SARA RANDAZZO

Thousands of people gathered Sunday in Las Vegas for a "power to the polls" rally held on the first anniversary of a wave of marches organized by women across the U.S.

The Las Vegas rally capped a weekend packed with more than 250 events nationwide that aimed to carry on the momentum from last year's march.

chess held in Washington, D.C., New York, Los Angeles and other major cities.

National organizers said they chose Las Vegas for Sunday's rally because Nevada is a swing state that will influence this year's midterm elections. They said they plan to hold similar voter registration events this year in other swing states, such as Pennsylvania and Ohio, to help elect more women and progressive candidates to office.

Speakers encouraged a crowd gathered in a Las Vegas college football stadium to throw their support behind a range of issues, from improve-

ments to immigration policy to gay rights and racial equality as well as stopping gun violence.

"This movement stayed energized because there's been so much for us to fight for this year," U.S. Rep. Jacky Rosen, a Democrat from Nevada who is running for a Senate seat, said via videoconference from Washington to the crowd gathered in the stadium.

State Rep. Paulette Jordan, a Democratic member of the Idaho House of Representatives, spoke of her decision to run for Idaho governor this year in hopes of becoming the first woman, and first Native American, to hold the seat. She

encouraged others to run for office as well, to support a "new vision for our country, one that prioritizes justice for the many, not just the privileged few."

The rights of Native American women were spotlighted in Las Vegas and at other events Sunday, with supporters wearing red and discussing the disproportionate rates of violent crime against indigenous women.

Similar events took place Sunday in Miami, Pittsburgh, Lansing, Mich., and Albuquerque, N.M., and around the world in cities like Milan and Barcelona.

In Pittsburgh, local organizer Tracy Baton told a crowd gathered there Sunday that they are joining together to affirm women's rights, saying "we are most of all saying 'yes' to the idea that...all women have to have the resources they need to raise their family in safety and joy."

On Saturday, many gathered on the anniversary of President Donald Trump's inauguration to voice opposition to his administration and rally for strong voter turnout among women. Researchers with the Crowd Counting Consortium estimated that at

least 1.6 million people and as many as 2.5 million came out to women's march events nationwide over the weekend.

In shifting the focus to the ballot box, women's march organizers are following a strategy deployed by the Tea Party, which arose in 2009 to oppose bank bailouts and the health-care overhaul and helped the Republican Party win control of the House of Representatives a year later.

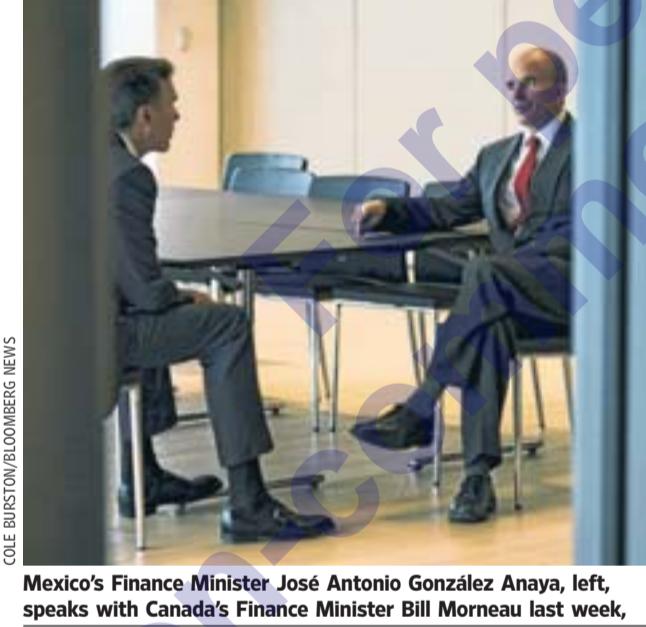
"We can't just be loud with our mouths, we must be loud with our votes," Tamika Mallory, a national co-chair of the Women's March, said in Las Vegas on Sunday.

Push to Stop U.S. Exit From Nafta

Canadian and Mexican officials meeting in Montreal on Sunday began laying out proposals to convince their U.S. counterparts not to pull out of the North American Free Trade Agreement.

By Paul Vieira in Ottawa, William Mauldin in Washington and Juan Montes in Mexico City

COLE BUSTON/BLOOMBERG NEWS

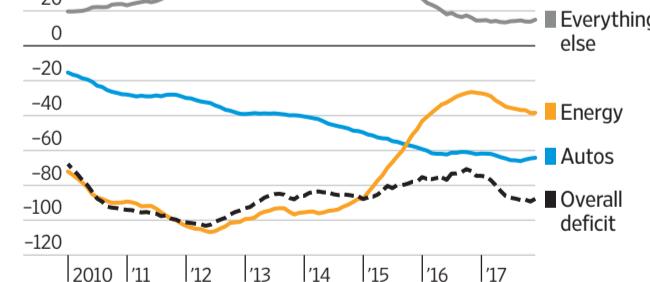


Mexico's Finance Minister José Antonio González Anaya, left, speaks with Canada's Finance Minister Bill Morneau last week.

The U.S. vs. Them

Autos and energy are the largest contributors toward the U.S.'s trade deficit with Nafta countries.

U.S. trade surplus/deficit with Nafta countries by industry, 12-month rolling total



It applies tariffs. Imports of Canadian lumber, airplanes and newsprint face steep U.S. tariffs under the Trump administration, which says Canadian producers benefit from unfair government subsidies.

U.S. Trade Representative Robert Lighthizer, Washington's chief Nafta negotiator, said Canada's move could undermine the Trump administration's confidence in Canada's commitment to "mutually beneficial trade."

Late Friday, Canada took another step that could further roil U.S. trade officials when it requested Nafta dispute-resolution panels hear Canada's case against the Commerce Department's tariffs on softwood lumber and Bombardier Inc.'s commercial jets.

The talks on Sunday, which also will cover agriculture and

Tensions flared earlier this month when Canada filed a complaint with the World Trade Organization against the U.S. over its trade policies and how

Automobile Content Is a Sticking Point

Negotiators' initial focus will be on Washington's demands for increased U.S.-made content for cars made in North America.

Mexico has made efforts to meet the U.S. halfway on President Donald Trump's most polarizing demands, including automobiles.

The Trump administration has proposed regional content of light vehicles made in North America be raised to 85% from the current 62.5%, and half the vehicle's parts be U.S. made, to qualify for duty-free trade among the countries.

One Mexican official said raising regional content closer to 70% could be achieved and that enhanced tracing—tracking precisely where parts come from—is being considered. Canada and Mexico oppose increasing U.S. content in cars, according to three people familiar with the matter.

Among the proposals Canada will introduce is broadening the definition of what counts as North American content in automobiles, according to four people briefed on the talks.

Canada will propose counting North American-produced steel and aluminum and research and development for car software toward regional content in automobiles, these people said.

—Paul Vieira and Juan Montes

ing with U.S. senators last week, but some lawmakers expressed optimism.

"I am hopeful" on Nafta, said Sen. Joni Ernst, an Iowa Republican who has met with Mr. Trump to dissuade him from exiting the trade agreement. "We would love to see the United States come out a winner on this."

Even if there is progress on autos, significant differences remain, most notably between the U.S. and Canada on how trade disputes are resolved. Canada has been adamant that independent panels of trade experts should rule on tariff disputes. Mr. Lighthizer, in contrast, wants the system scrapped because he feels it erodes U.S. sovereignty.

Dudley Althaus and Santiago Perez contributed to this article.

Minnesota Embraces Its True Northern Self

By SHAYNDI RAICE

A growing movement in Minnesota aims to break free of its Midwest roots and embrace its bone-chilling winters with a new identity: the North.

Seeking to conjure up images of competitive winter sports, icy lakes and snuggling in front of a toasty fire, these northern evangelists are ready for their moment in the sun when Super Bowl LII comes to Minneapolis on Feb. 4.

Minnesotans are "sick of being this afterthought in this afterthought called the Midwest. We're the star of the North and no one else can offer that," said R.T. Rybak, who served as mayor of Minneapolis from 2002 until 2014.

The state is using the North to tackle an economic challenge: historically low unemployment and sluggish population growth. Employers complain that they can't find the workers they need to fill jobs. The unemployment rate in the Minneapolis region stood at 2.4% in November. The state has an unemployment rate of 3.1%, a full percentage point lower than the national average.

The state's population inched up 0.68% in 2016, while the Midwest region had a mere 0.15% uptick. By contrast, the Western U.S. grew 1.08% in 2016 and the South grew 1.06%.

The Super Bowl host committee has embraced the slogan "Bold North." Splashy stunts include a Bold North Zipline sending the courageous flying 100 feet in the air across the Mississippi River.

Convincing people to move to Minnesota is "the most important work we can do in terms of growing our economy and staying competitive for the future," said Michael Langley, chief executive of the regional economic development group Greater MSP and an executive board member of the Super Bowl host committee.



A large mural brightens a downtown area in St. Paul, Minn.

DAVID JOLES/MINNEAPOLIS STAR TRIBUNE/ZUMA PRESS

U.S. NEWS

Kelly Forges Hard-Line Immigration Role

Trump's chief of staff has helped scuttle deals White House has deemed too liberal

BY MICHAEL C. BENDER

WASHINGTON—White House chief of staff John Kelly is emerging from his usual behind-the-scenes role to become one of the president's chief conservative anchors on the immigration issue, a spot once occupied by former chief strategist Steve Bannon.

While Mr. Kelly drew the president's ire last week after suggesting his boss's campaign promises were uninformed and

had "evolved," he also helped scuttle a bipartisan Senate deal and made the phone call that ended immigration negotiations on Friday. That paved the way for the partial government shutdown, as Democrats have tied their support for a government-spending bill to an extension of an Obama-era immigration program that President Donald Trump ended last year.

"I don't think [Mr. Trump] was well-served by his staff," Sen. Lindsey Graham (R., S.C.) told reporters last week after the White House shelved his bipartisan attempt at an immigration plan. Asked if he was talking about Mr. Kelly, Mr. Graham didn't back down. "John Kelly is a fine man," Mr.

Graham said. "But he's also part of the staff."

When Mr. Trump installed Mr. Kelly as his chief of staff in August, the pairing struck Washington insiders as an odd fit: the freewheeling real-estate executive with a chaotic management style and a four-star Marine general who spent a lifetime following chain of command.

But time has revealed similarities, White House aides said. They argue like brothers, with intense bursts of debate, only to sort things out moments later, and they both hold hard-line views on immigration, according to people familiar with them. The White House and Mr. Kelly didn't respond to

requests for comment.

White House aides said their staff chief is just as adamant about border security as the president. Mr. Kelly led the Department of Homeland Security, where he began implementing Mr. Trump's immigration-enforcement policies.

His interest in border security overlaps with the nationalist impulses within the administration, including Stephen Miller, the White House's senior policy adviser. But White House aides said that Mr. Kelly isn't as restrictionist as Mr. Miller: Mr. Kelly privately has told lawmakers and top aides he would like to see an agreement protecting young undocumented immigrants known as

Dreamers, but he has insisted that other restrictions be included in any deal.

In a private meeting with lawmakers this month where Mr. Trump questioned why the U.S. would admit people from "shithole countries" in Africa, Mr. Kelly remained straight-faced as the president repeatedly used language that Sen. Dick Durbin (D., Ill.) described as "hate-filled, vile and racist," a person familiar with the exchange said. That came days after Mr. Trump in a White House meeting had sounded optimistic that a deal could be had protecting Dreamers.

With the government on the brink of a shutdown on Friday, Mr. Kelly was the only White

House aide to join Mr. Trump for a meeting with Senate Democratic leader Chuck Schumer. Mr. Kelly said little during the meeting but was vocal when Mr. Trump later phoned the New York Democrat to voice his objections, according to a person briefed on the call. And it was Mr. Kelly himself who eventually phoned Mr. Schumer to say any deal needed to include an end to the system that prioritizes immigrants who already have family ties in the U.S., the person familiar said.

After that phone call, White House officials took the position that they would no longer negotiate on immigration issues unless the government was first properly funded.



At top, a closed sign taped to the doors of the National Archives in Washington. Above, Sen. Lindsey Graham, speaking with reporters Sunday, opposed the bill on Friday night but said he would support it on Monday.

Chuck Schumer (D., N.Y.) Sunday night indicated that Mr. McConnell's comments weren't a sufficient reason for him to drop his opposition to the spending bill.

"We have yet to reach an agreement on the path forward that would be acceptable to both sides," Mr. Schumer said. It wasn't clear whether enough centrist Senate Democrats might defect to advance the spending bill, which needs 60 votes to clear a procedural hurdle.

GOP leaders would need to pick up the support of seven more Senate Democrats for the bill to advance, in addition to the five who already back it.

The Senate had blocked a four-week spending bill Friday night in a 50-49 vote. Since then, GOP Sens. Lindsey Graham of South Carolina and Jeff Flake of Arizona, both of whom opposed the bill on Friday night, said they would support it on Monday. Mr. McConnell had voted against the bill for procedural reasons, in order to bring it up again later.

Mr. Flake noted that Mr. McConnell was now willing to consider an immigration bill on the Senate floor, regardless of whether it had Mr. Trump's support. Mr. McConnell has said recently he would only consider immigration legislation that Mr. Trump backed.

"The important thing is breaking with the White House on this and not relying

on the White House to give its approval," Mr. Flake said. "That's significant."

Most Democrats were quiet Sunday night following Mr. McConnell's comments. Before Mr. McConnell spoke on the floor, some Democrats said they were hoping to hear him shift his tone on immigration, which he had maintained should be addressed separately from the spending bill.

"For much of last week, Leader McConnell would come to the floor and say, 'Why are you conflating this unrelated issue?'" Sen. Chris Coons (D., Del.) said earlier Sunday evening. "For the majority leader

to come out and say that [immigration] is also on the agenda of things we are actively negotiating, we've got these senators who are making progress...we will put that on the floor and move forward by this date—that is progress."

Congressional leaders have been working to hammer out a two-year budget deal to lift both military and domestic spending. But they aren't expected to reach an agreement until the immigration debate is resolved. Lawmakers are also trying to strike a deal on disaster aid and a long-term reauthorization of the

Closing Times

Most previous periods of funding gaps have been so short they had little practical effect in shutting down the government.

Full day of funding gap

1981 Spending bill vetoed; temporary fix by Congress reopened government.

1982 Spending disputes led to three funding gaps, but with little impact.

1984 Two brief funding gaps halted operations temporarily.

1986 More than half a million government workers were sent home early.

1987 Brief weekend shutdown.

1990 Shutdown occurred over a holiday weekend, blunting the impact.

1995 A brief November shutdown led to 800,000 worker furloughs. A month later marked the start of the longest shutdown to date.

2013 During a 16-day shutdown some 850,000 workers were furloughed initially, and almost \$4 billion in tax refunds were delayed.

Sources: Congressional Research Service (dates/duration); Associated Press (impact)

THE WALL STREET JOURNAL.

Shutdowns Haven't Shut Down Economy

BY HARRIET TORY

A federal government shutdown could sideline significant numbers of federal employees and leave government contractors out in the cold, but in a \$19.5 trillion economy with 147 million workers, a shutdown, even a long one, isn't expected to leave much imprint on the broader economy.

The last shutdown in October 2013 sent 818,000 workers, or about 30% of all federal employees, home without pay for more than two weeks.

Nonetheless, in the final quarter of 2013, the economy had its strongest performance in two years, growing at a 4% rate despite the 0.3 percentage point hit to gross domestic product the Commerce Department said the shutdown caused. The labor market held up well during the shutdown, too: U.S. employers created 212,000 jobs that October, up from 190,000 the prior month.

In 1995 the government shut down twice, for five days in November and for three weeks from mid-December through the first week of the New Year. The economy grew at a 2.9% rate in the final quarter of 1995, 2.7% in the first three months of 1996 and then at a 7.2% rate in the quarter after that.

While payrolls dipped by 15,000 in January 1996 after two months of gains, hiring then bounced back in February with a bumper 429,000 new jobs.

This time around, economists say the impact on the economy will depend crucially on the shutdown's duration. Most shutdowns in the past 40 years have lasted fewer than 10 days.

"Relatively short-lived shutdowns of several weeks or less that occur early in the quarter often leave time for activity to recover later in the quarter, and the official GDP statistics may not see much, if any, drag," Barclays' analysts Shawn Golhar and Michael Gepen said in a note to clients.

The Dow Jones Industrial Average surged above 26,000 last week and investors sold Treasurys, which they tend to buy during periods of anxiety. Prior shutdowns haven't significantly disrupted markets, several said.

month found that 74% of Americans favor granting permanent legal status to immigrants brought to the U.S. illegally when they were children, including 50% of Republicans. (The same survey also found a majority of Americans oppose substantially expanding the wall along the Mexican border, but the partisan divide on that question is much wider.)

So, in short, most Americans want their government to stay open and want legal status for the Dreamers but are getting neither, at a time when a compromise to have both was, and is, available.

This situation may be a particular problem for six Senate Democrats who voted for the shutdown even as they seek re-election in 2018 from states Mr. Trump won. It also may be a problem for Republicans in general, because they are in charge of both Congress and the White House.

The broader problem is what the shutdown says about the state of politics today.

TALKS

Continued from Page One resolved by the time the funding bill before us expires on February 8, 2018, assuming that the government remains open, it would be my intention to proceed to legislation that would address DACA, border security and related issues," Mr. McConnell said on the floor.

It wasn't clear whether this constituted enough of a pledge to satisfy Democrats' demands that the Senate consider legislation to shield the Dreamers, young immigrants

The GOP has pushed to reopen the government with a three-week bill.

whose legal protections expire March 5 under President Donald Trump's decision to end a program called Deferred Action for Childhood Arrivals, or DACA.

The government shut down after Democrats, who control enough votes in the Senate to block legislation funding the government, refused to move forward on a spending bill that didn't include protections for Dreamers.

Senate Minority Leader

Chuck Schumer (D., N.Y.) Sunday night indicated that Mr. McConnell's comments weren't a sufficient reason for him to drop his opposition to the spending bill.

"We have yet to reach an agreement on the path forward that would be acceptable to both sides," Mr. Schumer said. It wasn't clear whether enough centrist Senate Democrats might defect to advance the spending bill, which needs 60 votes to clear a procedural hurdle.

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Congressional leaders have been working to hammer out a two-year budget deal to lift both military and domestic spending. But they aren't expected to reach an agreement until the immigration debate is resolved. Lawmakers are also trying to strike a deal on disaster aid and a long-term reauthorization of the

children's Health Insurance Program.

Without an agreement Sunday night, a blame game that Democrats and Republicans carried on all weekend over the shutdown was likely to intensify, lawmakers said.

"I am really worried about where this thing goes because it's going to get nastier in terms of rhetoric," said Mr. Graham, predicting it would hit both parties. "First prize in a government shutdown is you get to be dumb, not dumber. That's the best you can hope for."

Democrats say they have made basic government operations contingent on helping a small slice of American residents and have insisted that Republicans yield out of a sense of responsibility to the broader population.

The GOP has been pushing to reopen the government with a three-week spending bill, but Democrats haven't agreed to that without a path forward for the Dreamers.

—Davidson, Bob Davis and Peter Nicholas contributed to this article.

BASE

Continued from Page One That compromise, negotiated by Republican Sen. Lindsey Graham and Democratic Sen. Dick Durbin, would have offered legal protection for Dreamers. In return it would have provided funds for the border wall the president wants and a scaling back of current programs that allow "chain" migration of an immigrant's family members and a lottery system that dispenses visas to underrepresented countries—both programs conservatives hate.

Each time Mr. Trump has seemed to accept that formula, he backed away, apparently after either his aides or Republican lawmakers hawkish on immigration have intervened to say that the package wouldn't be acceptable to his conservative base. And they probably were right. Wall Street Journal/NBC News polling last

month showed that Republicans who mostly support Mr. Trump want, by a wide margin, to kill DACA, the soon-to-expire law that gives Dreamers legal protection, while Republicans less supportive of the president want, by a similarly wide margin, to save it.

A similar tendency has been at work in the other party. Even as many Democrats embraced the bipartisan compromise sketched out by the two senators, the party's second-ranking House member, Rep. Steny Hoyer, declared its provisions on family migration and the visa lottery were "highly objectionable to large numbers of our caucus."

When that immigration compromise began to crumble, Democrats voted against a measure providing government funding for a few weeks while talks continued. That's when the shutdown happened.

What was going on in the background was intense pressure on leaders of both parties to bend on immigration

policies that evoke passion within their bases. Republican activists considered compromise on family migration and the immigration lottery a sell-out, even though those programs would have moved in the direction conservatives want. Democratic activists adamantly opposed government funding without a solution for the Dreamers, lest their party lose leverage to force a solution. Their opposition was only strengthened when House Republicans declined to promise they would take up a Dreamers bill later, separately, in return for providing government funding now.

Sunday afternoon, a group of 22 senators from both parties met behind closed doors to show their congressional leaders that an agreement is possible. "I'm totally frustrated and upset at the process," said Sen. Joe Manchin of West Virginia, a conservative Democrat. "There is no process....If you let those 22 people vote now, this government

Backing the Dreamers

A majority of Americans, including half of Republicans, support giving permanent legal status to Dreamers, undocumented immigrants brought to the U.S. as children, while opinion is more split on expanding the wall along the Mexican border.

Percentage who favor or oppose granting permanent legal status to Dreamers

	Oppose	Favor
Total	21%	74%
Republican/Lean Republican	40%	50%
Democrat/Lean Democrat	6%	92%

Percentage who favor or oppose substantially expanding the wall along the U.S. border with Mexico

Total	60%	37%
Republican/Lean Republican	24%	72%
Democrat/Lean Democrat	85%	13%



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Executive Chairman, Pratt Industries



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WORLD NEWS

Turkey Strikes at Kurds in Syria

BEIRUT—Turkey launched a weekend offensive on a Syrian Kurdish enclave, raising tensions with the U.S. and opening a new front in the seven-

By Sune Engel
Rasmussen in Beirut
and Dion Nissenbaum
in Washington

year war after watching rivals gain ground on the battlefield.

On Sunday, Turkey said it had begun a ground offensive with tanks, special forces and infantrymen in Afrin, near the Turkish border in northern Syria, a day after Turkish jets began bombing the area. The Turkish military said airstrikes hit 45 targets on Sunday and artillery fire struck more than 150 others.

Kurdish fighters retaliated, firing rockets against Turkish forces and their Syrian allies that fell inside Turkey, killing one Syrian civilian and injuring more than 50 people, according to a local governor in Turkey and Turkish state TV.

Turkey has long been a staunch supporter of Syrian rebels trying to overthrow President Bashar al-Assad. But more recently, it has focused on containing a Syrian Kurdish force that has been a steadfast partner of Washington in the fight against Islamic State.

Turkey has fought the Kurdish separatist group PKK at home for decades and considers the main Syrian Kurdish militia, the YPG, an extension of the PKK. It refers to both as "terrorists." The U.S. also classifies the PKK as a terrorist organization, but considers the YPG to be a separate force worthy of direct American support.

Turkish Prime Minister Binali Yildirim said the aim of the offensive is to create a safe zone extending 30 kilometers (18 miles) into Syria from the border. Turkey has long sought to create safe zones in northern Syria for returning refugees, but Moscow,

BULENT KILIC/AGENCE FRANCE PRESSE/GETTY IMAGES



Turkish troops assemble near the Syrian border at Hassa, in Hatay province. The U.S. has raised concerns about the offensive.

an ally of the Syrian regime, and Washington have rebuffed the idea.

The U.S. State Department raised concerns about the new Turkish military moves on Sunday. "The United States is very concerned about the situation in northwest Syria, especially the plight of innocent civilians who are now faced with an escalation in fighting," it said. "We urge Turkey to exercise restraint and ensure that its military operations remain limited in scope and duration and scrupulous to avoid civilian casualties."

Secretary of State Rex Tillerson spoke on Saturday with his Russian and Turkish counterparts in an effort to defuse tensions, and Gen. Joe Dunford, chairman of the Joint Chiefs of Staff, also spoke on Saturday with his Russian counterpart about the situation in northern Syria.

The U.S. and Turkey are members of the North Atlantic



Note: Control areas as of January 8

Source: Institute for the Study of War

Treaty Organization and Ankara has been a U.S. ally in the fight against Islamic State. America uses Turkey's Incirlik Air Base to carry out airstrikes against Islamic State fighters in Syria and Iraq.

While the U.S. doesn't directly support the Kurds battling Turkey and its allies around Afrin, administration officials worry the fight will divert Kurdish forces that

have helped the U.S. fight Islamic State in eastern Syria that want to go support the YPG forces now under attack.

U.S. officials are also worried that Turkish-backed forces will try to seize the strategic Syrian town of Manbij, which is currently held by U.S.-backed fighters. U.S. special-operations forces moved into Manbij last March as reinforcements for Kurdish-led al-

lies that were in danger of being attacked by either Turkish-backed rebels or Syrian government forces.

Turkey's new military campaign, which it is calling Operation Olive Branch, comes after the U.S. announced last week that it would build a border force in Syria out of the Kurdish-dominated Syrian Democratic Forces.

"I'm not sure this attack would have happened without this kind of [American] statement," said Heiko Wimmen, project director for Iraq, Syria and Lebanon with the International Crisis Group.

Güney Yıldız, a visiting fellow with the European Council for Foreign Relations, said the new offensive reflects Turkey's weak position in the Syrian conflict. "It is mostly out of desperation because the direction of events is against Turkey," he said. "Turkey's window of opportunity in Syria is closing."

German Coalition Talks Set To Advance

BY ANDREA THOMAS

BERLIN—Angela Merkel's bid to form her fourth government cleared what had been billed as its highest hurdle Sunday after the center-left Social Democrats voted in favor of entering formal coalition talks with the German leader's conservative bloc.

The surprisingly narrow vote—362 of the 642 delegates voted "yes" at a party convention in Bonn—settled a heated debate that had divided the Social Democrats into advocates and opponents of entering their third alliance with Ms. Merkel's Christian Democratic Union since 2005.

Those against had said eight years of governing as sidekicks to Ms. Merkel's bigger grouping had led to a hemorrhage of supporters and the party's worst postwar election result last September. They also argued the SPD had failed to secure notable policy wins in its preliminary coalition talks with the conservatives.

After the vote, however, the party known as the SPD will now enter talks with the CDU aimed at drafting a detailed government agenda. While the SPD's 440,000 members will have a final vote on entering a ruling alliance, many analysts think this hurdle will be easier to overcome than Sunday's vote of midranking functionaries.

The rift exposed within the SPD by the debate of the past few days means the next government could be a fractious and unstable one. "The chemistry is simply not right. There's no trust," said Eckhard Jesse, a political scientist and former professor at Chemnitz Technical University.

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Industries : Logistics, Retail Business, Automotive Parts

Projects : Pyeongtaek Business & Industry Complex,

Hyeondeok District

<http://english.gg.go.kr/status-of-designation/>



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WORLD NEWS

Attackers Kill 19 At Afghan Hotel

BY EHSANULLAH AMIRI
AND CRAIG NELSON

KABUL—Afghan authorities said 19 civilians, including 14 foreign nationals, were killed in a 12-hour siege of an international hotel that ended Sunday.

The Taliban claimed responsibility for the assault at the Inter-Continental Hotel, an assertion that couldn't be independently confirmed. Afghan officials said all the attackers had been killed.

The high death toll of foreigners is a sharp setback for the government of President Ashraf Ghani, which is heavily reliant on foreign aid and has struggled to assure the safety of foreigners here amid an escalation of violence in Kabul and other Afghan cities.

The Interior Ministry said five militants carried out the raid, while a senior officer in the unit that retook control of the hotel said there were six.

By early Sunday, security forces had evacuated more than 150 people, including 41 foreign nationals, said Najib Danish, a spokesman for the Interior Ministry.

The Afghan Ministry of Information was holding a seminar on the ground floor at the time of the attack, according to one person reached by tele-

phone inside the building.

Within an hour of the first reports of violence, flames were shooting from the third and fourth floors and the roof of the building, and guests and staff were fleeing for their lives.

Mohammad Haidar Habibi was in his room on the first floor when he heard gunfire from the second floor. "I rushed into the corridor and security personnel yelled at me to go back inside my room," Mr. Habibi said by telephone. He later jumped from the window of his room and ran to safety.

He said he saw gunmen hurl three or four people from the balconies of their third- and fourth-floor rooms onto the ground, shouting "Allahu akbar" (God is great) in Arabic as they did so.

The top U.S. military officer in the region, Gen. Joseph Votel, lauded the response of Afghan forces. "As we have always said, this is a challenging security environment," said Gen. Votel, head of U.S. Central Command.

"But the Afghan forces in this case, as they have in a number of cases, responded, I think, very quickly to the situation and are working to minimize the effects and bring the situation to a close."

—Nancy A. Youssef contributed to this article.

Taliban and other parties to the conflict into peace talks.

"The war in Afghanistan has been going on now for 40 years. It's no wonder that it has had a destabilizing effect on the entire region and only when there is a peaceful solution there can we achieve greater regional security," Uzbekistan's foreign minister, Abdulaziz Kamilov, said in an interview.

Since President Shavkat Mirziyoyev assumed power a year ago, Uzbekistan has moved to improve ties with its neighbors.

—Lukas I. Alpert



Indian Prime Minister Narendra Modi hosted Israeli Prime Minister Benjamin Netanyahu last week.

Moving Up

As India's economy accelerates, Prime Minister Narendra Modi has been seeking a more prominent place for the nation in institutions that govern the world.

The world's 10 largest economies in dollar terms

	2014	2015	2016	2017*	2018*
1	U.S.				U.S.
2	China				China
3	Japan				Japan
4	Germany				Germany
5	U.K.	→	U.K.	France	India
6	France	→	France	U.K.	France
7	Brazil	India	→	India	U.K.
8	Italy	→	Italy	Brazil	Brazil
9	Russia	Brazil	Brazil	Italy	Italy
10	India	Canada	→	Canada	

*Estimate
Source: Centre for Economics and Business Research

THE WALL STREET JOURNAL.

Modi Seeks Greater Role for India

Nation ascends ranks of world's economies, giving leader leverage to advance his agenda

BY ERIC BELLMAN

NEW DELHI—Indian Prime Minister Narendra Modi prepares this week to address global business and political leaders in Davos, Switzerland, as his country passes France and the United Kingdom to become the world's fifth-largest economy, underscoring the South Asian nation's drive for recognition as a great power.

Some economists calculate that India's gross domestic product jumped into the top five last quarter as it continued to outgrow every country in Europe—and for that matter most of the rest of the world.

The World Economic Forum in Davos will be another venue for Mr. Modi to push India's economic ascent was

predicted late last year by The Centre for Economics and Business Research in London. The country's GDP has been in the top five as measured by purchasing-power parity—which adjusts for domestic prices—and for years it has been much further down the rankings in terms of GDP per capita. But this is the highest

its GDP has reached in modern times in terms of current real dollars.

The official numbers won't be in until the end of February, but it looks as if India leapfrogged the U.K. and France last quarter, a position it will maintain this year, said Doug McWilliams, deputy chairman of the center.

China hit No. 5 in 2005 and soaked up attention as a top market and manufacturer, its economy becoming an engine of global growth. While India isn't a trade-dependent great power, it stands at a similar crossroads today, said Alyssa Ayres, former deputy assistant

secretary of state for South Asia and author of a book published last month, "Our Time Has Come: How India is Making its Place in the World."

"(Chinese president) Xi Jinping was the talk of the town last year," she said. "Well, Modi is going to be the big curtain raiser at Davos this year. That's India saying, 'We want to be seen here.'"

India's endgame, analysts and insiders say, is a role that better reflects its strong economic position. It has long pushed for a seat as a permanent member of the U.N. Security Council, and it hopes to become part of the Nuclear Suppliers Group, which would help it more easily gain access to nuclear fuel and technology. It would also like a greater say in the decisions of other international organizations including the World Bank and the International Monetary Fund.

—Niharika Mandhana and Bill Spindle contributed this article.

Uzbekistan Presses Peace Initiative

In a turn from its isolationist past, Uzbekistan is stepping up involvement in efforts to bring peace to neighboring Afghanistan, saying an end to fighting there is key to counterterrorism efforts across the region.

In March, Uzbekistan will host a conference in Tashkent of regional powers, along with the U.S., Russia, China and other nations to try to bring the Afghan government, the

Taliban and other parties to the conflict into peace talks. "The war in Afghanistan has been going on now for 40 years. It's no wonder that it has had a destabilizing effect on the entire region and only when there is a peaceful solution there can we achieve greater regional security," Uzbekistan's foreign minister, Abdulaziz Kamilov, said in an interview.

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—Lukas I. Alpert

Watching your 8-year-old mix and match potions, you see "Distinguished Chemistry Scholar" in her future. And a tuition bill in yours.

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WORLD NEWS

Murders In Mexico Jump on Drug Trade

BY JUAN MONTES

GUADALAJARA, Mexico—The number of murders in Mexico soared last year to its highest level in recent decades, largely the result of a powerful and relatively new drug gang expanding its operations across the country.

New Generation Jalisco Cartel, Mexico's fastest-growing drug gang, is behind much of the surge in violence that Mexico has suffered since 2015, according to Mexican security officials.

What Mexican authorities call intentional homicides rose to 25,339, a 23% increase from the previous year, making 2017 the bloodiest year in documentation going back to 1997, according to data released Sunday by the Interior Ministry.

Murders were up 63% from 2014, when the number had fallen to a six-year low. The increase put the murder rate at 20.5 per 100,000 inhabitants, having more than doubled during the past decade. The U.S. homicide rate, by comparison, is five per 100,000 inhabitants.

The Jalisco cartel, widely known by its Spanish initials CJNG, has been aggressively strengthening its network for distributing illegal drugs, mainly methamphetamines. Its expansion into new states has led to "cleansing" of the areas taken over from rivals, according to several federal and state security officials.

The Jalisco cartel "explains much of the violence we are seeing," said Carlos Flores, a security expert at Mexico's Ciesas research center.

"It is becoming Mexico's most powerful and united cartel, and in the process, is causing bloodshed across all Mexico."

Chile Gingerly Embraces Migrants

Tens of thousands of Haitians, Venezuelans and others are surging into the country

BY PAUL KIERNAN
AND RYAN DUBE

SANTIAGO, Chile—Every night, a commercial airliner full of Haitians arrives in this city's international airport carrying families who have left their poor island nation for a new life here.

As the Trump administration aims to curb immigration, Chile—one of Latin America's richest and safest countries—has opened its doors to some of the region's poorest migrants in record numbers.

The most dramatic surge has come from Haiti. Last year, almost 105,000 Haitians entered Chile, compared with about 49,000 in 2016 and just a handful a decade ago, according to federal police that oversee border crossings.

Tens of thousands of Venezuelans have also fled their crime-ridden country in recent years for Chile, which has a history of receiving Bolivian, Peruvian and Colombian migrants.

"The explosion of this immigration is the most intense in the history of Chile," said Rodrigo Sandoval, the former head of Chile's immigration office. "There has never been a migration that has grown so much in such little time."

It represents a new wave in what development economists say is an increasingly common type of immigration: from one developing country to another. The United Nations estimates 92 million people fall into this category, accounting for one-third of global migrants.

The atmosphere in Chile contrasts with the U.S., where President Donald Trump stoked controversy last week after reports that he used vulgar language to question the benefits of immigration from Haiti and Africa.



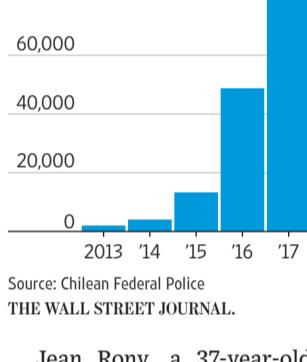
A Haitian man passes a banner outside a Santiago church that says, 'Every immigrant is my brother.'

MAN ALVAREZ/REUTERS

Going South

The number of Haitians moving to Chile has soared in the years since a devastating earthquake struck the island in 2010.

Haitians entering Chile



Source: Chilean Federal Police

THE WALL STREET JOURNAL.

Jean Rony, a 37-year-old from Haiti's capital, Port-au-Prince, arrived a year ago after being encouraged by a Haitian friend in Chile to make the journey. He quickly found a job in construction, and hopes to bring his three children here once he receives permanent residency.

"So many Haitians are leaving the country seeking a better life because there aren't resources there," said Mr. Rony. "Thanks to God, I've been here a year and haven't had a single problem with anyone."

While there has been a backlash against immigration in much of the developed world, Chilean politicians here have taken a more measured tone in a nation where hospitality is seen as a national virtue.

A survey conducted in April and May showed that the percentage of people who think immigrants take away jobs from Chileans fell to 40% from 63% in 2003. Two-thirds of respondents agreed with the statement: "Immigrants are more willing to work than Chileans."

The surge isn't without controversy, however, and has stirred discussion about changing the country's lax, decades-old immigration policy. Haitians and other migrants enter Chile on tourist visas. If they obtain job contracts before their visas expire, they can apply for work permits

and, eventually, permanent residence.

Critics say it amounts to an open-door policy that increases competition in the job market for Chileans at a time of weak economic growth, and puts pressure on health care and education services.

Politicians are debating whether to try to stem the tide.

Conservative President-elect Sebastián Piñera suggested last month on the campaign trail that he would favor tighter controls. "If immigration becomes excessive, any country in the world would apply regulations," he said.

"What we don't want is for them to continue entering our country like their own house due to the lack of control."

Gabriela Cabello, the director of Chile's immigration office, said the existing policy discourages illegal immigration while creating strong incentives for migrants to find jobs, pay taxes and keep their status regular. Clandestine border crossings by Haitians are almost nonexistent, while the crime rate is "extremely

low," she said.

She and other supporters of the policy—including officials in departing President Michelle Bachelet's government—say the migrants help shoulder the costs of an aging population that economists say will demand heavier spending on health care and pensions in coming decades. Due to a falling fertility rate and an 82-year life expectancy, the number of working-age Chileans for every retiree is on pace to fall from 7.6 in 2000 to 3.6 in 2030.

Haitian migration here can be traced to 2004, when ties between the countries were strengthened after Chile sent troops to the Caribbean nation to help lead a U.N. peacekeeping mission. At the time, Chile's economy was booming. After Canada, it has the lowest homicide rate in the Western Hemisphere, the World Bank says.

Migration quickly increased after the 2010 earthquake and subsequent cholera epidemic, as those who arrived in Chile encouraged their friends and family back home to come.

The new French- and Creole-speaking arrivals face language and culture differences. Many live in overcrowded houses, and there are fewer job opportunities than in the past, forcing some to work informally, said Rodrigo Delgado, the mayor of Santiago's Estación Central district, which is popular with migrants.

Sophia Dajoly, a 22-year-old Haitian who moved to Santiago six months ago after her mother died, said she had to postpone higher education because wages are too low to both study and work. Still, she earns enough at a company that provides immigration services to send \$100 to \$200 a month home to her nieces and nephews back home.

"I'm working so hard to help them," said Ms. Dajoly. "If I had a job in my country, if I had everything that I needed, I would never go to another country."

South African President Is Guided Toward an Exit

BY GABRIELE STEINHAUSER

JOHANNESBURG—After years of surviving controversy, South Africa's scandal-plagued President Jacob Zuma is nearing his endgame.

Since his ex-wife and preferred candidate lost a December vote to become the new leader of the ruling African National Congress, the 75-year-old Mr. Zuma, South Africa's president since 2009, has been under pressure from his own party to cede power.

Deputy President Cyril Ramaphosa, a self-proclaimed anticorruption crusader and new party leader, has taken control of key government decisions—including Saturday's appointment of a new board of the near-bankrupt state power utility.

Over the weekend, South African media reported that the ANC had asked its top six officials—which include Mr. Ramaphosa but not the president—to work out the details and timing of Mr. Zuma's exit from office before his mandate ends next year.

"The die has been cast," said Susan Booyens, professor

at the Wits School of Governance in Johannesburg. "In most respects he is already out of power. He cannot take one step" without clearance from Mr. Ramaphosa and other party officials, she said.

An ANC spokeswoman declined to comment on the reports about Mr. Zuma's

planned departure and instead pointed to a statement issued Saturday after the discussion of the party's National Executive Committee.

That statement said that Mr. Ramaphosa and other party officials "will continue their engagement with President Jacob Zuma to ensure effective coordination between the ANC and government." Asked whether that could include talks on the president's resignation, the spokeswoman

said "we wouldn't want to speculate on what could or could not feature" in those discussions.

A spokesman for Mr. Zuma didn't respond to requests for comment.

Until the sudden unraveling of his hold on power, Mr. Zuma had survived a string of scandals nearly unprecedented for a head of state in a modern democracy.

Before taking office, he was cleared of having raped a friend's daughter after claiming their relationship had been consensual. During his time as president, Parliament has unsuccessfully voted nine times to remove him. South Africa's Constitutional Court has ruled that he violated the constitution when he refused to pay back taxpayer money used for the renovation of his private Nkandla residence. (He has since repaid the requested funds.)

Members of his own government have accused him of allowing the Gupta family, who are friends of the president and business partners of his son Duduzane, to appoint cabinet ministers and win excessively lucrative state contracts.

Mr. Zuma and the Guptas have denied wrongdoing.

Mr. Ramaphosa pointed to the difficulties involved in removing the president in an interview on state television last week. "Whatever we do, we need to deal with this matter with the level of maturity it requires, with the proper decorum," Mr. Ramaphosa said.

Instead, analysts said, the ANC will likely try to find ways to push Mr. Zuma to resign, while giving him some assurances on his future. For instance, the party could offer support with the president's legal fees, or promise a presidential pardon should he be convicted of wrongdoing, said Ralph Mathekga, a political analyst and author of the 2016 book "When Zuma Goes."

"I don't think the ANC will want to feed him to the dogs," said Mr. Mathekga.

Narendra Modi
Prime Minister Of India

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WORLD NEWS

North Koreans Visit South's Music Venues

Pyongyang sets stage for preparations to take part in Winter Olympics with Seoul

By ANDREW JEONG

SEOUL—A North Korean delegation kicked off a two-day visit to South Korea on Sunday to inspect facilities for a musical performance at next month's Winter Olympics, a day after the International Olympic Committee gave North Korea a formal exemption to compete in five events at the coming Games.

The trip by the seven-member Pyongyang delegation dominated the news in South Korea on Sunday, with attention focused on the party's ostensible leader Hyon Song Wol, who is one North Korea's

most prominent pop singers.

South Korean President Moon Jae-in's policy of engaging the North faces skepticism from critics who say he has handed the North a propaganda victory. North Korea's hockey team didn't qualify for the Olympics, but under Saturday's IOC-brokered agreement, the two Koreas will form a unified women's hockey team.

Seoul says the deal is critical for dialing down the temperature after months of heated rhetoric between Pyongyang and Washington.

Thomas Bach, chairman of the IOC, said in Lausanne, Switzerland, that the North would send 24 coaches and 22 athletes to compete in five events at the Pyeongchang Olympics: ice hockey, figure skating, short-track speedskating, cross-country skiing and Alpine skiing.

The women's ice hockey team—the first ever inter-Korean Olympic team—will compete under a "Korean unification" flag, and use Arirang, a traditional Korean folk song, as its anthem. In addition, the two Koreas will walk in the opening ceremony together under a unified flag, said Mr. Bach.

Following Sunday's inspection trip, led by the pop singer Ms. Hyon to scout out venues for the performance, the North will send an advance party on Thursday. That delegation will examine housing facilities and other arrangements for the North Koreans, Seoul's Ministry of Unification said Sunday.

Even as the North has pursued a policy of engagement with the South, it has kept up its criticism of the U.S. and lobbed blunt warnings at the Moon administration.



North Korean pop star Hyon Song Wol and her delegation in Gangneung, South Korea, on Sunday.

SOUTH KOREA UNIFICATION MINISTRY/ASSOCIATED PRESS

China Says U.S. Navy Encroached on Its Seas

By JOSH CHIN

BEIJING—China criticized the U.S. Navy for sailing a guided-missile destroyer close to a disputed outcrop in the South China Sea, adding to tensions between the two governments already strained over trade and North Korea.

China's foreign and defense ministries, in separate statements Saturday, criticized the USS Hopper for encroaching on what Beijing regards as Chinese territory, saying the ship sailed within 12 nautical miles of Scarborough Shoal on Wednesday without permission.

The Chinese frigate Yellow Mountain identified the U.S. vessel, warned it to leave and then drove it from the area, the Defense Ministry said.

"The U.S. ship's actions damaged Chinese sovereignty and security interests," Foreign Ministry spokesman Lu Kang said in a statement.

A spokeswoman for the U.S. Pacific Fleet declined to comment specifically on the USS Hopper but said the U.S. conducts routine "freedom-of-navigation operations" designed to challenge excessive maritime claims.

WORLD WATCH



The U.S. vice president is on a four-day visit to the Middle East.

JORDAN

Pence Is Challenged On Jerusalem Status

King Abdullah II told visiting Vice President Mike Pence that President Donald Trump's decision to recognize Jerusalem as the capital of Israel should be part of a "comprehensive" Middle East peace deal.

At a luncheon, the king told Mr. Pence that Jerusalem's status "is key to peace in the region" and is as important to "Muslims and Christians as it is to Jews."

He suggested that the decision could spark more unrest and possibly terrorist attacks, making it harder for Muslims "to fight some of our root causes of radicalization."

He added that "today we have a major challenge to overcome especially with some of the rising frustration..."

Mr. Pence is in Jordan as part of a four-day trip to the Middle East. He arrived Saturday in Egypt and in meetings with the country's president, Abdel Fattah Al Sisi, also heard criticism of Mr. Trump's break with long-standing U.S. policy when it comes to Jerusalem.

The administration is now accelerating plans to relocate the U.S. embassy to Jerusalem from Tel Aviv. —Peter Nicholas

Scarborough Shoal, which is also claimed by the Philippines, is a collection of rocks, sandbars and coral reefs roughly 120 nautical miles from the Philippines that sits near valuable fishing grounds and is a flashpoint for contesting claims.

China seized control of Scarborough Shoal, also known as Huangyan Island, from the Philippines in 2012—one of a series of maneuvers by Beijing to assert its control and sovereignty claims over the South China Sea.

As a consequence, the U.S. military mounted periodic operations to sail or fly near the disputed areas to challenge what the U.S. sees as China's excessive claims in strategically and commercially vital seas.

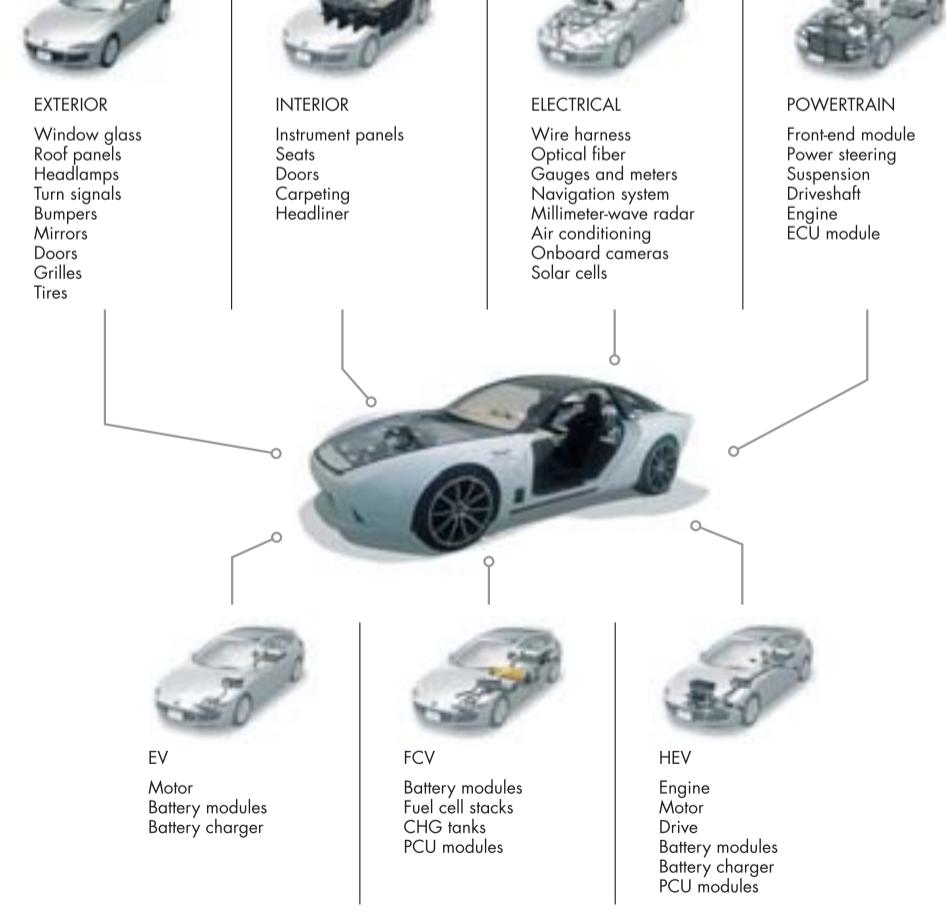
In 2016, the Philippines won an international arbitration case that effectively invalidated Chinese claims to all of the South China Sea.

Beijing rejected the ruling, but also moved to cool tensions with Southeast Asian nations, seizing an opportunity after a new Philippine president, Rodrigo Duterte, said he would put the ruling aside to pursue better relations.

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IN DEPTH

CRISPR

Continued from Page One

back into the patients, hoping the reprogrammed DNA will destroy the disease.

In contrast, what's expected to be the first human Crispr trial outside China has yet to begin.

The University of Pennsylvania has spent nearly two years addressing federal and other requirements, including numerous safety checks designed to minimize risks to patients.

While Penn hasn't received final federal clearance to proceed, "we hope to get clearance soon," a Penn spokeswoman said.

"China shouldn't have been

the first one to do it," says Dr. Wu, 53, an oncologist and president of Hangzhou Cancer Hospital. "But there are fewer restrictions."

In traditional drug development, too, human-trial rules can differ among countries. But

China's foray into human Crispr trials has some Western scientists concerned about the unintended consequences of using the wholly new tool—such as harm to patients—which could set back the field for everyone.

Western scientists the Journal interviewed didn't suggest

America's stringent requirements should be weakened. Instead,

many advocate an international consensus on ethical issues around a science that makes fundamental changes to human DNA yet still isn't completely understood.

"How do we make sure everyone is under the same tent?" says Jeffrey Kahn, director of the Berman Institute of Bioethics at Johns Hopkins University.

There is little doubt China was first out of the block testing Crispr on humans. Nine trials in China are listed in a U.S.

National Library of Medicine database. The Wall Street Journal found at least two other hospital trials, including one beginning in 2015—a year earlier than previously reported.

Journal reporting found at least 86 Chinese patients have had their genes edited.

As part of its drive to place

China on the global stage in a multitude of industries, Beijing in a 2016 five-year plan highlighted gene editing. Many of the Crispr trials emerged after that call-to-arms.

Carl June, lead scientist for

the Crispr research team at Penn, says China could beat the

U.S. to apply medical technologies such as Crispr pioneered in the West. "We are at a dangerous point in losing our lead in biomedicine," he says. There is a "regulatory asymmetry" between America and China, Dr. June says, but Crispr science is so new "it is hard to know what the ideal is between moving quickly and making sure patients are safe."

In Europe, too, trials haven't

started. Crispr Therapeutics AG, whose founders include a scientist associated with the tool, announced in December it had filed with the European version of the U.S. Food and Drug Administration to open a clinical trial in Europe. Regulators are reviewing the application, and the company plans to start this year, a spokeswoman says.

Crispr, for Clustered Regularly Interspaced Short Palindromic Repeats, serves as the immune system in bacteria. In

2012, a team led by scientists in

the U.S. and Austria published a paper demonstrating how they reprogrammed a particular Crispr system to enable gene editing.

The new tool—called Crispr-Cas9 after the natural system it uses—acts like molecular scissors, letting scientists cut or repair DNA.

The technology is easier to use than other gene-editing methods and less expensive. Lab experiments have shown it can correct some glitches that cause incurable diseases.

Rewriting life's building blocks, however, is fraught with scientific and ethical quandaries. One: Crispr might make unintended irreversible changes in people that may not emerge for years.

Dr. Wu agrees risks could surface, calling Crispr "a two-edged sword." Some "see the potential damage," he says. "We see the potential benefits."

He says speed is critical because his patients face imminent death. "If we don't try, we will never know."

None of the Chinese trials has published results. While Dr. Wu and other doctors say some patients' conditions improved, at least 15 of the known 86 patients have died of what doctors in the trials say were their diseases.

At first, it looked as if the U.S. would be out in front. The Penn-sponsored Crispr trial was among the first to publicly surface in 2016. The trial targeted patients with multiple myeloma, sarcoma and melanoma. Later in 2016, news reports said a Chinese hospital had begun the world's first Crispr trial. In fact, it wasn't first—No. 105 Hospital of the People's Liberation Army in Hefei began testing Crispr on patients in 2015, says Liu Bo, who leads that trial.

"China shouldn't have been the first one to do it," says a Chinese doctor.

A Chinese startup, Anhui Kedgene Biotechnology Co., pitched Crispr to the military hospital, says Dr. Liu and Kedgene, offering to apply the tool in Kedgene's lab. Doctors recruited participants, taking their blood and reinfusing edited cells.

"The doctors don't understand gene editing," says Mandy Zhou, who co-founded Kedgene in 2015 and trained medical students on how to use Crispr. "We have to do this together."

Early transfusions at the military hospital shrank some tumors, Dr. Zhou says. She teamed with Anhui Provincial Hospital in Hefei for another trial in 2016.

Tale of two trials

Dr. Zhou last year approached Dr. Wu, proposing another trial with Kedgene doing the gene editing in its lab 250 miles away.

Dr. Wu says he was eager. He needed approval only from his hospital ethics committee. Its role is similar to U.S. institutional review boards that examine proposals and assess risks.

In the U.S., investigators must also apply for FDA review before a human trial can proceed. A regulation of China's



A cancer patient at Hangzhou Cancer Hospital goes through a procedure that includes re-infusing cells genetically edited using Crispr.

health ministry, which is responsible for medical affairs, authorizes a hospital's ethics committee to approve research on humans. The ministry didn't respond to requests for comment.

Reviewing Dr. Wu's proposal was a committee appointed by his hospital, comprising nine people including doctors from the hospital, a lawyer and a former cancer patient, Zheng Xiaomin. The seven who showed up sifted through a roughly 100-page proposal and watched a PowerPoint presentation, panel members say.

Ms. Zheng says the proposal, which she received a day in advance, "was too much to finish reading." She says she "didn't understand the academic details" but did ask about side effects and was told they were mild.

Penn's Dr. June was navigating a more rigorous process.

To get a go-ahead from his hospital's review board and the FDA, he first sought an assessment by a U.S. National Institutes of Health advisory committee. The NIH set up the committee 40 years ago in the wake of public concern about new gene technologies.

At a June 2016 meeting, the NIH panel asked Penn's team to strengthen warnings to patients explaining that the procedure was experimental and that ill effects might be irreversible, according to committee members and a meeting transcript.

Mildred Cho, a Stanford University bioethicist on the committee, requested Penn describe the trial as "gene transfer" instead of "gene therapy," which she says implied effective treatment, not experimentation. The investigators complied.

"We want to make sure everyone knows this is an experiment and not a cure," says Laurie Zoloth, dean of the University of Chicago Divinity School and a bioethicist on the committee. "Experiments can fail, and in ways that can be terrible."

At the time of the NIH hearing, Dr. June's lab had run a variety of tests to see if Crispr made unintended cuts in cells. He says the FDA wanted still more. The FDA declined to comment on the process.

Dr. Wu says he didn't have the time to do such tests because his terminally-ill patients needed treatment urgently.

The NIH advisory committee

Out of the Gate

China has gotten a jump on the U.S. in human trials of Crispr-Cas9. It is the only country known to have conducted tests on humans.

■ China ■ U.S./Europe

2015

Cancers of the kidney, lung, liver and throat
Patients infused: 36

2016

Cancers of the stomach, head and neck and lung
Estimated enrollment: 20

2017

Metastatic non-small-cell lung cancer
Estimated enrollment: 15

2018

Metastatic renal-cell carcinoma
Estimated enrollment: 20

2019

Hormone-refractory prostate cancer
Estimated enrollment: 20

2020

Invasive bladder cancer
Estimated enrollment: 20

2021

Cancers of the stomach, head and neck; lymphoma
Estimated enrollment: 20

2022

B-cell leukemia and B-cell lymphoma
Estimated enrollment: 80

2023

HIV-1 infection
Estimated enrollment: 5

2024

Esophageal cancer
Estimated enrollment: 21

2025

Human-papillomavirus-related malignant neoplasm
Projected enrollment in trials: 60

2026

Melanoma, multiple myeloma, sarcoma
Projection: 18

2027

B-thalassemia
Projection: 30

Note: The list represents information that appears on clinicaltrials.gov or through investigators and companies but may not be comprehensive.

Source: ClinicalTrials.gov

THE WALL STREET JOURNAL.

ing. He says he tells patients his trial is aimed at modifying their immune systems and doesn't dwell on the fact he is using an experimental tool. His explanation to participants, he says, varies based on their education.

"The Chinese patients will sign the consent letter," says Kedgene's Dr. Zhou. "But mostly they listen to what doctors tell them."

Death reports

Penn also must report deaths. An FDA spokeswoman says investigators must immediately inform a trial's sponsor of serious adverse events, such as death, regardless of whether they are trial-related. The sponsor must then notify the FDA.

Seven of Dr. Wu's patients have died, among 15 known deaths across Kedgene's three trials, say Dr. Wu and other doctors involved. Dr. Wu says the deaths in his trial were due to patients' diseases and not related to Crispr, so he wasn't required to report them to his ethics committee.

China's health ministry requires researchers report "adverse events" to their ethics committees. Dr. Wu says deaths unrelated to the trial aren't seen as adverse events. Wei Jia, who is leading a separate Crispr trial at Nanjing University's Drum Tower Hospital and isn't involved with Kedgene, says any fatality in a trial is considered an adverse event.

Dr. June says the Penn study will test whether Crispr is safe and "isn't designed to see if we can cure patients." The researchers plan to test Crispr on one patient, wait a month to make sure there aren't adverse reactions, then try it on two more.

Dr. Wu says he sees saving patients' lives as paramount. He began by testing Crispr on three patients and has modified genes of more than a dozen. He says he is planning other trials.

Not all China's Crispr trials were approved as easily. Dr. Liu, the principal investigator in what appears to be the world's first experiment, says his ethics-committee reviewers took months to approve his trial after asking for supplementary information.

More U.S. Crispr trials are expected to open in the next 18 months, led by publicly traded companies started by scientists associated with the tool.

FANS

Continued from Page One

Mr. Spaeder embodies a phenomenon that has recently gripped the Hall of Fame selection process. The Hall's gatekeepers are a small group of veteran baseball writers who vote on which players will be inducted. But the writers' gates have been crashed by amateur baseball enthusiasts who bombard them with obscure stats and analysis, canvassing the electorate like a presidential campaign.

Mr. Spaeder has spent a large portion of the past five months preaching the gospel of Edgar, delivering his message mostly through his baseball statistics Twitter account, which boasts more than 45,000 followers.

Around the time that ballots were sent to writers in late November, Mr. Spaeder fired off about 250 tweets and emails to writers who didn't vote for Mr. Martinez last year, imploring them to reconsider. His pitch included a barrage of esoteric statistics designed to bolster Mr.

By the Numbers

Key stats that could win Edgar Martinez a spot in the Hall of Fame

■ Martinez ■ Average HOF batter

Batting average	Hits	HR	RBIs
0.312	2,406	309	1,261
0.302	2,247	218	1,219
On-base pct.	On-base-plus-slugging pct.	Wins above replacement	All-Star selections
0.418	0.933	69	7
0.376	0.839	68.3	6

Martinez's case.

For instance, did you know that Mr. Martinez reached base safely 203 more times than Chicago Cubs great Ernie Banks, in 1,721 fewer plate appearances? Or that Mr. Martinez would need to go 0-for-660 at the plate without reaching base safely for his lifetime on-base percentage to fall below the legendary San Diego Padres hitter Tony Gwynn's?

"There's just no question about it that this guy is a Hall of Famer," Mr. Spaeder said.



ELAINE THOMPSON/ASSOCIATED PRESS

Designated hitter Edgar Martinez of the Seattle Mariners ahead of his retirement in 2004.

hood hero growing up in Montreal. Among the 309 writers who made their ballots public last year, 37 voted for Mr. Raines who hadn't voted for him the year before, according to Mr. Thibodaux's data. That was enough to send Mr. Raines to Cooperstown in his final time on the ballot. (Rules were revised a few years ago so that players are now allowed 10 tries, down from 15.)

"Sports are about justice," Mr. Keri said. "People get worked up about this stuff because they feel, 'Yes, this is the truth! Why are people not seeing the truth?'"

Mr. Spaeder, who hopes to work in baseball following his military service, became frustrated with Mr. Martinez's poor showing on the ballot. He was convinced that his performance—a career .312 batting average and .933 on-base-plus-slugging percentage—was worthy of Cooperstown. In Mr. Spaeder's mind, Mr. Martinez was being unfairly stigmatized because he was mostly a DH and didn't play in the field, allowing some voters to brand him an incomplete candidate for immortality.

So Mr. Spaeder went on the

campaign trail. On Nov. 21, he tweeted that "if you do not think Edgar Martinez belongs in the Hall of Fame, you are objectively incorrect." In early December, he authored a widely shared article for the Sporting News that featured an interview with Mr. Martinez.

As of midday Sunday, with about 47% of the ballots public, Mr. Martinez is tracking at 81% and is expected to finish close to 75%, up from 58.6% in 2017 and 36.2% in his first year on the ballot, 2010. Mr. Spaeder said about a dozen writers have told him privately that his campaign factored into their decision to flip their votes from "no" to "yes."

If Mr. Martinez is elected, Mr. Spaeder plans to travel to Cooperstown this summer for the ceremony.

"I appreciate him," Mr. Martinez said. "I appreciate all the fans that are supporting me that way."

Mr. Spaeder says access to Mr. Martinez was never his aim. "I believe in the ball-player," he said. "I don't care if Edgar Martinez says a word to me again." Then he paused.

"I hope he would. I'd like to have a beer with him someday."

GREATER NEW YORK

Flaws Cited in Transit Program for Disabled

Riders and advocates have long complained about New York City's Access-A-Ride system

By CORINNE RAMEY

New York City's Access-A-Ride system doesn't adequately handle customer complaints, leading to health and safety risks to its disabled and elderly customers, New York City Comptroller Scott Stringer said Sunday.

An audit by the comptroller's office found 43% of complaints about the service, including those regarding

significant lateness or safety, weren't resolved within deadlines set by the Metropolitan Transportation Authority.

Access-A-Ride provides rides to passengers who are disabled and can't use buses or subways. Customers reserve rides, which are often in vans or sedans, in advance. The service, which is largely contracted out through private vendors, provides some 6 million rides annually.

The average cost to the MTA per trip is \$57.79.

"When a New Yorker calls the MTA to raise safety concerns or relay complaints about poor service, they expect the agency itself will investigate," Mr. Stringer said in a statement.

With Access-A-Ride, he said "for the bulk of the complaints received, it's passing the buck to the very providers who are accused of causing the problems to begin with."

An MTA spokesman said since the audit was completed, the agency had taken "aggressive actions" and made improvements to paratransit. "NYC Transit is committed to continuing to improve service and that includes strengthening incident and complaint tracking controls," the spokesman said.

In one complaint detailed in the audit, a customer said the driver drove too fast and hit a

bump that lifted the vehicle into the air and broke one of its wheels. The customer said this threw her against the window and injured her arm. The complaint took 95 days to reach customer-relations agents and the driver was pulled from service, the audit said.

In another, a customer said a driver was an hour late, then drove 80 mph in a 40 mph area, which "felt like a police chase," according to the audit. The audit said there was no evidence the complaint had been investigated.

MTA officials said out of some 6 million paratransit trips, just one-half of 1% result in complaints. A new online

dashboard tracks Access-A-Ride's performance and customer service, officials said.

Riders and advocates have long complained about Access-A-Ride, which they say is frequently late to arrive or doesn't show up altogether. Mr. Stringer's 2016 audit of the service found tens of thousands of people were left stranded.

Susan Dooha, executive director of the Center for Independence of the Disabled in New York, said her staff members who use wheelchairs have repeatedly had trouble getting to work or medical appointments on time. What's more, the lack of good transit for disabled people contributes to low



Comptroller Scott Stringer found delays in resolving complaints.

employment rates.

"It is Access-A-Ride's dysfunction and the inaccessibility of the subway system that are a terrible barrier to employment," she said.

Lady Liberty to Reopen With State Funding



New York state will pay to reopen the Statue of Liberty and Ellis Island, which were closed over the weekend due to the federal government shutdown, Gov. Andrew Cuomo said Sunday.

"The Statue of Liberty is a

symbol of freedom and opportunity for all, and it is a gross injustice that this administration would shut it down," Mr. Cuomo, a Democrat, said in a statement.

The White House didn't immediately respond to a request

for comment.

Republicans and Democrats have blamed each other for the standoff over a bill to fund government operations.

The two New York attractions will reopen on Monday,

state officials said. New York will pay the federal government \$65,000 for each day the park is open during the shutdown. The National Park Service didn't respond to a request for comment.

—Corinne Ramey

Developer Plans Hotel for Iconic Amex Building

By KEIKO MORRIS

Allan Fried has been waiting for years for the right moment to pitch his vision for an expansive retail space and hotel at the landmark American Stock Exchange building in New York's financial district.

That time, he says, is now.

The real-estate developer's bet seems counterintuitive. Re-

tail is in the midst of a historic reckoning as e-commerce

takes a bigger chunk of consumer spending and national chains close stores at rates usually reserved for recessions. Even in upscale Manhattan, owners of retail properties in high-profile shopping corridors have suffered high vacancies and steep drops in asking rents.

A new hotel will also face stiff headwinds. Other hotel projects in the Financial District, totaling 1,917 rooms, are in the planning stages or under construction, according to STR, a data and analytics specialist. The area's supply of hotel rooms has grown significantly over the past few years, increasing by 17.5% in 2015, 14.2% in 2016 and 10.4% in 2017, STR data show.

Still, Mr. Fried, a managing partner at GHC Development LLC, insists lower Manhattan is fertile ground—and his building is unique.

He points to a reinvigorated area, transformed in recent years by a redeveloped World Trade Center and an influx of new residents and commercial spaces, more diverse companies, destination restaurants and tourists. "It's now a desired location," Mr. Fried said.

A recent two-month exhibition at the American Stock Exchange building, tracing the history of Louis Vuitton, offered evidence of the caliber of tenant it could attract, said Mr. Fried. The show drew a constant line of visitors, according to a Louis Vuitton representative.



The American Stock Exchange building, which used to host brokers, now features fashion exhibits.

On the heels of that success, GHC and its partner, real-estate investment firm Clarion Partners, are now moving ahead with a \$65 million plan to refurbish and ready the space for new tenants.

The American Stock Exchange left 86 Trinity Pl. in 2009, a year after merging with the New York Stock Exchange. Two years later, Mr. Fried and a partner bought the building, along with an adjacent property, for \$65 million.

"We already have been approached by tenants to take it for fashion week."

Mr. Fried envisioned converting the building—which he is calling 123 Greenwich St., the American Stock Exchange Building—into a retail space with a hotel or residential living. He put those plans on hold while he rezoned the adjacent parcel for residential use. That building was sold and is being developed into a luxury condominium tower.

Mr. Fried said he could see

the beginnings of downtown Manhattan's revival, but decided to wait until it became more visible and two major retail projects—Westfield World Trade Center in the Oculus transit hub and Brookfield Place—opened.

In 2015, Clarion Partners took a 70% stake in the building in a deal that valued it at \$150 million, Mr. Fried said.

"Downtown is going through a revival, and this property offers a fantastic opportunity to be in the middle of it all," said Lauren Holden, senior vice president of asset management at Clarion.

Despite the area's revitalization, the project could take time to find tenants, particularly for the retail space, some brokers said.

Lower Manhattan's retail vacancy rate in the fourth quarter jumped to 15.3%, a 6.2-percentage-point increase from the same quarter a year earlier, according to Cushman & Wakefield. At the same time, retailers are opting for smaller spaces and shorter lease terms.

The location "is going to have to become a destination, whether home furnishings or some unique experiential idea," said Richard Hodos, vice chairman at real-estate services firm

CBRE Group Inc.

The 14-story American Stock Exchange building was constructed in two phases, first between 1920 and 1921 and later from 1930 to 1931. Its Greenwich Street side was designed in a neo-Renaissance style and features a row of tall, arched windows. The facade facing Trinity Place was built in an art deco style, with multistory windows and metal reliefs illustrating the types of stocks traded, according to a landmark designation report. Decorative coffered panels line the trading-floor ceilings.

The four lower levels, which could offer as much as 100,000 square feet of retail space, have ceiling heights of almost 60 feet in large portions of it. Approved designs for storefronts and larger windows will allow more visibility from the outside, Mr. Fried noted. The space could attract tenants with a theatrical-type concept or those with so-called "experiential" retail formats, he said.

"We already have been approached by tenants to take it for fashion week," Mr. Fried said. "There have been a myriad of users who didn't have the opportunity to utilize our space until now. Now they're reaching out to us."

Some of the gubernatorial candidates who have declared bids against Mr. Cuomo this year are preparing to argue the case reflects poorly on the governor's leadership.

"I think voters are going to be rightfully angry about what they hear," said Assemblyman Brian Kolb, an upstate Republican running for the GOP nomination.

The case against Mr. Percoco and associates "will be a defining issue" in the race.

A representative for the state Democratic Party declined to comment.

Mr. Cuomo's critics say regardless of the verdict, the allegations undermine Mr. Cuomo's campaign pledges to clean up Albany and to restore efficiency to state government. "I want to talk about the issues that led up to this trial," said former Erie County Executive Joel Giambra, who is seeking the GOP gubernatorial nomination.

Despite the corruption allegations, Mr. Cuomo is beginning his re-election campaign with a favorability rating above 60% statewide in a recent Siena College poll, and more than 75% among Democrats.



Gov. Andrew Cuomo, right, and Joseph Percoco, a former top aide seen in 2013. Mr. Percoco is set to go on trial on Monday.

GREATER NEW YORK

Attractions Use Twofer Discount To Lure Visitors

BY CHARLES PASSY

New York City is adding another bargain "week" to its calendar.

NYC & Company, the city's official tourism organization, is launching NYC Must-See Week, a promotion that will offer 2-for-1 admission at 62 participating attractions, museums and other sites from Jan. 29 through Feb. 11.

Attendance can drop as much as 40% to 50% in late January to early February.

The promotion joins other longstanding ones NYC & Company runs, including NYC Restaurant Week, NYC Broadway Week and NYC Off-Broadway Week. Other organizations also run their own "weeks," such as the Bronx Tourism Council's Savor the Bronx week spotlighting borough restaurants.

NYC Must-See Week is an expansion of a promotion NYC & Company tested last year. The idea, as with similar

events, is to increase business during what is a slow time of year, NYC & Company officials said.

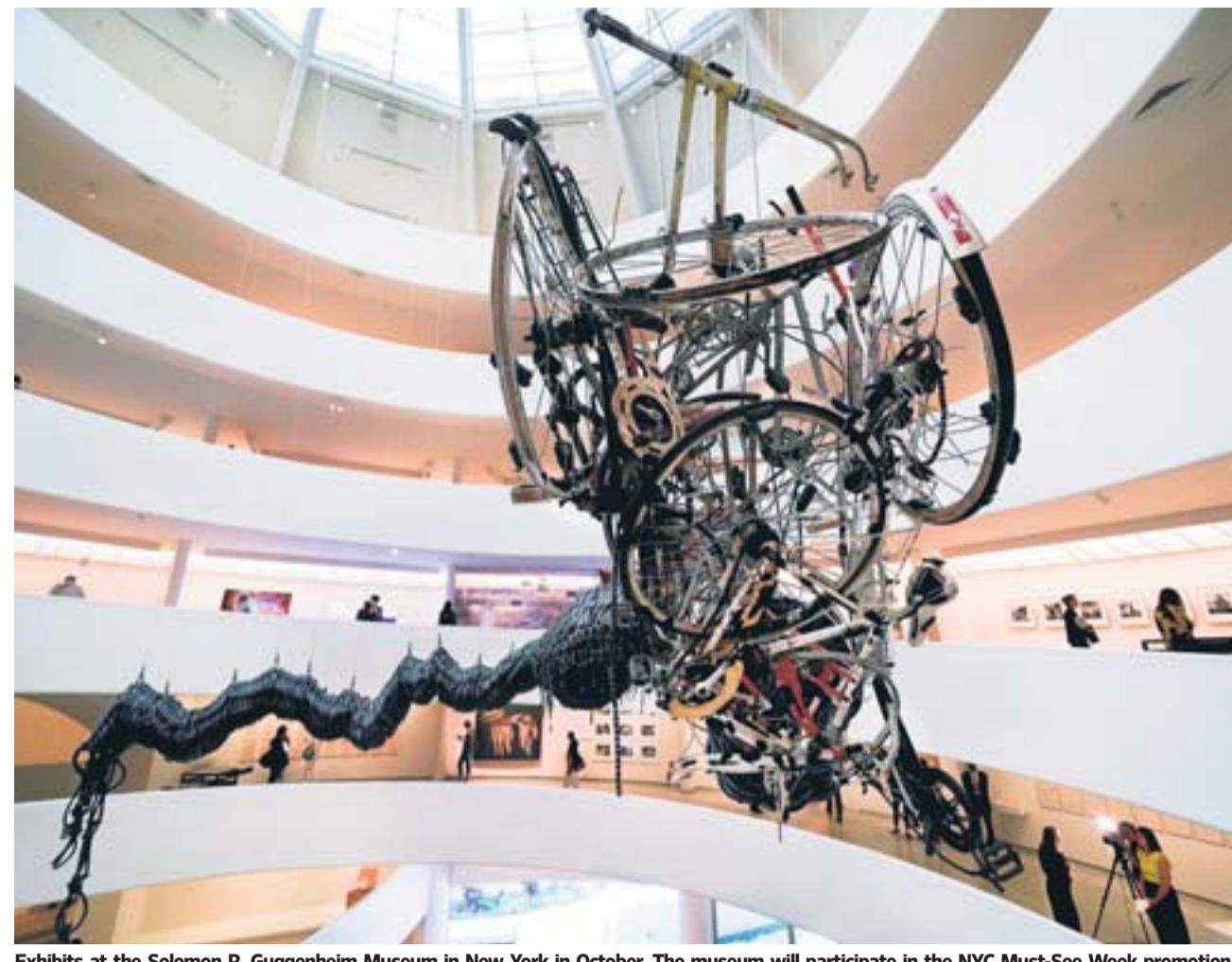
Indeed, some attractions and museums noted that attendance can drop by as much as 40% to 50% during the late January-early February period compared with such peak times as the summer and winter holidays.

"That first week of January is pretty strong and then all of a sudden, it will be really soft," said Ryan Michaelsen, who heads marketing for the Tour at NBC Studios, a Midtown attraction that is participating in the NYC Must-See Week promotion.

Other participants run the gamut from major museums such as the Museum of Modern Art and the Guggenheim to popular destinations like the Bronx Zoo and the Brooklyn Botanic Garden. New attractions, such as Gulliver's Gate and the NFL Experience, both in Times Square, are part of the mix.

It isn't unusual for these destinations to run their own discounts or other offers throughout the year. Many museums, for example, feature periodic free days or nights.

Still, a 2-for-1 offer that is



Exhibits at the Solomon R. Guggenheim Museum in New York in October. The museum will participate in the NYC Must-See Week promotion.

extended over a period of more than a week is nothing to take lightly, said NYC & Company President and CEO Fred Dixon. The deal, he said, "is about as aggressive as it gets."

The growing number of these "week" promotions has prompted concern that the

concept could be getting played out, thus minimizing the impact of each event.

"You have to be careful not to reach the saturation point," said Dr. Robertico Croes, a tourism-industry expert who is an associate dean at the Rosen College of Hospitality Management in Orlando, Fla.

Some of the events, such as NYC Restaurant Week and NYC Broadway Week, are held twice a year. And the "week" typically stretches well beyond seven days.

NYC & Company officials noted the promotions generate solid numbers. For example, they said during its six-year

run, NYC Broadway Week, which is operated in partnership with the Broadway League, a trade group, has generated sales of 1.1 million tickets, which equates to \$76 million in revenue.

"We think the value (of the promotions) never really goes out of style," Mr. Dixon said.

GREATER NEW YORK WATCH

NEW JERSEY

Rush-Hour Road Ban Targets Nonresidents

A New Jersey town is closing streets to nonresidents during rush hour to ease congestion.

The ban in Leonia, which is just west of New York City, takes effect on Monday. Violators could face a \$200 fine.

The town sees increased traf-

fic when there is a delay on the nearby George Washington Bridge as GPS systems or travel apps direct motorists through the borough, officials said.

The subsequent congestion causes major traffic for locals and impedes emergency vehicles, officials said. Town residents have received yellow tags for their cars that allow them to travel on the closed roads.

—Associated Press

NEW YORK

Thousands Comment On Hudson Cleanup

The Environmental Protection Agency says it has received about 2,000 public comments as it reviews a \$1.7 billion Superfund cleanup of the upper Hudson River. The federal agency is expected to finalize its five-year review of the cleanup early this

year. The comments from government agencies, organizations, businesses and individuals total almost 3,000 pages.

General Electric completed removal of 2.75 million cubic yards of polychlorinated biphenyl-contaminated sediment from a 40-mile stretch of the river in 2015. But New York state officials and other critics say too much PCB-contaminated sediment remains.

—Associated Press

DRUNKEN DRIVING

Lawmaker Wants Lower Limit for DWI

A New York state lawmaker wants to lower the state's legal blood-alcohol limit for drinking and driving from .08 to .05.

Democratic Assemblyman Felix Ortiz cited a recent recommendation from the National Academies of Sciences, Engi-

neering and Medicine, which concluded that lowering the limit to .05 could save thousands of lives now lost to drunken driving. It typically takes about two drinks for most women and two or three for most men to get to a .05 blood-alcohol level.

All states have .08 thresholds. A Utah law that lowers the state's threshold to .05 goes into effect Dec. 30.

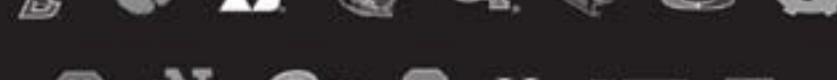
—Associated Press



MARCH 6-10

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Marchers Weigh Their Next Steps

BY ZOLAN KANNO-YOUNGS

As Roberta Harnett marched down Central Park West, her focus was on her next steps, in the days ahead.

"This is great, but now we need to do something," the 36-year-old teacher told her friend, Heather Ross. "What are we going to do to take action?"

The second Women's March in New York City on Saturday was dominated by talk of women's rights, immigration policy and political activism as tens of thousands of people made their way from the Upper West Side to midtown.

Voter registration booths were stationed along the route, with organizers encouraging participants to get involved in political movements. While some demonstrators said last year's event focused mainly on opposing the Trump administration, many said this year's march influenced them to participate more actively in a variety of causes they believed in.

Ms. Ross, a 40-year-old stay-at-home mother donning one of the pink hats that flooded last year's march, said she was more motivated than ever to teach her children

about equal rights for all genders. Ms. Harnett said the march inspired her to dedicate time to volunteer for Planned Parenthood.

Nearby, another teacher, Marsha McLeod, said her students in Long Island could expect a lesson on the march on Monday.

Many said they felt energized and were more motivated to vote in November.

"A lot of people talk about what's going on and in order for you to get it right you have to do something about it," said Ms. McLeod, 49.

Holding a sign stating, "I fight like a Mom," Carrie Slavinski, 46, of Point Pleasant, N.J., said she was more determined than ever to vote and to lecture her eighth-grade special-education class on the importance of voting.

"This is about action, and before it was about Trump."

A couple blocks behind her, a man shouted to demonstra-

tors, imploring them to register to vote. Behind him, Dorothy Dunn said the march encouraged her to try to unite the residents of her hometown of Paris, Ill., with people in coastal cities. Many in the small town voted for President Donald Trump, she said.

"I'm not a crowd person, but there's a spirit of we're all in this together," Ms. Dunn said of the event, as a wireless speaker behind her blasted Beyoncé's "Run the World." "I would love to lead a march like this."

A few feet away from Ms. Dunn, Lois Zentmaier, 70, of Westchester County, was thinking about volunteering for a political campaign. The march, as well as the government shutdown and the gridlock around the government's immigration policy, motivated her to get involved in politics.

"I want to be counted," Ms. Zentmaier said.

Many said they felt energized by the event and were more motivated to get to the voting booth in November.

Christine Werner, 50, of Long Island, went even further, looking ahead to 2019.

"When's the next march?" she asked her friend.



Some marchers said the event would inspire them to actively participate in a variety of causes.

LIFE & ARTS



TELEVISION

Torn From the Headlines, Again

'Waco' joins a spate of TV, movies and other entertainment mining sensational news from the recent past

BY JOHN JURGENSEN

TWENTY-FIVE YEARS after a shootout and FBI raid left 82 members of the Branch Davidian religious sect and four federal agents dead, a six-part cable series re-examines the siege.

"Waco" portrays the group's leader David Koresh (played by "Friday Night Lights" star Taylor Kitsch) as a charismatic interpreter of Scripture and an amateur guitarist who also fathered children with multiple wives, including underage girls. Busy film star Michael Shannon plays an FBI negotiator worried about the militarization of his agency, which storms into Waco, Texas, eager for a win after a deadly showdown at Ruby Ridge in Idaho the year before.

Premiering Jan. 24 on a new cable channel, Paramount Network, "Waco" is the latest in a string of TV series, movies, books and podcasts resurrecting stories from the recent past to find new relevance and nuances that were drowned out at the time. Retellings of the 1997 killing of fashion designer Gianni Versace, the 1973 kidnapping of J. Paul Getty III and other epics feed into a continuing true-crime craze in entertainment. These stories, often with an anni-

versary attached, can tap into moments of shared history for viewers, leading some to realize they didn't remember much beyond the headlines.

But projects that reframe history can be controversial, especially when triggering empathy for real-life characters like Koresh that have long been perceived as villains. The creators of "Waco" say they took a "no bad guys" approach to the story.

"The name 'Waco' is marketing right there," says Kevin Kay, president of the Viacom-owned Paramount Network, which replaced cable network Spike TV on Jan. 18. "It's always great to create new stories, but when you're starting from scratch, it's not a bad thing to tell a story viewers have some familiarity with."

The 15-year-old Spike TV had an average of 563,000 prime-time viewers a day, most of them men, in 2017. Although it landed just below MTV and above Animal Planet in the network rankings, Spike's viewership was down 20% com-



pared with the previous year.

Relaunching it as the Paramount Network is an attempt to draw more female and upscale viewers than those who tuned in for Spike's "Cops" marathons and original series like "Bar Rescue" and "Lip Sync Battle," which both made the jump to Paramount.

"Waco" was originally intended for Spike when the network bought the script in 2016. But the show got picked for the rollout of the Paramount Network because it fit the bill for cinematic programming that the rebranded channel hopes will compete with shows on AMC and FX, both of which drew about a million prime-time viewers

Taylor Kitsch, above, plays Branch Davidian leader David Koresh in 'Waco.' Another new show set in the 1990s, 'American Crime Story,' left, stars Edgar Ramirez as Gianni Versace.

on average last year.

Weinstein Co. was one of the producers of "Waco." After allegations of sexual harassment and rape against Harvey Weinstein erupted last fall, his credit as an executive producer was removed from the series, along with the Weinstein Co. name.

The same was done for "Yellowstone," starring Kevin Costner as a ranch owner, which was produced by Weinstein Co. and slated to air on Paramount Network in June. Mr. Kay, the Paramount executive, says Mr. Weinstein was involved in selling "Waco" and "Yellowstone" but not their creation.

Four years ago, "Waco" sprang from a movie script that brothers John Erick and Drew Dowdle were working on. While developing a fictional villain's backstory, they researched Koresh's clan and quickly realized that the real-life tale of the Branch Davidians was more compelling than the one they were inventing.

The Dowdle brothers sought out

David Thibodeau, one of the nine Branch Davidian members who escaped the headquarters during the fiery conclusion of the 51-day standoff in April 1993. Mr. Thibodeau wrote a book about his experience, arguing against the official description of a mass suicide, but it sold poorly and went out of print.

At the time, the people booking him as a speaker were predominantly right-wing, including constitutional and gun-rights groups, who were drawn to his account in which the government caused most of the fatalities.

"I could not have gotten on the college lecture circuit," Mr. Thibodeau recalls. "I think it needed 25 years of distance to get into these subjects again."

After meeting Mr. Thibodeau at his home in Bangor, Maine, the Dowdle brothers got his cooperation and the rights to his memoir, which has been updated and reissued as "Waco: A Survivor's Story" to tie into the series.

The authorities' perspective comes from the man Mr. Shannon plays: Gary Noesner, the FBI's former chief negotiator, who also wrote a Waco memoir titled "Stall-

Please see WACO page A13

WHAT'S YOUR WORKOUT? | By Jen Murphy

HER GOAL: HELP OTHERS FINISH THE RACE



Caroline Gaynor, right, guides visually impaired athlete Randi Strunk during the Ironman 70.3 Texas 2017.

THE CLIMB TO HAWAII can make or break cyclists on the Ironman World Championship course in Kona, Hawaii. Caroline Gaynor has the added challenge of riding uphill into the climb's famous headwinds on a tandem bike. Ms. Gaynor, 34, is an eight-time Ironman guide for blind and visually impaired athletes.

After competing in triathlons for herself for eight years, she decided to make what she jokingly calls "a selfish sport" a little less selfish by helping other athletes cross the finish line. Since 2008, she has guided 12 people in more than 40 triathlons.

Ms. Gaynor learned to guide over a weekend. "A friend connected athletes with guides and he called me the week before the New York City triathlon asking if I knew of anyone who could help," she says. "I volunteered, even though I had no experience. There is a reason tandem bikes are called divorce-makers. I thought I was going to crash, the bike was shaking so badly."

Ms. Gaynor travels one to three times a month to meet with financial advisers as a regional director for Dimensional Fund Advisors, a global investment manager that provides support to investment firms. She is based in Charlotte, N.C. "Running and cycling aren't a problem on the road. But try finding a 25-yard pool," she says. She guides five to six races a year and usually doesn't meet the athletes until a few days before a race.

"As a guide, strategy is nearly as important as training," she says. "The athlete's goal is what matters. If the athlete is having their best day and I'm having my worst day, I should still be comfortably faster than them."

At the 2017 Ironman World Championship, a course that includes a 2.4-mile swim, 112-mile bike ride, and 26.2-mile run, Ms. Gaynor guided visually impaired South African athlete Helen Webb. "The heat was radiating off the pavement and Helen had over-heated...on the bike. I cooled her

Please see WORKOUT page A12

LIFE & ARTS

TRENDING

A Comedy Set in The '50s Strikes a #MeToo Chord

'The Marvelous Mrs. Maisel' puts a woman's stand-up aspirations in focus

BY ELIZABETH WINKLER

IN MAKING "The Marvelous Mrs. Maisel," creator Amy Sherman-Palladino says she didn't plan on tackling sexism in entertainment.

The idea for the Amazon Studios television series came from her childhood, particularly her father's work as a stand-up comedian. But the timing of the show's release was fortuitous: The full season began streaming in November, just as sexual harassment was becoming a flashpoint in industries and workplaces around the world, sparking debates about gender equality and the discrimination women face. Those conversations have helped generate buzz for shows like "Maisel," which follows a 1950s woman trying to break in to New York City's comedy scene.

"Because of everything going on, 'Maisel' has taken on political overtones that weren't particularly intended," says Ms. Sherman-Palladino, who previously created the long-running TV series "Gilmore Girls." "But to not portray the comedy world the way it is would have been fake storytelling. It was a misogynistic world then, and it is now."

"Maisel" won two Golden Globes earlier this month, snagging best television comedy and a best actress trophy for Rachel Brosnahan, who plays the title character, Miriam "Midge" Maisel. Amazon Studios, which has already ordered a second season, says that over half of U.S. Prime members who finished the eight-episode first season did so within three days, a sign that it caught on with binge-watching audiences.

In a statement, Marc Resteghini, a programming executive for Amazon Studios, called the show "a rare pairing of the perfect concept with the most unique of voice," adding: "Midge Maisel's journey is inspiring, entertaining and timeless—we suspected very early that it would have broad resonance within the culture."

As Midge, Ms. Brosnahan plays a homemaker enjoying domestic life on New York's Upper West Side, until her husband leaves her for his secretary. Her first stand-

Why It's Working

The Show: 'The Marvelous Mrs. Maisel'

The Network: Amazon Original Series

The Plot: A New York housewife, deserted by her husband, attempts to become a stand-up comic in the 1950s.

The Reception: 'Maisel' won Golden Globes for best television comedy and best actress in a comedy. Amazon declined to provide viewership figures but has renewed the show for a second season.

The Formula: A show by the creator of "Gilmore Girls," exploring the hurdles a woman faces breaking in to a male-dominated field, coincides with the #MeToo campaign.



Amy Sherman-Palladino, left, created 'The Marvelous Mrs. Maisel,' which stars Rachel Brosnahan in the role of Miriam 'Midge' Maisel.

up performance is essentially an accident—she stumbles onstage drunk, trying to make sense of her shattered life. To her surprise, her dark state of mind gets the audience laughing.

"Midge never wondered, 'Is there another world, another existence for me?' But she sort of discovers her superpower, that she has this ability to get up on stage and talk and people will find her funny," says Ms. Sherman-Palladino.

Yet she struggles in an industry that is hostile to women. Agents and bookers take her for a singer, while male comedians think she must be an assistant sent by their competitors to steal their act. Audience members heckle her with sexist jabs. Even her supporters can't reconcile the idea that an at-



tractive woman could also be funny.

Decades later, women working in comedy say these problems haven't gone away.

"If a man in our field, whether it be a comedian, agent or booker, only sees you as a sexual object, or in some cases, not as a sexual object, you might automatically be cut off from career growth and opportunity," says stand-up comic Sara Schaefer. "It's subtle, but it's very real."

When she was working in the 1990s, "club owners feared that women wouldn't bring in an audience," says Laurie Kilmartin, a writer for the late-night TBS series "Conan." "They were afraid of offending male audience members, and I think they didn't really care

about female audience members."

A 2007 Vanity Fair article by Christopher Hitchens, "Why Women Aren't Funny," "made it a lot harder for women to get work" in comedy, Ms. Kilmartin adds. "It just sort of gave them justification not to hire us."

"There's no way to pretend that comedy is a gracious place, that all they care about is talent," says Ms. Sherman-Palladino. "You're already dealing with insecure men, and then on top of that you have women walking into their territory who could be funnier than them."

This is what riles Midge's husband, an aspiring comedian who realizes that his wife has more natural talent than he does and, pouring salt in the wound, makes him the butt of her jokes.

"What's interesting about Midge," says Ms. Sherman-Palladino, "is that if you asked her if she was a feminist, she'd say, 'No, I'm married, I have two children, I like to cook brisket.' And yet, what she's doing is the ultimate expression of feminism, which is saying what's on her mind."

For the second season, "Maisel" will further explore gender dynamics in comedy, including sexism, but also the attempts to combat it decades ago.

Midge's creative partnership with her manager, played by Alex Borstein, will be part of that, Ms. Sherman-Palladino says. "We'll go deeper into how these two women, coming together, achieve something they could never do by themselves."

WORKOUT

Continued from page A11
down at an aid station, but having exerted so much energy biking I really struggled on the run. It was grueling."

The duo finished in 16 hours, 27 minutes and 25 seconds, beating Ms. Webb's goal of 17 hours. "I don't know which one of us cried more," she says.

"The bike course is nearly impossible on a tandem and the run course is very dark, with nearly no visibility," Ms. Webb says. "I think Caroline is the only female guide with enough experience and mental tenacity to handle the pressure of guiding an athlete there."

Ms. Gaynor is training to guide a visually impaired athlete in the Ironman Texas on April 28.

The Workout

When Ms. Gaynor's work-travel schedule picked up last year, she

hired Brad Williams of

KIS Coaching to help her

train. "Having a coach

has removed a lot of the

stress of planning my

workouts," she says. "I'm

a competitive person, so

I would stay up at night

thinking about when I

could get in a workout.

Brad is the first one to

tell me that if a workout

is causing me so much

anxiety, I should skip it."

A typical week during

Ironman training might

include a 90-minute run

on Monday. Ms. Gaynor will bike for

an hour on Tuesday, with intervals

of effort. On Wednesday she does

an interval run and Thursday an optional 90-minute ride on a trainer.

Friday is an easy 45-to-60 minute

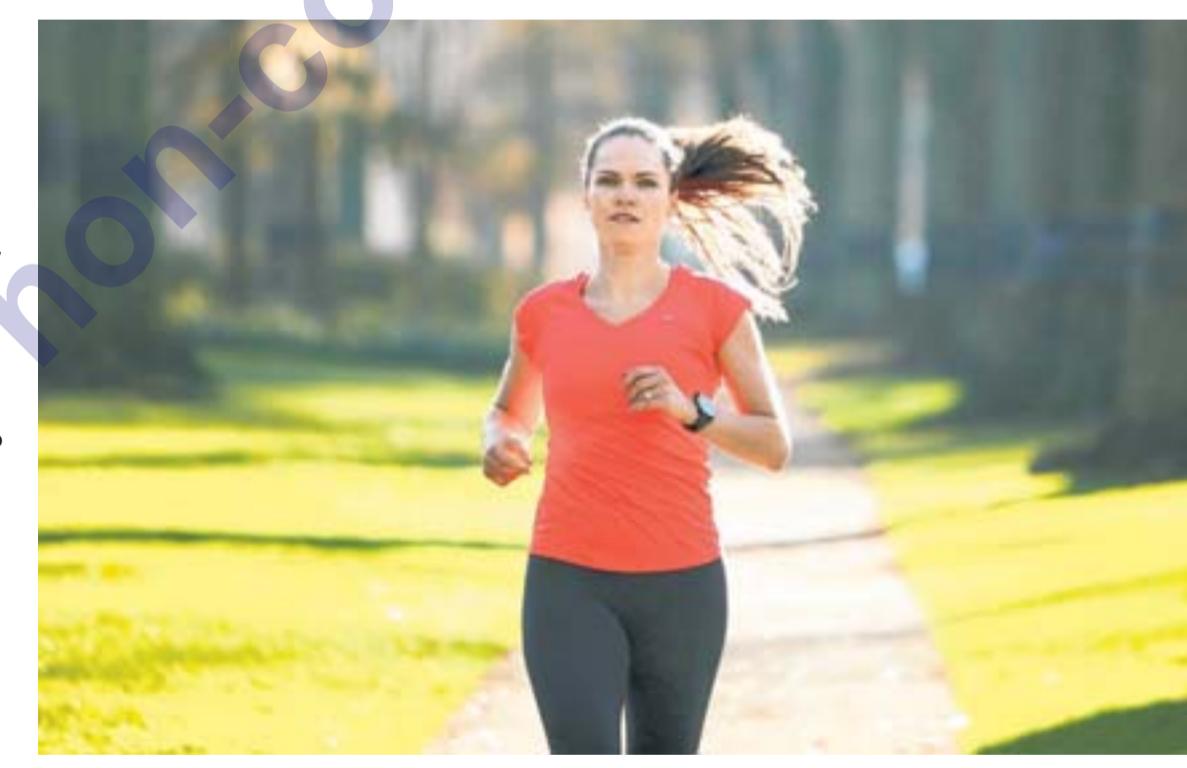
run and 2,600 yards of swimming.

Weekends are big training days.

On Saturday she will cycle for

four hours and Sunday she will

run at least two hours and swim



Ms. Gaynor, running in Charlotte, N.C., above, and riding on her trainer at home, left.



2,000 yards. Her husband is also a triathlete, and they sometimes train together. She tries to do yoga at home or in her hotel room in the evenings and follows sequences on an app.

The Diet

"I'm not the best with diet," she says. "My watching what I eat means having two cupcakes instead

of three." If she has time, she makes avocado toast before work. Coffee makes her jittery, so she prefers Hiball Energy, an energy drink. Run Gum, a caffeinated chewing gum, provides her preworkout jolt. Lunch is soup and a side salad. She eats light at night. "I

just got an Instant Pot and am building a base of stew recipes," she says. During races, she fuels herself with potato chips and chia gels.

The Gear & Cost

"In an Ironman, wearing a kit that's comfortable is essential," Ms. Gaynor says. She buys custom suits from Own Way apparel,

which start at around \$250. She

uses a Garmin Fenix 5S watch (\$500) to track her workouts, steps, heart rate, sleep and stress levels. "It also looks like a nice watch, so I can wear it at work without feeling like I'm wearing an athletic watch," she says. She runs in Saucony Freedom ISO sneakers (\$160) and trains on a Wahoo Kickr bike trainer (\$1,200). Her coach costs \$250 a month and the Yoga Studio app costs about \$3.

Ms. Gaynor usually covers her own race transportation costs.

Guides don't have to pay race entry fees—they are not technically competing in the race.

The Playlist

"I listen to podcasts like 'This American Life' or 'The Moth,' and sometimes I even talk on the phone when I'm running," she says.



The Tools You Need To Become a Guide

Good communication skills are key to guiding, says Kyle Robidoux, above middle, a legally blind runner and director of volunteer and support services for United in Stride. The program, run by the Massachusetts Association for the Blind and Visually Impaired, matches visually impaired runners with sighted partners.

"It is critically important to talk before the race to put together an in-race and postrace plan," he says. "Topics include pace, like does the sighted guide have to help vocalize pace or call out mile markers, how to handle water stops and how aggressively to pass other runners in order to keep pace."

Another important quality is a willingness to be in it for the long haul, says Michael Anderson, director of the NYC Chapter of Achilles International, an organization that provides support to athletes with disabilities.

"Race-day conditions can be unpredictable," he says. "On a hot, humid day or a rainy day, you need to be ready to grin and bear it and push on to help your athlete to reach their goal."

Sighted guides, from walkers to ultramarathoners, are needed for all paces and distances. Ideally, Mr. Robidoux says, guides will train with their athlete ahead of race day.

"If that isn't possible, phone conversations prior to race day and meeting a few minutes before the start to work out the details are very helpful."

LIFE & ARTS

ART REVIEW

A Comic Conceptualist

BY RICHARD B. WOODWARD

*New York***'WHY SHOULD ANYONE'** be interested in William Wegman now?"

This derisive question was lobbed across the table by a participant at a photography conference I attended last year in Italy. Reasons for the animus didn't need to be spelled out, the assumption being that Mr. Wegman's gag-filled photographs and videos were irrelevant at a time when the state of the world is no laughing matter.

As I recall, no one responded, although several of us could not stop smiling as we passed around Mr. Wegman's latest book, "Being Human," with its cover portrait of one of his dogs dressed in orange leisure wear.

The Metropolitan Museum of Art tries to wear a sober face with its new show "Before/On/After: William Wegman and California Conceptualism." Last year Mr. Wegman and his wife, Christine Burgin, gave the museum 174 of his short videos, many made in the early '70s when he was living in Los Angeles and developing his comic style for the camera.

To commemorate this act of generosity and to throw a historical frame around the era, curator Douglas Eklund has surrounded a selection of more than 75 videos with a sample of nonvideo works from the '70s by some of Mr. Wegman's Los Angeles-area contemporaries, including John Baldessari, Robert Cumming, Douglas Huebler, Matt Mullican, Bruce Nauman, Allen Ruppersberg, Edward Ruscha, David Salle and Ilene Segalove.

Many of these West Coast Conceptual artists lampooned anything they thought took itself too seriously, not only the conventions of fine-art painting and sculpture, documentary photography, advertising and Hollywood, but also, as Mr. Eklund notes, the pieties of East Coast Conceptual artists.

For instance, Mr. Baldessari's "Ingres," a booklet in a display case here, is a shaggy-dog story about a "little-known" Ingres painting that, after being passed



from hand to hand, had deteriorated so badly that when finally auctioned off consisted only of the nail in a photograph above the text—"believed to be the only Ingres nail ever offered for public sale." The "moral" of the story, according to Mr. Baldessari's not so subtle dig at Sol LeWitt: "If you have the idea in your head, the work is as good as done."

All of these contextual pieces are window dressing for the centerpiece of the show: a darkened

room where roughly 100 minutes of Mr. Wegman's pioneering videos, made between 1970 and 1977, play on a loop. The crude black-and-white resolution gives the images the fuzzy look of tapes from a police interrogation.

The sets are just as primitive. Equipment in the studio consists of a monitor, a microphone, a pair of lights, and a few sticks of furniture. The only actors are Mr. Wegman, who narrates, and his Weimaraners.

He and Man Ray—the first of

his 14 canine collaborators—are a comic duo in which it isn't clear who is the straight man. Weimaraners aren't cute; they're solemn, with doleful eyes and a mien as deadpan as Buster Keaton's. Much of the humor in the scenarios Mr. Wegman draws up for them is that his doggy actors seem far more focused and sincere than he is about the quality of the performance.

They're complete pros. Just as a Parisian model doesn't throw a fit if the couturier takes two hours to

'Light Off/Light On' (1970)

fit her for a gown, so a draped Man Ray in "Cape On" (1970-71) doesn't flinch for more than 4 minutes as Mr. Wegman entices him to rotate his head almost 180 degrees.

Anyone who has tried to train a dog learns that it's a reciprocal process, that the dog is training you, too. During the 6 minutes 27 seconds of "Ball and Can" (1975-76), a record of the many attempts to have Man Ray catch a golf ball and drop it into a can at his feet, Mr. Wegman does all of the fetching.

The master's patience with his pupil—in "Spelling Lesson" he mildly chastises Man Ray for having confused the words "beach" and "beech"—and the steady monotone of his voice, not unlike that of radio comedians Bob and Ray, adds another layer to the absurdity.

These videos are more of a sketchpad than a set of fully realized ideas. Most run under a minute. About half are duds. The range of targets are unusual but not risky. TV news and performance art are mocked but not war, religion or politics.

Mr. Wegman's mass appeal is often held against him and shouldn't be. A product of the art world, he and his dogs have transcended it and belong now to the American tradition of populist tomfoolery—to truck-stop favorites, like Big Mouth Billy Bass, David Letterman's "Stupid Pet Tricks" and the internet of animal videos.

This feel-good record of an artist's early years lets us see a natural comedian happy at work, figuring out with untried and balky tools how to be funny. Witty artists are rare and should be as celebrated as weighty ones. In times like these, the levity this show provides every few minutes is needed more than ever.

Before/On/After: William Wegman and California Conceptualism
The Met Fifth Avenue, through July 15

Mr. Woodward is an arts critic in New York.



"Waco" writer John Erick Dowdle with actor Michael Shannon, who plays an FBI negotiator.

WACO

Continued from page A11
ing for Time," in which his team's negotiating strategy was derailed by more aggressive factions in the FBI.

The Dowdles first tried to squeeze the Waco story into a film script, then expanded it to a TV series. That gave them room to explore multiple characters, including a lieutenant of Koresh's played by Paul Sparks, and a Bureau of Alcohol, Tobacco and Firearms agent played by John Leguizamo. Rory Culkin portrays Mr. Thibodeau, who joined Koresh by way of drumming in his rock band.

"What we wanted to do was see how it unfolded from the inside out," says Drew Dowdle, "unlike the way the public saw it in '93."

At the time, the national news media was kept at a distance from the Branch Davidian ranch—inevitably described as a "compound"—and forced to rely on information from government sources.

"Obviously there were horrible mistakes made on both sides," John Dowdle says, "but how do you find the rationale that went into those decisions and without demonizing either side?"

When the producers pitched their script to TV networks in 2016, the looming 25th anniversary of Waco served as a useful hook, as did the success of "The People v. O.J. Simpson: American Crime Story." A 10-part FX series that aired that year with an all-star cast, it reconsidered celebrity, race and other dynamics swirling during that murder trial, winning critical acclaim and awards along the way.

The show also added prestige to the term "limited series." The format, better known as a miniseries in past decades, was sometimes a vehicle for tawdry stories ripped from the headlines.

"I'm in my late 40s," Mr. Thibodeau says. "You never used to say 'TV miniseries' and think it would be anything positive."



▲ 'The Looming Tower' (Hulu, Feb. 28)
Adapted from Lawrence Wright's Pulitzer-winning book by the same name, "The Looming Tower" is a 10-part TV drama about Sept. 11, 2001, tracing the emergence of al Qaeda and a damaging intelligence gap between the CIA and FBI. Jeff Daniels plays John O'Neill, a former FBI agent and terrorism expert who died in the attack on the World Trade Center.

'Heaven's Gate,' (heavensgate.show)
Thirty-nine people timed their deaths to coincide with the 1997 passing of the Hale-Bopp comet, which they believed was trailing a spacecraft that would take them to a higher "level" of existence. A 10-part podcast about the mass suicide tracks the group's evolution using archival tapes and interviews. Empathetic host Glynn Washington discusses his own experience growing up in an apocalyptic religious cult.



▲ 'Unsolved: The Murders of Tupac and the Notorious B.I.G.' (USA, Feb. 27)
Rap's two biggest stars in the 1990s are forever linked by their shooting deaths six months apart and their open-ended investigations. The scripted drama "Unsolved" stars Marcc Rose as Tupac Shakur and Wavy Jonez as Christopher Wallace, aka Biggie Smalls or the Notorious B.I.G.

'Trust,' (FX, March 25)
The last-minute removal of actor Kevin Spacey from "All the Money in the World" and an ensuing controversy about the pay disparity between Mark Wahlberg and Michelle Williams overshadowed a TV series that revolves around the same event: the 1973 kidnapping of oil heir J. Paul Getty III. "Trust" features Donald Sutherland as the grandfather, J. Paul Getty, the role played by Christopher Plummer in the movie.

LOVE NOTES
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Left: Swiss yellow gold étui crafted in the Neoclassical manner with pagoda adorments. Hallmarked, circa 1780. 4" length. #30-6088

Right: Louis XVI rose, green and yellow gold étui surrounded by floral garlands. Hallmarked, circa 1789-92. 4 1/4" length. #30-7294

Bottom: Louis XV 22K gold and enamel étui inset with a Swiss watch by Jean Romilly. Hallmarked, circa 1750-56. 4 7/8" length. #30-6164

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SPORTS

NFC CHAMPIONSHIP

THE EAGLES FLY PAST VIKINGS

BY JARED DIAMOND

PHILADELPHIA—Despite finishing with the best record in their conference, the Eagles entered the playoffs as underdogs, their post-season prospects bleak without star quarterback Carson Wentz leading the offense.

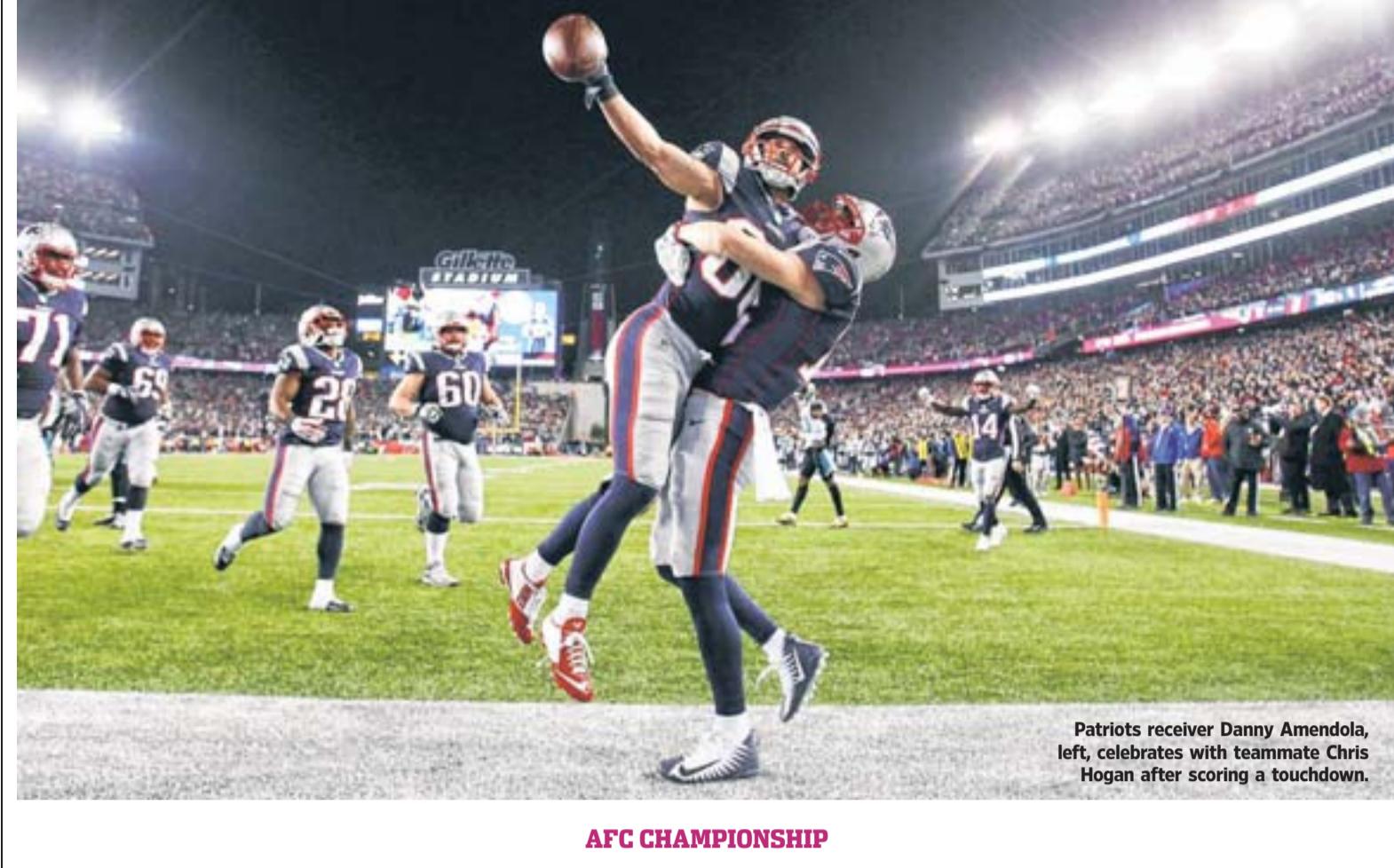
But with a dominant performance Sunday night, a 38-7 thumping of the Minnesota Vikings in the NFC Championship, the Eagles sent a resounding message to the rest of the football world: They can compete with anybody in the league with or without Wentz—and now they will head to the Super Bowl to prove it.

The Eagles' victory, powered by backup quarterback Nick Foles and a relentless defensive attack, sets up a rematch of Super Bowl XXXIX, a contest won by Bill Belichick, Tom Brady and the New England Patriots. More than a decade later, with Belichick still on the sideline and Brady still under center, the Patriots look no less dominant. They will arrive in Minneapolis as the favorites when they face the Eagles on Feb. 4.

On Sunday, however, Foles took a back seat to nobody. He completed 26 of 33 passes for 352 yards and three touchdowns, overpowering a Vikings squad that topped the NFL in total defense during the regular season.

Foles punctuated the evening with a perfectly executed flea flicker, resulting in a 41-yard touchdown strike to Torrey Smith that ended the Vikings' fleeting hopes of representing their home city in the Super Bowl. Receiver Alshon Jeffery caught the two other touchdowns from Foles, as the Eagles scored 38 unanswered points after Minnesota jumped out to an early 7-0 lead.

In other words, the Eagles didn't win Sunday in spite of Foles. They won in large part because of him. And now they sit one win away from their first Super Bowl title in franchise history.



Patriots receiver Danny Amendola, left, celebrates with teammate Chris Hogan after scoring a touchdown.

JIM ROGASH/GETTY IMAGES

AFC CHAMPIONSHIP

Patriots Rally to Be Super Once Again

BY ANDREW BEATON

FOXBOROUGH, MASS.—This wasn't about Tom Brady's hand, the maimed one that the football universe obsessed over all week. This also wasn't 28-3, the score the Patriots overcame against the Falcons last year to improbably win the Super Bowl.

Brady's hand appeared just fine, and this time the Patriots were down 20-10 in the fourth quarter of Sunday's AFC Championship. They had dwindling time to pull another rabbit out of their hats that for so long has seemed bottomless. And they had to do it against a Jacksonville Jaguar defense that had throttled them for most of the day.

But with the ruthless efficiency that has become New England's hallmark during nearly two decades of football dominance, none of that mattered. Brady zipped the ball downfield late and turned the Patriots' struggles in the first three quarters into just a scene-setting prelude to the next chapter of the team's reign. He led one touchdown drive in the fourth quarter, and then another. And New England is headed back to the Super Bowl.

The Patriots defeated the Jaguars 24-20 here in a finish that was as familiar as head coach Bill Belichick's piercing grimaces and Brady hoisting a trophy amid a shower of confetti: This is New England's eighth trip to the Super Bowl.

The Jaguars defeated the Jaguars 24-20 here in a finish that was as familiar as head coach Bill Belichick's piercing grimaces and Brady hoisting a trophy amid a shower of confetti: This is New England's eighth trip to the Super Bowl.

Bowl under Belichick. They are within one game of winning their sixth Lombardi Trophy. It's an unrivaled dynasty in modern football and this game was another refresher as to why.

"We didn't do really things as well as we'd like to have done at times in the game," Belichick said. "But they battled."

This is what they faced this time: Jacksonville had controlled this game for most of the way. The Jaguars led 14-3 early and by two scores late. But it wasn't just the score. It was in style too. This looked like the slogging defensive slug fest Jacksonville preferred—not an up-tempo shootout where the Patriots thrive.

So even by New England's standards where anything appears possible, the team's outlook appeared grim. The Jaguars were up by 10 in the fourth quarter and the Patriots had just fumbled. Moreover, Brady's favorite weapon—tight end Rob Gronkowski—was ruled out for the game with a head injury he suffered near the end of the first half on a touchdown drive that narrowed Jacksonville's lead to 14-10 going into the break.

But after the fourth-quarter fumble, the Patriots forced a punt and flipped the switch that has become the scourge of the rest of the league. When Brady got the ball, trailing by 10 with 12:03 left in the game, he took the Patriots on an eight-play, 85-yard drive to make it 20-17.

Then the teams exchanged three

punts, the last of which Danny Amendola returned into Jacksonville territory. So the next touchdown drive required little work from arguably the best ever. It ended with a pass into Amendola's hands that gave New England the lead after he delicately tiptoed both of his feet inbounds at the back of the end zone.

It's an unrivaled dynasty in modern football and this game was another refresher as to why.

lacerated during the week, casting doubt over how effective he would be with an injury. That's all that appeared to stand between the Patriots and yet another berth to the season's final game.

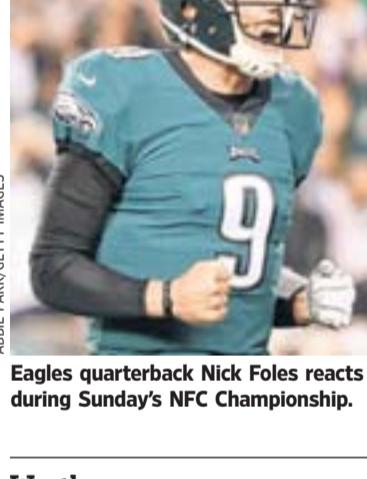
The hoopla over Brady reached a fever pitch because so little was known about the hand that he injured in practice this week. He missed a news conference, and practice time, early in the week. Then when he faced the cameras he wore a glove. When he was asked how practice went, he said "it was fun" and his status for the game was "we'll see."

Still, that was slightly more revealing than his coach, Bill Belichick, who said on Friday that "today's Friday" when he was asked if Brady would be a game-time decision. The concern was so intense that the Patriots owner flew back from Florida in the middle of the week to find out more.

"I got my little tushy on the plane," Robert Kraft said Sunday on NFL Network.

After all that drama, Brady's hand did all the things it was known for doing. He didn't wear a glove to cover the injury, just a small black bandage. From the very first quarter, Brady was Brady-like. On the game's first drive he came out and zipped a couple passes, quickly quashing concerns about the injury.

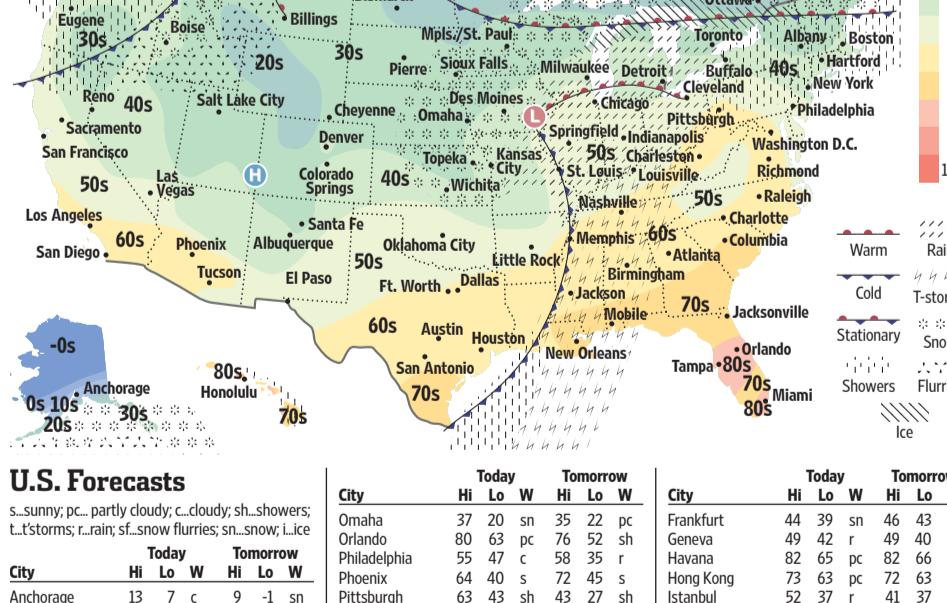
"I said, 'We'll see,'" Brady said on the field after the game, to the cheers of the crowd. "So, how'd it go?"



Eagles quarterback Nick Foles reacts during Sunday's NFC Championship.

Weather

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

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

City Today Hi Lo W Tomorrow Hi Lo W

Anchorage 13 7 c 9 -1 sn

Atlanta 67 43 t 54 33 s

Austin 66 33 s 65 26 r

Baltimore 60 48 pc 60 33 r

Boise 44 27 r 37 37 c

Boston 40 38 r 53 36 r

Burlington 33 27 sn 44 26 r

Charlotte 63 54 c 60 30 s

Chicago 52 31 r 33 22 sf

Cleveland 55 42 r 43 27 sf

Dallas 62 36 s 62 36 s

Denver 40 17 pc 36 17 s

Detroit 46 37 r 39 24 sf

Honolulu 82 72 s 83 72 pc

Houston 68 40 s 63 37 s

Indianapolis 53 33 r 35 26 sf

Kansas City 41 26 sn 41 26 pc

Las Vegas 56 39 s 61 38 s

Little Rock 56 35 pc 54 29 s

Los Angeles 69 49 s 74 49 s

Miami 80 70 c 82 67 t

Milwaukee 47 28 r 33 19 sf

Minneapolis 33 18 sn 26 14 c

Nashville 60 38 t 45 27 pc

New Orleans 71 45 t 60 42 pc

New York City 46 44 sh 59 38 r

Oklahoma City 51 27 s 54 26 s

International

City Today Hi Lo W Tomorrow Hi Lo W

Amsterdam 48 41 r 50 47 sh

Athens 54 41 sh 51 41 pc

Bahrain 66 48 pc 69 45 pc

Bangkok 91 78 pc 93 78 c

Beijing 28 50 s 25 5 s

Berlin 33 30 c 39 37 c

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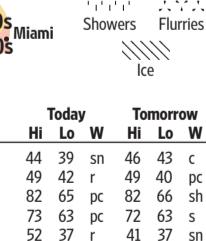
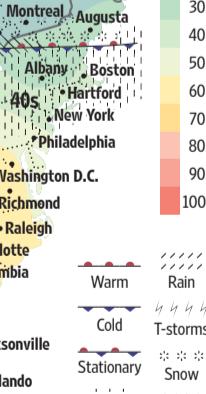
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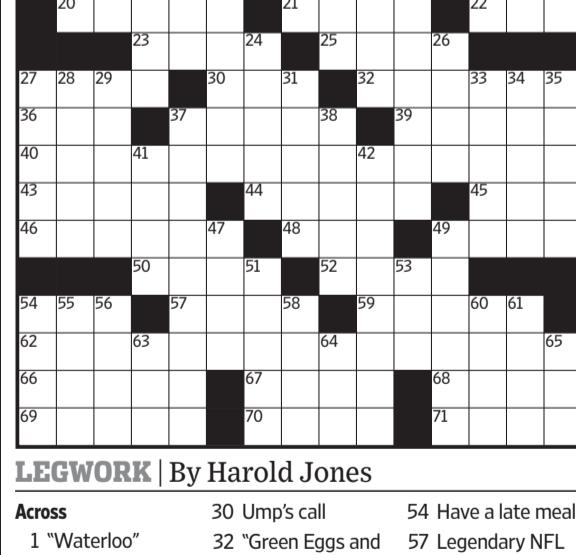
Dublin 48 45 c 54 40 sh

Edinburgh 45 41 c 50 39 sh

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The WSJ Daily Crossword | Edited by Mike Shenk



LEGWORK | By Harold Jones

Across

1 "Waterloo" singers
5 Warm oneself in the sun
9 Yawl's pair
14 Pursues romantically
15 Cruise stop
16 Hilo hello
17 Live a luxurious lifestyle
20 Mary's friend on "The Mary Tyler Moore Show"
21 Thirsty toddler's request
22 Metal source
23 Easy victory
25 Nick Charles's wife
27 Church recess

30 Ump's call
32 "Green Eggs and Ham" character
36 Spinning toy
37 Fish dish
39 Jiggly dessert
40 1960s musical phenomenon begun by the Beatles
43 Having a bitter taste or smell
44 Positive responses
45 Diving seabird
46 Motifs
48 Cat coat
49 Goes on to say
50 Catch sight of
52 Computer game set in a deserted world

53 One and the other

54 Have a late meal
57 Legendary NFL coach Ewbank
59 Gradient
62 NaCl, for one
66 Inspection by accountants
67 Starchy tropical root
68 Lang. of Rome
69 Leg part found in 17-Across
70 Leg part found in 40-Across
71 Leg part found in 62-Across

72 Tidbit
73 Tidbit
74 Tidbit
75 Tidbit
76 Tidbit
77 Tidbit
78 Tidbit
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99 Tidbit
100 Tidbit

1 Profound wonder
2 Sow's mate
3 One and the other

4 On dry ground
5 Breaking the law with multiple partners?

6 Volcanic fallout
7 Like tortoises
8 Thompson of "Saturday Night Live"

9 Indian princes
10 Bitter beverage
11 Lower Manhattan area
12 Marvel superhero from Asgard
13 Cooking herb
18 Wedding words
19 Bills featuring Jefferson's portrait
24 Annoyingly assertive
26 Iowa State University city
27 Facing the pitcher
28 Welcome mat setting
29 Church's upper point

31 Person with sticky fingers
33 Epic poem about the Trojan War
34 One way to think
35 Abbey brothers
37 Supports in a dispute
38 "To recap..."
41 Marathoner's stat
42 Imminently
47 Blueprint detail
49 Like some precise clocks
51 "The Fiddler of Dooney" poet
53 Camera type
54 "Go away!"
55 "Nope"

56 Toenail treatment, for short
58 Unexciting
60 "___ sock in it!"
61 Israeli airline
63 Russian fighter jet
64 Work wk. end
65 Sitcom alien

Previous Puzzle's Solution

DROS EVITA SPILL
RIC DARYL TIDES
ACE DRIVE HE SAID
FONTAINE OPT
THE BREAKUP ORSO
IDS TELL ALL
SAIL AMUSE BIO
MILLERS CROSSING
AMILATIN EDGY
SEALIFE SUM
HEDY FROST NIXON
THREE AMIGOS ODE
SEOUL EVADE SET
PRIMP TELEARS

The contest answer is (Chevy) CHASE. Each of the five movie titles contains a punctuation mark in order from top to bottom: comma, hyphen, apostrophe, slash and exclamation point. The first letters of these five spell the surname of "Three Amigos" star Chevy Chase.

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

OPINION

Why Venezuela Suffers

AMERICAS
By Mary Anastasia O'Grady

It's instructive that Venezuela's dictatorship chose to kill former police pilot Oscar Pérez and six other counterrevolutionaries in an extrajudicial execution

last week. Pérez and his band of brothers were holed up in a hideout near Caracas. He pleaded on social media for a chance to surrender to police. Instead the military dictatorship eliminated the celebrated dissident and his cohorts. It was front-page news.

Human-rights activists are crying foul. But anyone who thinks the regime cares much about their complaints has not been paying attention.

Pretending to be a civilian democratic government was Phase One of the Bolivarian Revolution, which was Hugo Chávez's term for constructing a Pan-American socialist tyranny. The dictatorship of Nicolás Maduro, supervised and supported by Cuba, Iran, Russia and Syria, has entered Phase Two. Starving Venezuelans and the likes of Pérez are collateral damage in this effort to expand and consolidate an anti-U.S. presence in the Western Hemisphere. Cuba was the launch pad. Venezuela is the first South American satellite.

In the first phase of the Bolivarian Revolution, Chávez knew he wouldn't always have high oil prices to support his

authoritarian rule. But he also knew he wouldn't always need them.

It turns out that the self-described disciple of Egyptian socialist Gamal Abdel Nasser and protégé of Fidel Castro was miles ahead of the democratic opposition. While it was petitioning for audits of voter rolls, he was building secret networks with the help of Tehran, Damascus and Hezbollah. He militarized the civilian government and imported Cuban secret police to spy on Venezuelans. He also established Venezuela as a major cocaine-trafficking route.

Life in the once-prosperous nation is now officially hell. The minimum monthly wage is 797,510 bolivars. On Thursday that was worth \$3.90. There is very little cash in the country, so workers cannot spend the money they earn unless the merchant they are buying from takes debit or credit cards. Transactions that require cash—like taking a bus, buying gasoline or tipping—are often impossible. Hyperinflation and price controls mean dire shortages. Basic medical supplies have disappeared from store shelves. People are dying of treatable diseases.

There is an underreported civilian rebellion. The nongovernmental organization Observatorio Venezolano de Conflictividad Social reports on its website that nationally there were 386 protests in the first 11 days of 2018. During that time, there were 107 incidents of looting.

On Jan. 13, some 2,000 people, driven by privation, went on a looting rampage in the town of Calabozo in the state of Guárico. The Venezuelan daily El Nacional reports that 22 stores were raided. National Guard troops and police used rubber bullets "shot at point-blank range" and tear gas to disperse the mob and arrested 249 people.

The regime enters Phase Two of its plan for a Pan-American revolution.

The National Guard and police militarized the area in a show of force, but that didn't stop a group of women from organizing a protest in front of the local National Guard unit.

Similar anecdotes of a desperate population doing whatever it can to find food are endless. According to the Mexican newspaper Excelsior, when a truck carrying live chickens crashed on a highway Wednesday in the Venezuelan state of Aragua, looters stripped its cargo. A day earlier, in Barquisimeto, the capital of the state of Lara, hungry locals stormed a sausage shop. A week earlier, the paper said, a mob looking for food stopped and searched cars and trucks on the national highway in the municipality of Sucre in the state of Aragua.

The shortages are a direct result of price controls on producers and importers. But the regime refuses to make the changes necessary to lift the famine. When a bishop in Barquisimeto recently prayed that Venezuela be freed from the plague of corruption, Maduro instructed prosecutors to investigate him for a "hate crime."

Last week Vice President Tareck El Aissami claimed that high prices were caused by merchant "criminals" and mandated that prices be restored to Dec. 15 levels. With monthly inflation in December finishing at 85%, merchants immediately said they would cancel orders to suppliers and not make any new ones because the El Aissami directive would guarantee huge losses. Shortages will almost certainly worsen.

No government is this dumb. But liberalizing the economy would end the regime's total control. Besides, chaos, desperation and violence give it an excuse to crack down harder. A refugee crisis, sparked by hardship, makes it easier for regime agents to infiltrate neighboring countries, expanding the government's clandestine networks.

With the slaughter of Pérez, Venezuelans have been put on notice: The regime has officially abandoned any pretense about democracy and human rights. It took Castro and Nasserists decades to expand their foothold in the Western Hemisphere. They are not about to let go.

Write to O'Grady@wsj.com.

BOOKSHELF | By Graham Allison

An Uneasy
Unpeace

The Virtual Weapon & International Order

By Lucas Kello

(Yale, 319 pages, \$35)

Begin with a quiz. Which best describes the revolution in connectivity, communication and calculation driven by the internet and networked computers? Is it: (a) the transformative technology of our era; (b) a force that has upended the international order; or (c) the brightest shiny object in national-security studies? The answer is all of the above. And for both better and worse, Lucas Kello weaves all these strands through his ambitious book, "The Virtual Weapon and International Order."

Mr. Kello, the director of the Centre for Technology and Global Affairs at Oxford, uses an array of case studies—from Russia's information operations during the 2016 election and North Korea's hacking of Sony Pictures in 2014 to the Stuxnet strike against Iran's nuclear program a few years before—to examine cyber's disruptive potential. His book is not a history or a narrative but a work of theory. His purpose is to explore the likely effect of cyber on the balance of power among nations and their prospects for conflict, cooperation and competition.

The book presents five core arguments. First, the cyber revolution has scrambled the international order. Second, cyber conflict among states and nonstate actors has ushered in a new international status that Mr. Kello calls "unpeace"—a "mid-spectrum rivalry lying below the physically destructive threshold of interstate violence, but whose harmful effects far surpass the tolerable level of peacetime competition." Third, Mr. Kello contends, because of difficulties in attributing attacks, traditional concepts of statecraft like deterrence are not adequate for addressing cyber threats. Fourth, a chasm divides scholars from policymakers in this realm. And, finally, academics have not adequately explored the ways that cyber is reshaping relations among states and nonstate actors.

In "World Order" (2014), Henry Kissinger notes, "When individuals of ambiguous affiliation are capable of undertaking actions of increasing ambition and intrusiveness, the very definition of state authority may turn ambiguous." Note Mr. Kissinger's careful use of "when" and "may." Mr. Kello's book would have been more persuasive had he followed this example by making his claims more conditional. The book's list of horrible "coulds" is long: Individuals or small groups could take down the entire U.S. electrical grid, could incapacitate Trident nuclear-submarine fleets or could convulse the banking industry. But the list of horrible "haves" is short. While the future remains uncertain, regarding the here-and-now the best he can do is to caution, "Perhaps in no other arena of modern conflict is the gulf between the visible and the conceivable universes so wide."

In the cyber arena, the same technologies that are creating unprecedented benefits for billions are also democratizing destruction.

That said, Mr. Kello does remind us of an ugly truth. In cyber as in other arenas, the same technological advances that are creating unprecedented benefits for billions are also democratizing destruction. As we saw on Sept. 11, 2001, even 20th-century technologies can empower evil actors to kill on a scale that was previously the sole preserve of nations. The newly drafted 2018 Nuclear Posture Review recognizes cyber alongside biological and chemical as threats that could warrant a nuclear response. Mr. Kello thus is right to sound an alarm about the reluctance of foreign-policy thinkers to stretch their imaginations to keep pace with technology.

I second his call for a "Congress of Disciplines" that would include not just technologists, policy analysts and political scientists but also lawyers and even philosophers. In the 1950s and '60s, thinkers we now revere as the "Wizards of Armageddon" created the conceptual arsenal for strategy and arms control in the nuclear age. Their efforts informed an approach to statecraft that has allowed us seven decades since Hiroshima in which nuclear weapons have not been used in war. This generation of strategic thinkers has an opportunity—and a duty—to step up.

But I am also acutely aware of the pitfalls in assessing new technologies. From nuclear and cyber to genomics and nano and beyond, the key issue is relative danger. When compared with a nuclear war that could extinguish all human life, a single terrorist nuclear bomb that could devastate the heart of a great city, or a biological pathogen that could kill hundreds of thousands, how dangerous should cyber threats be considered? Hyperbolic claims—like the author's assertion that equating the effect of cyber on international affairs to that of nuclear weapons actually "inflates the relative significance of the atom bomb"—only encourage skepticism.

Computers and the internet have immeasurably changed the ways we communicate. Stealing other nations' secrets has become much easier because spymasters can download terabytes rather than insert an agent. But how much effect has this "revolution" really had on international organizations like the United Nations, or on diplomacy of the sort we see for any issue on the front page today? For a telling test, consider the most urgent national-security challenge on the agenda: North Korea's nuclear advance. To stop that regime from acquiring the ability to strike the American homeland with nuclear weapons, President Trump is threatening to bomb the country—even though a pre-emptive attack risks triggering a second Korean War. One can be certain America's cyber warriors already have been charged to do their maximum. So it's showtime. Yet over the past year, the pace of successful North Korean nuclear and ICBM tests has not only not slowed, it has accelerated.

This book's most provocative idea is a suggestion that, as a result of the cyber revolution, "Information is no longer just a source of power; it has become force *itself*." Russia's interference in America's election could be a harbinger of this new era. About this possibility, Mr. Kello says just enough to pique our curiosity. His work represents an important step toward bridging the gap between academic thinking about international relations and the cyber revolution in the real world. We can hope his courage, audacity and clarion call will inspire others to follow.

Mr. Allison, the former director of Harvard Kennedy School's Belfer Center for Science and International Affairs, is the author, most recently, of "Destined for War: Can America and China Escape Thucydides's Trap?"

INSIDE
VIEW
By Andy Kessler

Wall Street considers it a truism that money sloshes around the globe seeking the highest return. But there are countless investors, believe it or not, who are willing to accept lower returns. P.T. Barnum supposedly said there's a sucker born every minute. Many of them go into so-called socially responsible investing. Laurence Fink of BlackRock, which manages \$6 trillion in assets, is only the latest to evangelize this fad. But the basic idea is to throw money away. In reality there is no trade-off of Vice vs. Nice. There are only returns.

"Corporate social responsibility" fails under the same halo. Reread Milton Friedman's 1970 article "The Social Responsibility of Business Is to Increase Its Profits." For stockholders to push their view of social responsibility, Friedman wrote, is simply to force others "to contribute against their will to 'social' causes favored by the activists."

Profits are the best measure of a business's value to consumers—and to society. No one holds a gun to the customer's head. If the buyer weren't glad to pay the free-market price, he would make the product or perform the service himself. Yet this idea is questioned all the time.

A case in point is Amazon,

currently worth \$625 billion based on expectations for Amazon-size profits to come. A Seattle Times headline in 2012 lamented that the company was "a virtual no-show in hometown philanthropy."

Sally Jewell of the retailer REI told the newspaper: "I'm not aware of what Amazon does in the community." Really? Besides offer low prices, huge variety and quick delivery, along with jobs not only in Seattle but around the world, as manufacturers leverage Amazon's platform to reach global customers? But the company didn't sponsor concerts in the park! Gimme a break.

A counterexample is Etsy, which for years proudly touted that it was a "B Corp," one "certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance." Sounds a bit wishy-washy, but maybe it was supposed to attract social-impact investors. How's it going? After Etsy went public in 2015, it opened at \$31 a share, bottomed out in 2016 around \$7, and now trades at \$19. That's worse than dead money, given that the overall market is up a third since Etsy's IPO. Little surprise, Etsy is no longer interested in being a B Corp.

In 2016 the Rockefeller Family Fund decided to "divest from fossil fuels." Whether or not that improved the family's social standing in New York, it couldn't have been good for the bottom line: Brent crude

was \$40 a barrel then, and it's now pushing \$70.

California's \$350 billion state pension system, Calpers, has its own set of confusing divestment initiatives. Last month the American Council for Capital Formation warned that Calpers "has demonstrated a troubling pattern of investments in social and political causes that are truly jeopardizing the retirement fund." Of the system's nine worst-performing funds, the report says that four focused on renewable energy.

Profits are the proper gauge of a company's value to consumers—and to society.

Individual investors can put their own money into hundreds of "sustainable," "responsible" and "impact" funds, with names like Domini Social Equity and the Neuberger Berman Socially Responsive. Returns are all over the place. But of about 175 that had full-year returns in 2017, 75% underperformed the market. That's a steep price to pay.

Don't be fooled by the word "sustainable." Al Gore and Goldman Sachs alum David Blood set up Generation Investment Management to pair sustainability research with traditional investing rigor. A few leaks of Generation's returns have shown

pretty good numbers. But it depends on what the meaning of "sustainable" is.

Think of Google, which made Al Gore a fortune thanks to his pre-public stock options. Google seems to be sustainable in the business sense, but in the climate-change sense? The company has data centers all over the place that use gobs of electricity. Perhaps Blood and Gore—I know, that would have been a much better company name—are simply deniers, since reports from the Securities and Exchange Commission show that their fund owns not just Google but also electricity hogs Facebook and Amazon.

Master investor Charlie Munger summed it up last year: "Gore hired a staff to find people who didn't put CO2 in the air, and of course that put him into services. Microsoft, and all these service companies were just ideally located, and this value investor picked the best service companies, so all of a sudden the clients are making hundreds of millions of dollars... and he's an idiot."

The bottom line is this: Do whatever you want with your money. Feel virtuous. But if you think you're being charitable for "responsible" investing, you are, but not in the way you think. If you don't put your money where the returns are, someone else will. By passing up gains, you're just making guys like George Soros and Steven Cohen richer so they can buy more bad art. Let the money slosh.

A Proust-Apocalyptic Story

By Andrew Schmiegue

When Hawaiians were accidentally warned of impending nuclear destruction two weeks ago, I wonder how many reacted the way Marcel Proust predicted. In "How Proust Can Change Your Life" (1997), Alain de Botton recounts the story: In 1922, a Parisian newspaper, *L'Intransigeant*, asked French celebrities to chime in with their opinions on a big question it had concocted:

"An American scientist announces that the world will end, or at least that such a huge part of the continent will be destroyed, and in such a sudden way, that death will be the certain fate of hundreds of millions of people. If this prediction were confirmed, what do you think would be its effects on people between the time when they acquired the aforementioned certainty and the moment of cataclysm? Finally, as far as you're concerned, what would you do in this last hour?"

Take a moment to consider your own answer. The replies from French celebrities ran the gamut. One said everyone would scramble to the nearest church or the nearest bedroom. Others thought all inhibitions would go out the window and people would indulge their wildest pleasures.

The French writer pondered the end of the world in 1922.

Proust, who had gained popularity after the first volume of "In Search of Lost Time" was published in 1913, sent in the following response: "I think that life would suddenly seem wonderful to us if we were threatened to die as you say. Just think of how many projects, travels, love affairs, studies, it—our life—hides from us, made invisible by our laziness which, certain of a future, delays them incessantly. But let

all this threaten to become impossible forever, how beautiful it would become again!"

He continued: "The cataclysm doesn't happen, we don't do any of it, because we find ourselves back in the heart of normal life, where negligence deadens desire. And yet we shouldn't have needed the cataclysm to love life today."

This beautiful response carries tones of Stoicism and poses a deep question: Death always has a chance of coming suddenly, so why can't we appreciate the wonders of life without the cataclysm?

In utter fulfillment of Proust's assertion that in the face of catastrophe life would seem wonderful again, and people would reassess what was important, the Daily Mail reported that just after the false missile alert was issued, traffic to a major porn site from Hawaii sank 77%.

That statistic made me wonder what other things we might re-evaluate or drop if we

set aside our need for petty, ephemeral, instant gratification. Perhaps we would care less when driving about rudely passing the grandma in front of us, only to sit next to her at the same stoplight a few seconds later. Perhaps we would become more responsible media consumers. Perhaps instead of bingeing on Netflix we would pick up "In Search of Lost Time" or contemplate great works by Cicero, Cervantes, Rachmaninoff and Rockwell.

I perfectly understand that I live in a fantasy world, but I hold out hope that, as John Keating desires in "Dead Poets Society," culture will again teach people to think for themselves, take agency, and *carpe diem*. If a missile alert came on my phone, I'd keep doing what I already am: reading a good book and listening to Robert Schumann's "Träumerei."

Mr. Schmiegue teaches Spanish and Portuguese at the University of Wisconsin, Madison.

OPINION

REVIEW & OUTLOOK

A Tale of Two Shutdowns

The government shutdown continued on Sunday as Senate Democrats imitate Republican Ted Cruz's 2013 strategy of using government funding to force a President's hand on an unrelated issue. Mr. Cruz wanted ObamaCare repeal while Democrats want to coerce the GOP on immigration, but the budget blackmail strategy deserves to fail again. The important difference this time is that the Trump Administration is trying to limit the shutdown damage while President Obama tried to make it as painful as possible.

White House budget director Mick Mulvaney vowed on Friday that this shutdown "will look very different than it did under the previous Administration" and "we are not going to weaponize it." The White House is being true to its word as it scrambles to minimize the inconvenience to the public and government workers to the extent it can under the law.

This includes letting agencies use money that has been appropriated but unspent to be used for urgent purposes. Most of the Environmental Protection Agency will stay open, trade negotiations will continue, and about half of all mine inspectors will stay on the job compared to only 25% or so in 2013.

A specific case in contrast is the Interior Department, which runs the national park system that the Trump Administration is trying to keep "as accessible as possible while still following all applicable laws and procedures," spokeswoman Heather Swift said Friday. Tourists can still visit Washington, D.C.'s parks and war memorials, and visitors won't be blocked from hiking many national park trails. The National Park Service will close areas only if there's a safety risk or to protect cultural artifacts.

By contrast, the Obama Administration acted fast to block and lock down parks and public lands. On the eve of the 2013 shutdown, Park Service spokeswoman Jennifer Mumford emailed colleagues about a scheduled World War II memorial visit by aging or terminally ill veterans. She asked whether "we are physically preventing people through use of some barrier to gaining access? (jersey barriers, fence, tape,

saw horses or something?"

Deputy Superintendent of Operations Karen Cucurullo replied, "Yes, signs and barricades."

The next day Park Service spokeswoman Carol Johnson was at the memorial and ready to make a political point as the 91 veterans arrived. "This is so meaningful to the vets," she told the

press. "The main thing is we'd like to get back to work and welcome visitors again." The veterans were able to visit the memorial only after Mississippi Rep. Steven Palazzo and others moved the barriers, defying signs announcing the site's closure.

Other correspondence shows Ms. Cucurullo handing her own team with much more leniency. When a staffer asked to enter the offices during the shutdown to retrieve personal items, she responded, "No problem, just put barricades back."

On Sept. 30, 2013, South Dakota Governor Dennis Daugaard wrote to National Park Service director Jonathan Jarvis, offering to keep Mount Rushmore open using state personnel and resources. Mr. Jarvis shut down Mr. Daugaard and the monument. "Beyond the legal constraints involved, it would not be feasible or appropriate to open some parks or some parts of parks while other parts of the National Park System remain closed to the public," the director replied on Oct. 3.

Unlike in 2013, this time Interior is looking into how state funding or private donations can be used to keep parks and sites open despite the shutdown. Privately operated gift shops, concession booths and gas stations on public lands will be allowed to open. In 2013 Xanterra Parks & Resorts, a private company that operates hotels, restaurants and other services in 21 national parks, lost about \$1 million each day of the shutdown.

Shutdowns usually end when one side or the other begins to fear the political damage, but Democrats seem to think they can't lose a blame game. One way for the public to judge is to look at who is trying to exploit it for political advantage, and this time it isn't the Trump Administration.

Protecting Legal Fraud in Florida

Florida's Legislature is in session, and for the sixth straight year reform-minded Republicans are trying to shut down a trial-bar scheme that's bleeding property insurers and sending Sunshine State premiums skyrocketing. This fight will speak volumes about the character of Florida's GOP.

At issue is assignment of benefit (AOB) abuse, whereby an insured person signs away insurance rights to a third party, who then sues the insurer. More than 28,000 AOB lawsuits were filed in Florida in 2016, up from 405 a decade earlier, raising costs for insurers and the insured. State regulators estimate Miami-Dade residents insuring a \$150,000 home could see premiums rise more than 40% by 2022, thanks to this man-made litigation flood.

Panama City Republican Jay Trumbull, a leader in the reform effort, filed a bill last year that would change how court damages are calculated and reduce the incentive to file frivolous AOB lawsuits. Florida's House of Representatives passed the measure this month, 82-20, which shows that at least some Republicans

Republicans in the state
Senate try to block
insurance reform.

will fight the jackpot-justice lobby.

Not so in the Senate, where Republican Anitere Flores chairs the Banking and Insurance Committee. In the last legislative session Ms. Flores, backed by Senate President Joe Negron, let an AOB reform bill introduced by Port Orange Republican Dorothy Hukill languish. This year

she's doing it again.

The Miami Republican has, however, been happy to consider a bill by Sarasota's Greg Steube that would forbid insurance companies from including litigation costs in rates and limit their ability to deny claims because of fraud. AOB fraud would skyrocket. Ms. Flores said this month that Mr. Steube's measure "is not a bill the insurance industry loves," but the issue is whether they can operate profitably in the state.

Florida Governor Rick Scott and Insurance Commissioner David Altmaier have been vocal advocates for AOB reform, but they can't act unilaterally to stop the flood of lawsuits. Florida has benefited from its low-tax regime but it can't continue to prosper if it becomes a mecca for looting by lawsuit.

A Dose of Accountability for the FDA

One welcome development last year was a productive Food and Drug Administration, which approved more than 1,000 generic drugs and dozens of novel therapies. But FDA rejections can also be important for patients and innovation, and Commissioner Scott Gottlieb can prioritize a project that would add more public accountability to the approval process.

Mr. Gottlieb said in a speech last week that the agency is looking into releasing more information in "complete response letters," the euphemism for FDA rejection notices. Under current practice FDA doesn't release details of why the agency is withholding approval, and the agency's justification is that this protects the proprietary information of drug sponsors. Drug companies put out their version of events in a press release, and manufacturers largely are fine with the status quo that allows corporate communications departments to control information.

Yet this can leave the public with little understanding of why a therapy wasn't approved. Especially with treatments for rare or deadly diseases, patients deserve to know why a promising therapy will be delayed or isn't going to pan out. Now patients are left to piece together sometimes divergent or self-serving stories from FDA and the drug company.

Releasing these letters would also increase accountability at the FDA, which under current procedure can operate more or less as it wants. "There have been cases," Mr. Gottlieb wrote in 2010, "where the FDA delayed important new drugs in part to preserve its regulatory traditions and prerogatives." For instance: demanding more or longer trials in drugs for diseases

The public deserves to
know more when the
agency kills a new drug.

that lack even a single approved therapy.

Mr. Gottlieb was right in 2010 that manufacturers and drug innovation would be better off if FDA had to justify these decisions that can consume considerable time and resources.

So one question is what the hold up has been now that he's running the agency. Mr. Gottlieb said in last week's speech

that redacting every such letter would be "administratively burdensome" and some notices "primarily relate to manufacturing shortcomings with new drug applications that are eventually resolved."

He added that for this reason FDA is evaluating whether it can release a subset of letters "related to clinical safety and efficacy that could have significant public health value." This will save staff work, but Mr. Gottlieb should guard against creating a system that gives FDA too much discretion on what to make public. The agency is likely to face legal challenges regardless.

Mr. Gottlieb is also rolling out changes to clinical-trial disclosures that should make it easier to track drugs in the approval pipeline. Another ripe area for reform are the committees that advise FDA on drug approvals that are too often stacked with outside reviewers who rely on the agency for grant funding.

Mr. Gottlieb has spent years explaining, notably on these pages, the benefits of more disclosure from a drug-approval process that can seem like a black box. This will be all the more essential as drug discovery moves faster amid the revolution in biosciences. Releasing as much information as possible about delays and rejections would help the FDA's credibility with the patients it is supposed to serve.

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LETTERS TO THE EDITOR

Why Is Anybody Still Funding This Agency?

Alex Joffe and Asaf Romirofsky are right: The United Nations Relief and Works Agency has only perpetuated the problem ("The U.N. Agency That Keeps Palestinians From Prospering," op-ed, Jan. 11). This agency applies a unique standard to Palestinian Arabs. Any descendant of any Arab who lived in pre-state Israel for less than two years is called a refugee; that's why

there are five million "refugees" today. (The original number was closer to 500,000.) Rather than use its enormous funds to resettle the Palestinians and teach them peaceful coexistence, Unrwa has kept them in camps and taught the Palestinians that they can use violence to repossess the homes "stolen" from them by Israel.

Why couldn't the Arab world do what Israel did—reset all its refugee brothers (same religion, language, background)? Why do many Arab countries like Lebanon and Saudi Arabia refuse the Palestinians full citizenship and rights, then excoriate Israel for not wanting to take in five million angry people who have never lived there and have been taught that Jews have no rights or history there? The hypocrisy of the U.N. and those supporting Unrwa is astounding.

SARA MILLER
Queens, N.Y.



Your American tax dollars at work.

intended to run temporary refugee camps for both Jews and Arabs, Unrwa quickly became a Palestinian institution. This suited the Arab countries then and now. They didn't have to take financial or moral responsibility for their broken promises and Palestinian lives ruined, and instead concentrated on rebuilding their armies for the next "final" war to expel the Jews.

MURRAY SARWAY
Brooklyn, N.Y.

First and foremost, aid for Palestine goes into the foreign bank accounts of its corrupt leadership. Yasser Arafat is thought to have amassed a \$1 billion fortune. Next, it is used to pay terrorists. The families of anyone who has died or been imprisoned because he or she murdered Jews are celebrated and given pensions in appreciation from a grateful government. Finally, huge sums are expended on preparations for the next war "to drive the Jews into the sea."

Hamas builds tunnels into Israel for its military instead of replacing the homes and hospitals from which its fighters fired rockets.

Until aid is administered and projects supervised by donor countries, this pattern will continue.

LEN BENNETT
Deerfield Beach, Fla.

From Eleanor Roosevelt (1953): "their [Palestinian refugees] number is constantly being increased by the infiltration of Arabs from the desert, where food is even scarcer than it is in the camps."

Sen. Al Gore Sr. (1960) complained to the Senate that the black market situation in ration cards for Arab refugees in Jordan was so bad that officials of the United Nations were beaten up when they dared question the validity of certain cards.

From a report issued by three members of the U.S. House Foreign Affairs Committee, Reps. Wayne Hayes, Barratt O'Hara and Marguerite Stitt Church (1958): "The study mission believes it is time to serve notice that our contributions are nearing an end."

SHEREE ROTH
Palo Alto, Calif.

Mobilization Is Not NATO's Biggest Problem

Jeffrey Rathke is looking at the easy problem ("NATO's Problem in Europe Is Mobilization," op-ed, Jan. 11).

Getting European NATO countries to count infrastructure spending toward their nominal 2% military spending target is easy. The main problem is that European countries have massively reduced the size of their forces, both active and reserve. Even if the infrastructure and border-crossing bureaucracy could be remedied, most countries have little to contribute toward collective defense. What will they be mobilizing?

Consider Germany. When East Germany was unified with the Federal Republic, the army after 1990 consisted of four corps and 12 divisions, or about 360,000 men. By 2001 the force was reduced to seven divisions. By 2003 three corps still existed but the downsizing continued with increased speed. By 2017 the army was reduced to 60,000 with no corps remaining. The army has two nominal divisions but seems to be mostly a

small self-defense force unable to contribute to the defense of any other NATO member apart from very small, token forces.

The real problem with NATO is its lack of forces and heavy weapons. If NATO is still planning for any type of conflict with Russia, then divisions and corps will be needed to match what the Russians can mobilize. Otherwise, the "tripwire" forces are mere tokens in starting a nuclear war.

STEPHEN D. WEEKS
Houston

The 21st-century battle requires ground troops backed by superior air power. To that end, if Europe is going to increase its spending either on the military or logistical infrastructure, it should be spent ensuring its air forces can deliver decisive victory in the skies and mobilize its ground forces across the continent.

JOSH KRISINGER
Atlanta

Has anyone noticed that if in fact Russia's Vladimir Putin took actions to influence Donald Trump's election to benefit Russia, he got what he deserved. Since taking office, President Trump's administration has not reduced the sanctions against Russia, has increased its NATO participation and has supplied defensive weapons to Ukrainian defense forces. Some deal.

GORDON OSBORNE
Woodland Hills, Calif.

Pepper ...
And Salt

THE WALL STREET JOURNAL



You never write, phone, text, email, tweet or smoke signal your mother anymore.

CAROL BAIN WILSON
San Diego

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OPINION

Justice Delayed at Guantanamo Bay

By Nicholas M. Gallagher

Khalid Sheikh Mohammed, mastermind of 9/11, arrives in court dressed in a headdress, tunic and short white trousers (strict fundamentalist style, purportedly emulating Muhammad). His overgrown beard is dyed orange. He sits smugly, legs dangling, and talks with his attorneys while prosecutors play video footage of the Twin Tower attacks in the ultrasecure courtroom.

Walid bin Attash, who helped select and train hijackers, and Ramzi bin al Shihab, a member of al Qaeda's Hamburg cell, wear camouflage jackets and headaddresses, as if they were still in the Afghan mountains. But the camo is hunting gear from Sears—the Guantanamo Military Commission won't let them wear anything realistic enough to be confused with the guards' uniforms.

Paralyzed by endless litigation over procedure, the 9/11 war-crimes commission grinds on.

Ammar al Baluchi, KSM's nephew and a courier for Osama bin Laden, dresses like a prince in a fictional epic: maroon, fez-like headcap, fancy, dark velvet vest. A richly embroidered prayer rug is slung over the back of his chair.

Mustafa al Hawsawi, a money man, looks like a martyr dressed for the grave, in white linen and a shawl embroidered with Palestinian flags. One way or another, all five are projecting versions of the fantasies common to radical Islamists.

This weeklong December hearing, which I attended as an observer, marked the U.S. government's first formal presentation of evidence against the five living men most



MANDEL NGAN/AP/GTET IMAGES

Guantanamo Bay's Camp Justice, where the military commission meets.

culpable for 9/11. It came during the fifth year of pretrial motions. The trial, now projected to take place in 2019, will no doubt be followed by many appeals. By the time it's over, justice will have been delayed by decades.

In the courtroom, it wasn't hard to see why. Start with the rules, which Congress, the Supreme Court and two administrations each had a hand in shaping. The Guantanamo trial procedures are, with a few exceptions, supposed to be as close as possible to those in courts-martial. As a result, every procedural niggle is litigated from the ground up, with no controlling precedents. The rules aim to keep the trial moving by allowing hearsay evidence, and to avoid the controversy over "torture" by excluding evidence obtained via contested interrogation methods. But in the constant litigation over procedure, defense attorneys can fight the former and keep the latter front and center.

And whereas the decisions of other war-crimes tribunals have been final or nearly so, three Washington-based courts—the Court of Military Commission Review, the Circuit Court of Appeals and the Supreme Court—will all hear appeals from Gitmo. With a trial this complex, that

structure guarantees extensive litigation after the trial and overcaution now.

Intelligence bureaucracy protocols have complicated the administration of justice. After a defense lawyer allegedly mishandled a piece of classified evidence, a JAG major stammered to the court that it would take a year to resolve the matter through the bureaucracy, during which the trial would stop. The flabbergasted judge compelled an agency head to appear in court and speed things up.

The week I visited, a veteran prosecutor made a hash of an important motion. Mr. al Hawsawi's attorneys argued that under the law of war, there wasn't enough sustained fighting between the U.S. and al Qaeda to meet the definition of "hostilities," before or even on 9/11, and therefore the court has no authority to try the defendants. Supporting this premise was a defense expert witness, a professor of international law.

The government hadn't called its own international-law expert, and when the prosecutor rose to cross-examine this witness, he ran into a buzzsaw of objections, which the judge cuts short after 12 minutes with a mercy lunch break. In the afternoon, the judge had to intervene to ask the

key questions: Wasn't this court designed to try the 9/11 cases?

This was the worst misstep in a week with too many of them. Nonetheless, the government has a strong case. Prosecutors have presented proof that Mr. al Hawsawi moved money for nine of the 17 hijackers and showed video of him congratulating Osama bin Laden in Afghanistan after the attacks. But being right isn't always enough to win a trial. And for the defense attorneys these trials are the greatest challenges of their careers.

JAG or civilian, most of these lawyers are able, principled death-penalty opponents. But some show signs of troubling moral inversion. One told me with a straight face that, given all her client has suffered, he should be let out with time served. All the civilian female defense attorneys wore Islamic headaddresses when their clients were present—not at the request of their clients, nor for religious reasons, but *sua sponte*, to build trust. Maybe it works—but it also seems to aid the defendants' efforts at costumed theatrics. Meanwhile, two of KSM's attorneys have recently converted to Islam and pray with the defendants in the courtroom during breaks in the trial.

Just as justice demands these men be executed if guilty, it also demands they have a chance to answer the charges against them. It is a domestic and foreign-policy imperative that the U.S. be seen to give a fair trial, and lay its evidence before the world. But this process looks like something else altogether—paralysis.

Defense Secretary Jim Mattis visited Gitmo around Christmas, and the Trump administration is reportedly reviewing its approach to the trials. If so, good. Few topics are more in need of top-to-bottom re-evaluation.

Mr. Gallagher is a second-year student at New York University Law School. He was observing the trial on behalf of Judicial Watch and the NYU Federalist Society.

The Zero That Makes Mulvaney A Hero

By David B. Rivkin Jr. And Andrew M. Grossman

Richard Cordray asked Federal Reserve Chair Janet Yellen for \$217 million in October—his last such request as director of the Consumer Financial Protection Bureau. Last week Mr. Cordray's acting successor, Mick Mulvaney, made his first quarterly funding request: "\$0." What a difference a few months make.

Established in the wake of the 2008 financial crisis according to now-Sen. Elizabeth Warren's vision, the CFPB ran wild under Mr. Cordray's leadership—issuing reams of punishing regulations and conducting endless fishing expeditions, sometimes into industries Congress had specifically excluded from its jurisdiction.

By Democrats' design, the CFPB director has vast power. He can use it to shrink the bureau.

This was possible because the bureau was designed to be insulated from accountability. It is led by a single director, whom the president cannot fire except for cause, and funded by the Fed, so that it need not justify its actions and funding needs to Congress.

Whether this arrangement is constitutional is an open question, currently pending in the U.S. Circuit Court of Appeals for the District of Columbia. But for now, as that court's Judge Brett Kavanaugh has observed, it renders the CFPB director "the single most powerful official in the entire United States Government" (with the possible exception of the president).

That power now belongs to Mr. Mulvaney—and if Mr. Cordray had no constraints in his overreach, his successor is equally free to rein it in. Mr. Mulvaney has already frozen new regulations as well as regulatory "guidance," which agencies often treat as carrying the force of law. But with Mr. Cordray's minions burrowed into the bureau's 1,600-person workforce, tweaks to rules and enforcement policies will only go so far.

The linchpin for fast and effective deregulation is substantially defunding the agency and clearing out its ranks in the process. Mr. Mulvaney's request of zip from Ms. Yellen is a good first step.

The statute creating the bureau sets its budget at "the amount determined by the Director to be reasonably necessary to carry out the authorities of the Bureau," and no one is authorized to second-guess that determination. That supports Mr. Mulvaney's decision to forgo additional funding this quarter and draw down the unauthorized \$177 million "reserve fund" Mr. Cordray built up during his tenure.

The language that authorizes Mr. Mulvaney to slash funding applies equally to spending—after all, determining what is "reasonably necessary" to do the bureau's business implies determining what that business is. When Congress has made a lump-sum appropriation to an agency without mandates for spending on particular items, the courts have viewed that as authorization for the agency to choose how to spend the funds. The CFPB's funding mechanism confers even broader discretion on the director given that he controls revenue as well.

It is possible that a court would require funding for the CFPB's statutory obligations. The statute requires, for example, that the bureau establish an office focused on "traditionally underserved consumers and communities." That mandate suggests that the director cannot zero out the office's budget. But it says nothing about how much funding is required or whether assistance to underserved communities is best organized at the state level, with a skeleton crew at the CFPB playing a coordinating role. There is no standard by which a court could review those decisions.

The bottom line is that all of the CFPB's discretionary spending is at the pleasure of the director, and the bulk of its \$630 million budget is discretionary. That gives Mr. Mulvaney the power to reshape the agency radically—and resize it—in short order. And by exerting his powers to their fullest, perhaps Mr. Mulvaney will be able to convince even congressional Democrats that those powers are excessive and ought to be restrained.

Messrs. Rivkin and Grossman practice appellate and constitutional law in Washington.

Single-Payer Health Care Isn't Worth Waiting For

By Sally C. Pipes

When Brian Day opened the Cambie Surgery Centre in 1996, he had a simple goal. Dr. Day, an orthopedic surgeon from Vancouver, British Columbia, wanted to provide timely, state-of-the-art medical care to Canadians who were unwilling to wait months—even years—for surgery they needed. Canada's single-payer health-care system, known as Medicare, is notoriously sluggish. But private clinics like Cambie are prohibited from charging most patients for operations that public hospitals provide free. Dr. Day is challenging that prohibition before the provincial Supreme Court. If it rules in his favor, it could alter the future of Canadian health care.

Most Canadian hospitals are privately owned and operated but have just one paying "client"—the provincial government. The federal government in Ottawa helps fund the system, but the provinces pay directly for care. Some Canadians have other options, however. Private clinics like Cambie initially sprang up to treat members of the armed forces, Royal Canadian Mounted Police officers, those covered by workers' compensation and other protected classes exempt from the single-payer system.

People stuck on Medicare waiting lists can only dream of timely care. Last year, the median wait between referral from a general practitioner and treatment from a specialist was 21.2 weeks, or about five months—more than double the wait a quarter-century ago. Worse, the provincial governments lie about the extent of the problem. The official clock starts only when a surgeon books the patient, not when a general practitioner makes the referral. That adds months and sometimes much longer. In November

an Ontario woman learned she'd have to wait 4½ years to see a neurologist. Some patients would gladly go to a clinic like Cambie for expedited care, paying either directly with their own money or indirectly via

An orthopedic surgeon challenges Canada's ban on most privately funded procedures.

private insurance. But Canadian law bans private coverage for "medically necessary care" the public system provides and effectively forbids clinics from charging patients directly for such services. The government views this behavior as paying doctors to cut in line. Doctors who

accept such payments can be booted from the single-payer system.

Dr. Day's lawsuit aims to overturn these provisions. It alleges that the government's legal restrictions on private care are to blame for the needless "suffering and deaths of people on wait lists." Dr. Day argues that the current system violates citizens' rights to "life, liberty, and security of the person," as guaranteed by the Canadian Charter of Rights and Freedoms, the equivalent of the U.S. Bill of Rights.

Moreover, Dr. Day claims the government has long tacitly approved of patients paying private clinics out of their own pockets. For decades, he argues, conservative and liberal politicians have offered him quiet praise and encouragement even as they publicly defend the single-payer system. It's easy to understand why Canada's leaders would talk out of both sides of their mouths. Private

clinics perform more than 60,000 operations a year, saving the public treasury about \$240 million.

British Columbia's lawyers know that Dr. Day could embarrass Canada's double-talking politicians by naming them at trial. This could explain the endless stream of seemingly deliberate delays that have kept the court proceedings moving at a snail's pace. Dr. Day and his colleagues were supposed to testify in November but may not take the witness stand until February or March at the earliest.

Canadians have suffered long enough under single-payer waiting lists. There shouldn't be a waiting list for justice, too.

Ms. Pipes is president and CEO of the Pacific Research Institute and author of "The False Promise of Single-Payer Health Care," forthcoming from Encounter.

Colorblindness Succeeds in California

By David A. Lehrer

a friend-of-the-court brief on Allan Bakke's side when the case was before the state Supreme Court.)

In 1996 voters approved Proposition 209, an amendment to the California Constitution: "The state shall not discriminate against, or grant preferential treatment to, any individual or group on the basis of race, sex, color, ethnicity or national origin." Because of Proposition 209, California's public universities have used colorblind admissions for two decades, although they actively consider applicants' socioeconomic status.

The results have been a stunning success. Last year the Equality of Opportunity Project conducted a nationwide longitudinal study to find which colleges were doing the most to help poor students succeed. Of the top 10 ranked, five were California public schools. Among America's elite colleges, the University of California, Los Angeles, enrolled the highest share of low- and middle-income students (19%). In the University of California system, 43% of the freshman class admitted in 2016 were the first in their families to attend college, and 37% had family incomes under \$47,200 a year.

This colorblind admission system nonetheless produces college classrooms that are a fairly accurate cross-section of California's racial and ethnic diversity. In 2017 admitted freshmen throughout the UC system were 34% Asian, 33% Latino, 24% white and 5% African-American. In the Cal State system, the figures were 47% Latino, 20% white, 16% Asian and Filipino, and 4% African-American.

For comparison, California's high-school seniors are 52% Latino, 24% white, 11% Asian and Filipino, and 6% African-American. And of course not all seniors qualify for admission to a university, let alone the UC system.

These figures for minority admissions in the UC schools exceed many of the targets they had set before Proposition 209. Since 1996, Latinos as a share of enrollment have grown from 14% to 33%, Asians from 28% to 34%, and African-Americans from 4% to 5%. Whites have declined from 41% to 24%.

This diversity has been achieved while maintaining the quality of California's public universities. The latest college rankings from U.S. News & World Report list UCLA and UC Berkeley as tied for the top public school in the country. Four other UCs (Santa Barbara, Irvine, San Diego and Davis) are among the top dozen.

These results should be heralded far and wide, but there is an almost willful resistance to examining the data. In the California Legislature, the Latino and black legislative caucuses sent a letter to 2018 gubernatorial candidates asking them to say whether they think race should again be considered in college admissions—a result that could be achieved only by repealing Proposition 209. Three of the leading candidates endorsed the idea.

A campaign to reinstate affirmative action would inject an incendiary racial element into this year's election. Other than riling up the caucuses' political bases, there is no compelling argument for seeking to resurrect racial and ethnic preferences. The push is guaranteed to split the Democratic Party—not to mention the public—and generate a needless and divisive debate. Today's colorblind system is working well for all Californians—rich and poor, minority and white—and is a model for the rest of the country.

Mr. Lehrer is president of Community Advocates Inc., a civil-rights organization in Los Angeles.

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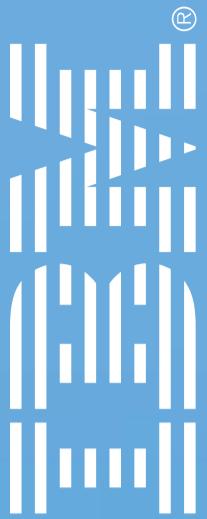
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THE WALL STREET JOURNAL.

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Carl Icahn forms front with Darwin Deason to terminate CEO and Fujifilm venture

BY DAVID BENOIT

Xerox Corp.'s biggest and third-biggest investors, billionaires Carl Icahn and Darwin Deason, have formed an alliance and plan to encourage the printer and copier giant to explore a potential sale, according to people familiar with the matter.

The two investors, who together control more than 15% of Xerox's shares, had already been separately calling for changes at the Norwalk, Conn., company on slightly different topics, but this would be the first time either has come out publicly for a potential sale.

The fact that they are working together and own such a big stake is sure to ratchet up the pressure on a company that is grappling with slumping demand as the world becomes more digital—and is already considering a major transaction.

Messrs. Icahn and Deason

plan to call on the company to explore strategic alternatives, which could include a sale or other transaction, to break its joint venture with **Fujifilm Holdings** Corp. and immediately fire Chief Executive Jeff Jacobson, the people said.

The Wall Street Journal reported this month that Fujifilm and Xerox are discussing a range of potential deals that could include a change of control of Xerox, though not a full sale. Xerox just a year ago split itself in two, spinning off its business-services unit into **Conduent** Inc.

Xerox has said that since the

breakup it is ahead of its transformation plan, and the board is willing to take any necessary steps to create more value.

"The Xerox board of directors and management are confident with the strategic direction in which the company is heading and we will continue to take action to achieve our common goal of creating value for all Xerox shareholders," a company spokesman said Sunday.

Shares of Xerox have languished for years. They have rallied lately on hopes of a deal, bringing the company's market capitalization to about

\$8.1 billion.

Mr. Icahn, who owns a 9.7% stake, had already called for a change in management and started a fight for four new board members. The activist had campaigned successfully for change to the board two years ago, but his former employee resigned as a director last month to open the way to a new campaign.

Last week, Mr. Deason, who owns a 6% stake, sent a letter urging Xerox to cancel its joint venture with Fujifilm that sells copiers and printers in the Asia Pacific region.

Copy That
52-week share performance



Source: WSJ Market Data Group
THE WALL STREET JOURNAL.

Sanofi Nears Deal for Bioverativ

BY DANA MATTIOLI AND JONATHAN D. ROCKOFF

Sanofi SA is nearing a deal to buy hemophilia-drug maker **Bioverativ** Inc. for more than \$11.5 billion as the French drug maker finally looks set to clinch a big deal as it braces for generic competition for a top product.

A deal, which could be announced as soon as Monday, would value the former Biogen Inc. unit at \$105 a share, according to people familiar with the matter.

The price would represent a big premium of 63% to where Bioverativ closed trading on Friday.

It is still possible the talks could fall apart before a deal is reached.

Sanofi has been looking to add to its portfolio as generic-drug companies prepare to launch lower-price versions of Lantus insulin, its top-selling product.

Lantus accounted for €3.5 billion (\$4.3 billion) of Sanofi's €26.4 billion in sales during the first nine months of last year.

But Sanofi has missed out on a number of deals. In 2016, the company kicked off a bidding war for U.S. biotechnology firm Medivation Inc. Sanofi's offer for the company caused other bidders to pile in, and Medivation signed a deal to sell itself to Pfizer Inc. for \$14 billion.

Sanofi also lost out to Johnson & Johnson last year in its pursuit of Swiss biotech Actelion Pharmaceuticals Ltd.

By adding Waltham-Mass.-based Bioverativ, Sanofi would bolster its thriving rare-disease business and gain access to a new market.

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A drilling rig near Midland, Texas, in 2014. U.S. oil companies are on track this year to generate more cash than they spend, a first in the age of shale.

Cautious Shale Drillers Firm Up Finances

BY BRADLEY OLSON

U.S. shale companies are poised to earn real money this year for the first time during the fracking boom.

Crude prices have surged almost 40% in the past six months. Yet shale producers are so far touting cautious spending plans for 2018—in contrast with past price spikes, when companies mounted aggressive drilling campaigns that quickly increased supplies and pushed prices back down. While the companies have posted profits in the past, they have never done so while limiting spending to the amount of cash they generate from operations.

Shale drillers are heeding calls from investors who have chastened the companies for pumping ever more oil and gas even as they incur losses doing so. But some investors and analysts remain skeptical that U.S. wildcatters will fulfill promises to live within their means, saying higher prices have almost always led them to boost drilling.

"These companies can say that, but will they follow through?" said Norm MacDonald, vice president and portfolio manager at Invesco Ltd. "Given what oil prices have done in the past few months, the proof will be in the pudding."

Companies such as Ana-

darko Petroleum Corp. already have detailed plans to reduce 2018 spending on drilling and operating wells. Even oil giant **Chevron** Corp. plans to cut such investments almost 10%.

Among smaller operators, spending is expected to rise 8% in 2018, compared with a 55% increase in 2017, according to an analysis of over 20 companies by Jefferies. About one-third of the biggest producers have released preliminary spending guidance, and the rest are expected to do so in coming weeks.

Even as U.S. producers promise to curtail excesses of previous years, federal forecasters expect them soon to

push U.S. oil output past the monthly record, set in 1970, of more than 10 million barrels a day. They are on pace to establish the record in the next few weeks, according to U.S. Energy Information Administration estimates.

The Paris-based International Energy Agency went a step further Friday, projecting that U.S. production in 2018 will surpass the output of Saudi Arabia and rival that of Russia, the top producer.

Production continues to increase because of past and continuing investment, but companies are pulling back on future spending. That puts U.S. oil companies on track in 2018 to generate more cash

than they spend, a first in the age of shale.

A wide range of companies are drawing up their 2018 budgets using an oil price of \$50 to \$55 a barrel, according to Goldman Sachs Group Inc., which hosted company executives and investors at a Miami conference last week.

Harold Hamm, chief executive of **Continental Resources** Inc., has said he would use excess cash to reduce debt, echoed by a dozen others. Producers also said they would consider buying back shares or fattening dividends. One operator, **Concho Resources** Inc., said it would "pile up cash" at an oil price of \$60.

Please see SHALE page B2

SoFi in Talks to Hire Twitter Officer as CEO

BY PETER RUDGEAR AND LIZ HOFFMAN

Anthony Noto, a top Twitter Inc. executive, is in discussions to become the next chief executive of **Social Finance** Inc., according to people familiar with the matter, as the online lender grapples with accusations of improper workplace culture.

SoFi has been looking for a permanent chief executive since Mike Cagney's departure in September.

The San Francisco-based company has offered the job to Mr. Noto, currently Twitter's operations chief and before that a top Silicon Valley banker at Goldman Sachs Group Inc., people familiar with the matter said. Mr. Noto is likely to make a decision in the coming days, the people said.

Mr. Noto may turn down the offer, and terms haven't yet been completed, the people said. Or Twitter might lobby hard to keep him, especially as Chief Executive Jack Dorsey splits his time between the social-media service and

the other company he runs, Square Inc.

Mr. Noto wasn't available for comment.

A former Army Ranger, Mr. Noto joined Goldman in 1999 as a stock analyst covering technology companies and later was an investment banker, advising tech companies on deals. After a stint as finance chief of the National Football League, Mr. Noto returned to Goldman and ran its technology-banking group.

In 2013, he helped take Twitter public and joined the firm a year later as chief financial officer. He was named chief operating officer in November 2016.

Mr. Noto has been leading Twitter's push into live video, a growing part of the company's business. He helped Twitter reach a \$10 million deal to stream NFL games in 2016, in addition to building partnerships with media firms such as Time Inc. and Bloomberg LP.

Twitter has yet to report a profit as a public company.

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KEYWORDS | By Christopher Mims

Not All Screen Time Is Equal


Imagine someone traveling through time to the days before the internet, regaling audiences with fantastical tales of a future in which children can access devices containing the sum of all human knowledge and which gain new powers daily to instruct, create and bring people together.

Now imagine this time traveler describing the reactions of most parents to these devices—not celebration, but fear, guilt and anxiety over how much time children spend with them.

That's where we are today. Parents are admonished that the most important thing to do with iPhones, iPads and computers is limit children's access to them.

But educators and researchers are beginning to acknowledge the ways technology can be a tool for learning and development, rather than merely a danger.


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Where previous guidelines described all screen time for

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most recently announcing a third-quarter loss of \$21 million on revenue of \$590 million. Twitter's shares have risen over 30% in the past three months, and the company could record its first quarterly profit in the fourth quarter, according to the firm's most recent guidance.

People close to Mr. Noto, who was once a candidate for the chief-executive job at Twitter, believe he is angling for the chance to run a company.

SoFi, a startup which is using technology to build a digital alternative to consumer banking, would be a lower-profile platform for Mr. Noto, who courted the spotlight and negotiated hard for compensation at Goldman and Twitter, according to people familiar with the matter. SoFi has about 400,000 customers compared with Twitter's 330 million monthly active users. The fintech firm's most recent private-market valuation of more than \$4 billion is around one-quarter of Twitter's \$17.6 billion value.

SoFi has discussed offering

Mr. Noto a significant stake in the company if he takes the job, the people familiar with the matter said. That would align his interests with those of SoFi's largest investors, which include SoftBank Group Corp. and Silver Lake.

SoFi had raised nearly \$2 billion to expand beyond its original business—refinancing student loans for U.S. borrowers—and push into foreign markets and new businesses such as mortgages, life insurance, automated investment accounts and asset management.

In June, the company filed an application with the Federal Deposit Insurance Corp. to open a bank in Utah, which would allow it to provide credit cards and checking accounts. In an August letter to investors reviewed by The Wall Street Journal, Mr. Cagney signaled that an initial public offering wasn't far off.

The firm pulled back from its expansion plans following the September launch of an outside investigation into claims that current and former employees were sexually harassed at work and Mr. Cagney's resignation later that month.

—Georgia Wells contributed to this article.

cerns which spun off the business last year. On its first day of trading roughly a year ago, the shares closed at less than \$46.

Bioverativ's two big products, Eloctate and Alprolix, are among the leading treatments for two of the most prevalent types of hemophilia, known as A and B.

Bioverativ reported \$291.6 million in revenue from the two drugs during the third quarter of 2017.

One issue for Sanofi: It wouldn't sell the pair of drugs in its home market. Bioverativ owns the rights to Eloctate and Alprolix in North America and other countries around the world, but Swedish Orphan Biovitrum AB has the rights in Europe, Russia and many countries in the Middle East and North Africa.

The lofty premium would represent a win for Bioverativ shareholders, including activist hedge fund manager Alex Denner of Sarissa Capital Management LP, who sits on the board of Bioverativ, as well as Biogen.

A deal for Bioverativ comes a year after Ariad Pharmaceuticals agreed to sell itself to Takeda Pharmaceutical Ltd. for \$4.7 billion, or a roughly 75% premium to where Ariad was trading before the deal. Mr. Denner was Ariad's chairman at the time.

SANOFI

Continued from page B1
to the growing market for treatments for hemophilia. Therapies for the rare bleeding disorder ring up more than \$10 billion a year in sales worldwide.

The market is getting more competitive, however, with longtime players like Shire PLC, Novo Nordisk A/S and Pfizer facing new competition

Roche Holding AG

Sanofi has been a leading player treating rare diseases since paying more than \$20 billion for Genzyme in 2011. Rare-disease drugs are a growing part of the Paris-based company's line-up, with €2.2 billion in sales during the first nine months of 2017, up more than 5% from the same period a year earlier.

Bioverativ consists of the hemophilia drugs from Biogen, one of the biggest biotech con-

BUSINESS & FINANCE



TED S. WARREN/ASSOCIATED PRESS

Trucking companies' profits are likely to rise, but fleets are allocating much of the extra revenue from shippers into recruiting drivers.

For Trucking, Roadblocks Loom

BY BRIAN BASKIN
AND JENNIFER SMITH

Trucking fleets are charging higher prices to move freight around the country. But it is an open question whether the companies or their drivers will reap the windfall.

With the economy humming, retailers and manufacturers are looking to hire thousands more trucks to haul clothing, construction equipment and other goods. Trucking companies can choose which loads to take on. In December, carriers charged an average 22% more than they did a year earlier in the spot market, where shippers can hire trucks on short notice, according to online freight marketplace DAT Solutions LLC.

Investors expect all that to translate into an uptick in profits for trucking companies when they report fourth-quarter results over the next couple of weeks. Shares of many

large trucking companies, including Werner Enterprises Inc. and Old Dominion Freight Line Inc., are trading at record highs.

There is just one hitch: Trucking companies can't add capacity fast enough to take advantage of the flood of new business. Fleets say they are plowing a hefty portion of the extra revenue from shippers into recruiting drivers.

Carriers are also investing in new equipment. In December, fleets ordered 37,500 big rigs, the highest monthly total in over three years, according to ACT Research. "Can you find trucks? Can you find drivers? That's the biggest factor," said Ravi Shanker, an analyst with Morgan Stanley. "You're probably going to get a lot of freight...but at the same time hiring drivers is going to be really hard."

Trucking companies have a chronic problem attracting enough drivers. Many veterans

are retiring, and potential recruits often balk at the prospect of long hours behind the wheel and nights sleeping in cramped cabs. In 2015, the last time freight demand was this strong, many fleets raised pay multiple times.

The hunt for drivers could get even more frantic this year, analysts say. The unemployment rate was 4.1% in December, compared with 5.7% at the start of 2015, according to the Labor Department, meaning the pool of potential truckers is smaller. A new federal rule that will make it easier to enforce limits on drivers' time behind the wheel is also expected to spur recruiting.

Trucking companies can pass along rising costs to their customers. Fleets are renegotiating long-term contracts with large shippers. Those rates, which make up the majority of business for many large trucking companies, could rise 6% to 8% this year, said Brad Delco, a Stephens analyst.

—Paul Page contributed to this article.

Saudis Push for More OPEC Efforts

BY SUMMER SAID

MUSCAT, Oman—Saudi Arabia's energy minister said Sunday that OPEC and other big oil-producing allies like Russia should find ways to cooperate beyond their petroleum-production limits this year.

"We should not limit our efforts to 2018. We need to be talking about a longer framework for our cooperation," Saudi Arabia's top oil official, Khalid al-Falih, told reporters ahead of a meeting of the Organization of the Petroleum Exporting Countries' committee here in Oman's capital. OPEC's message to the world, he said, should be "this is something that is here to stay."

Mr. Falih—the de facto leader of OPEC—gave the most explicit call for the 14-nation cartel and 10 nonmember allies to keep supporting the oil market into 2019.

Oil prices have risen from around \$45 a barrel in June of last year to over \$70 a barrel this month in part because of the group's agreement to reduce the world's oil production by about 1.8 million barrels a day, or nearly 2% of global output.

Mr. Falih pointed to weaknesses in the deal, saying the first OPEC-led output cuts in almost a decade had yet to instill enough confidence in the oil industry for investment in expensive projects.

He said he wanted to make investors and companies comfortable with the "long-term prospects of the market" be-



MOHAMMED MATHOUJI/AGENCE FRANCE PRESSE/GETTY IMAGES

yond the recent rally.

Mr. Falih also said the production cuts aren't close to achieving their goal of forcing enough oil out of storage to bring supply and demand into balance. He said that balance may not happen until early 2019, the first time he has pushed the time frame beyond 2018.

Mr. Falih's comments highlighted the challenge OPEC faces in the second year of its efforts to prop up oil prices after a historic price crash caused by the American oil boom.

The cartel faces a wave of new oil from U.S. producers who are capitalizing on rising prices and are projected to

pump more oil than Saudi Arabia this year for the first time since the early 1990s. OPEC and its allies also want to find a way to wind down their limits on production—which are costing these nations millions of dollars every day as prices rise—without spooking investors.

Mr. Falih dismissed shale producers as a threat, saying investments in their business in recent months were "hyped." Shale's rise in production will simply provide supply to meet growing demand, without affecting OPEC's plans, he said.

"Shale will grow, but I think it is a big market," he said.

Mr. Falih said cooperating

beyond the current agreement's ending in December 2018 "doesn't necessarily mean sticking barrel by barrel to the same limits or caps or targets of production country by country that we signed up to in 2016."

Mr. Falih will need to secure a cooperation commitment from Russia, which isn't an OPEC member but, as the world's largest oil producer, has helped the cartel's efforts with significant output cuts in the past year.

Russian energy minister Alexander Novak on Sunday sounded a more optimistic note, saying "we think that the market should rebalance this year."

when it starts to produce.

And oil companies have a backlog of almost 7,000 wells that have been drilled but not fracked—30% more than in January 2017. Having already spent money to drill last year, operators can save money and boost production by fracking the backlog.

"Is this time going to be different? I think yes, a little bit," said Will Riley, who helps oversee more than \$300 million in energy investments for asset manager Guinness Atkinson. "Companies will look to increase growth a little, but at a more moderate pace."

SHALE

Continued from the prior page

U.S. oil prices fell 1.5% last week to \$63.37, having recently topped \$65, the highest level since 2014. Many companies might not increase spending levels until the second half of the year.

Shale-company executives have been preaching the gospel of moderation since 2014, when oil prices plummeted because of a global glut of crude that fracking helped create.

U.S. oil boom together have spent \$265 billion more than they generated from operations since 2010, according to a Wall Street Journal analysis of FactSet data.

Oil producers' stock prices have lagged behind oil's rally, a signal that investors remain skeptical, according to shareholders, analysts and executives. An index of more than 40 companies has risen 17% in the past three months, outstripping the S&P 500 but falling well short of gains in the price of crude.

"There is always a risk that they will shoot themselves in the foot again," said John Cas-

BUSINESS NEWS

Cashierless Store to Open After Delay

Amazon Go tracks shoppers' movements and selections using cameras, algorithms

BY LAURA STEVENS

Nearly a year after it was promised, **Amazon.com Inc.**'s cashierless convenience store is slated to open to the public on Monday.

The new Amazon Go store, located in Amazon's main headquarters in Seattle, uses computer vision and machine-learning algorithms to track shoppers and charge them for what they select, thereby eliminating checkout counters.

In an interview last week, Dilip Kumar, vice president of technology for Amazon Go and Amazon Books, said testing with employees has trained the technology to work in the store, an experiment that is part of the company's broader effort to reinvent how consumers shop.

Mr. Kumar declined to say whether Amazon will expand the Go concept, although he said the company has developed the technology to scale.

Amazon announced the new

Go store with fanfare in December 2016, and said it would open to the public in early 2017. The opening was delayed, however, as the technology proved more difficult to master than expected, with glitches occurring when too many people were in the store or were moving too quickly, The Wall Street Journal reported in March 2017.

Amazon didn't explain the delay at the time. According to Mr. Kumar, while the store was originally expected to quickly open to the public to gain extra traffic needed for testing, the company decided it had enough employees to teach the system instead.

That training helped Amazon Go's technology better identify objects and follow the different speeds and patterns of shoppers, tasks Mr. Kumar described as particularly challenging in a crowd.

Some people "move in very unpredictable ways," Mr. Kumar said. "You're always bending down, you're examining items, you're picking things up."

The Go experiment shows how Amazon is trying to transform shopping in physical stores after decades of pio-



Employees were used for testing at Seattle's Amazon Go store, which opens to the public Monday.

Among the challenges for the technology was telling the difference between similar looking products—say containers of vanilla and regular yogurt. Adding to the complexity: When customers pick up products, they usually cover the distinguishing aspects of the label with their hands.

Some store associates are still needed. For example, customers purchasing alcohol must show identification.

Former Amazon executives say it likely would be difficult to scale the system to track people in a bigger store, and that it could take years to make it work in a larger store footprint. Still, they say it might make sense one day for Amazon to try to implement the technology more widely—either via additional Go stores or even in Whole Foods.

Mr. Kumar said there are no plans to introduce the technology in Whole Foods. He added, however, that every project should be expandable.

"We have this unwritten rule that whatever it is you're building, you have to be able to scale it" so that it covers significantly more load than what you would normally ever expect, he said.

P&G Wrestles With Countering Tide Pods Challenge

BY IMANI MOISE AND SHARON TERLEP

Procter & Gamble Co. initially stayed on the sidelines after learning about an online challenge a few years ago in which teens ate Tide laundry pods for sport.

But recent videos of the behavior that have gone viral prompted the consumer giant to act.

The company, which also makes Pampers diapers, Dawn dish soap and Charmin tissue, launched a safety campaign on social media earlier this month to counter the meme.

P&G found the challenge

concerning from the start but worried that speaking out would make matters worse by drawing attention to it, adding to the allure for teens drawn to a potentially risky dare, a company spokesman said.

Concerns over Tide Pods, small packs of concentrated liquid detergent, have pestered the company since U.S. poison-control centers recorded thousands of incidents of small children coming into contact with that type of product.

Since the launch of Tide Pods in 2012, P&G has changed the appearance of packaging to make them look less like

candy, added a bitter taste to the product and produced commercials warning parents to keep the pods out of reach of young children.

Now, teens have made a game out of biting into and even vaping the liquid in the capsules. Some are challenging their friends to do the same in social-media callouts, sounding fresh alarm bells for P&G.

"No. No. No. What the heck is going on, people. Use Tide Pods for washing, not eating," says football star Rob Gronkowski in a video P&G posted to **Twitter**, **Facebook** and YouTube.

neering retail online. Since 2015, the company also has added more than a dozen Amazon Books stores, which encourage customers to pull out their phones to scan covers for prices.

In August, Amazon com-

pleted a \$13.5 billion deal to buy grocery chain Whole Foods, adding 470 brick-and-mortar stores to its portfolio.

Amazon Go uses cameras throughout the store to track shoppers once they are inside, though it doesn't use facial

recognition, Mr. Kumar said. A customer entering the store scans his or her phone and then becomes represented as a 3-D object to the system. Cameras also are pointed at the shelves to determine interactions with goods.

the country have reported 40 cases of people aged 13 to 19 years old intentionally ingesting laundry pods, according to the American Association of Poison Control Centers. The group reported 53 such cases last year and 39 cases in 2016. (In case of exposure call the national poison help hotline at 1-800-222-1222 or text POISON to 79797.)

About one-quarter of those

calls involved hospitalizations.

Symptoms reported in teens

have included

gastrointestinal

issues,

nausea

and vomiting.

So far the group hasn't received reports of teens suffering more serious injuries, as has been the

case when young children or elderly people have ingested the pods. There is no high association with ingestion of Tide Pods.

Social-media companies largely put the onus on their users to flag problematic content, but a P&G spokesman said the companies have been cooperative.

A Facebook Inc. spokesperson said the company removes content that encourages physical harm once it becomes aware of it. YouTube, a unit of **Alphabet's** Google, said it also has a policy against material that encourages dangerous behavior and works to quickly remove flagged videos.

Startup Rocket Lab Launches Payload of Satellites Into Orbit

BY ANDY PASZTOR

Rocket Lab, a space-transportation startup promising frequent, economical launches of small satellites on rockets featuring 3-D printed engine parts, successfully blasted its first payload into orbit from a remote New Zealand pad.

The flight was watched closely by the international aerospace community as a harbinger of less-expensive rides to space. Peter Beck, the company's founder and chief executive, envisions offering a breakthrough service for small satellites weighing hundreds of pounds similar to the way Elon Musk's Space Exploration Technologies Corp. revolutionized options for much larger payloads weighing thousands of pounds.

At roughly 2:45 p.m. local time Sunday, the countdown proceeded smoothly—after a number of temporary glitches and delays the previous day—and the rocket's navigation equipment, other hardware and software systems appeared to work as designed.

The nearly 60-foot-tall Electron booster—which also uses carbon composite materials and battery-powered fuel pumps—flew for roughly two minutes and 30 seconds before its nine main engines shut down as planned.

After the lower part of the rocket separated and the second stage's single Rutherford engine fired up and burned for more than five minutes, three small satellites made it into orbit as flight controllers in Auckland, New Zealand, clapped and cheered.

Previous launch scrubs stretched back to before Christmas, with reasons including weather issues and boats wandering into the restricted zone down range from the launchpad.

Electron's maiden launch occurred last May, when both stages operated well but the test flight failed to reach orbit. The mission was terminated early because of a snafu with ground systems.

ROCKET LAB/ASSOCIATED PRESS



The Electron rocket carried three small satellites into orbit.

U.S.-New Zealand company, which include **Lockheed Martin Corp.**, see it promoting a revolution for researchers, entrepreneurs and fledgling commercial projects operating beyond the atmosphere. The 10-year-old company seeks to usher in an era of weekly launches of imaging, weather and other low-earth-orbit satellites weighing dozens of pounds to hundreds of pounds each.

The projected price tag is about \$5 million a launch. That price is a fraction of the cost for a dedicated launch on existing larger rockets.

Small payloads typically share a ride with heavier ones on such boosters, but their schedules can be uncertain and of-

ten provide little flexibility for customers hitching a ride with the primary customer.

In a news release after the launch, Mr. Beck said, "reaching orbit on a second test flight is significant on its own, but successfully deploying customer payloads so early in a new rocket program is almost unprecedented."

Mr. Beck hopes to ride a global upsurge of interest in small satellites and he sees the company eventually providing essential launch services for major aerospace companies.

"We're seeing a lot more interest coming from the more traditional players," Mr. Beck said in an interview nine days before the launch.

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BUSINESS & TECHNOLOGY

Coca-Cola Sets Goal To Recycle All Bottles

By CARA LOMBARDO

Coca-Cola Co., long criticized by environmental advocates for producing billions of plastic bottles that end up in landfills and oceans, said it wants to collect and recycle the equivalent of all the packaging it puts out into the world by 2030.

The goal is part of a sustainability initiative announced by the soda company called "World Without Waste." Coca-Cola said Friday that its efforts will include investing in more efficient packaging, local recycling programs and consumer education. It declined to say how much it will spend as part of the effort.

"Future growth comes with further responsibilities," Chief Executive James Quincey said on a media call. "As a company, we must grow with conscience."

Greenpeace, an environmental advocacy group, promptly criticized Coke's plan.

"The plan failed to include any reduction of the company's rapidly increasing use of single-use plastic bottles globally, which now stands at well over 110 billion annually," the organization said in a statement issued Friday.

Mr. Quincey disagreed. "If we recollect all the bottles, there is no such thing as a single-use bottle," he said. "Every bottle comes back and every bottle has another life."

Coca-Cola, rather than taking on the difficult task of collecting all of its own bottles, aims to collect an amount of bottles equivalent to what it produces.

Mr. Quincey said the largest challenges will be in developing countries and the one-quarter of countries that don't have any form of formal waste collection.

Twitter's Russia Probe Advances

By YOREE KOH

Twitter Inc. on Friday said it identified 1,062 more accounts tied to a Russian government-backed propaganda outfit, as the social-media company and other tech firms continue to grapple with how their platforms were manipulated in the run-up to the 2016 U.S. presidential election.

The social-media company had initially told congressional

investigators it discovered more than 2,700 accounts linked to the Kremlin-backed Internet Research Agency, a shadowy troll farm believed to have spread disinformation to sow political division among Americans.

Twitter said Friday the number of accounts now stands at 3,814, posting 175,993 tweets during the 10-week period around the election, of which 8.4% were elec-

tion-related.

Twitter said it has suspended all of the accounts and would notify the 677,775 people in the U.S. who were exposed to content from these accounts. It also said it plans to share the relevant information with Congress.

In addition, Twitter said it also identified an additional 13,512 bot accounts that have ties to the Kremlin, bringing the total number of automated

accounts related to Russian interference in the election to more than 50,000.

Twitter has come under fire from lawmakers for providing limited data as Congress probes the extent that Russians meddled in the presidential election by taking advantage of social-media platforms including Facebook Inc. and Alphabet Inc.'s YouTube. The company also missed a deadline—that was met by its

peers—to respond to questions from the Senate Intelligence Committee about Russian meddling in the election.

"I've been tough with Twitter on this, but I'm encouraged to see the company beginning to take responsibility and notify its users of Russia's influence campaign on its platform," tweeted Mark Warner (D., Va.), the top Democrat on the Senate Intelligence Committee.

MIMS

Continued from page B1 young children in terms of "exposure," as if screen time were a toxic substance, new guidance allows for up to an hour a day for children under 5 and distinguishes between different kinds of screen use—say, FaceTime with Grandma versus a show on YouTube.

One way to sum up the new way of thinking is to differentiate between "passive" screen time, such as viewing videos, and "active" time, including creative pursuits but also (parent-approved) videogames, says AnnMarie Thomas, director of the Playful Learning Lab at the University of St. Thomas in St. Paul, Minn., where her team creates hands-on learning experiences for children. Limiting passive time could be the new version of limiting screen time.

There are legitimate concerns about children and screen time, ranging from physical inactivity to online bullying and even an increase in mental-health issues in teens. Watching video remains, unfortunately, a huge portion of the average U.S. child's waking hours. According to recent data, children between ages 2 and 11 spend 4½ hours a day in front of screens. That cuts into physical activity,

socialization and the good kind of boredom that spawns creativity and resourcefulness, researchers say.

For the average U.S. child, less screen time is unquestionably a better alternative to what most are doing now.

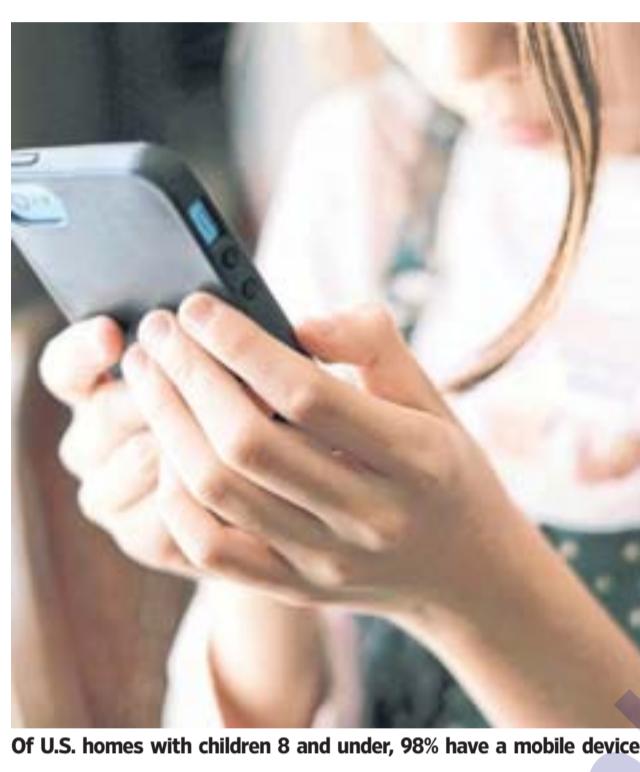
But for parents who want it, there's an even better alternative to banning screens, and it's more realistic given the ubiquity of smartphones

Parents can offer 'extraordinary learning' experiences unknown in the past.

and tablets. Of U.S. homes with children age 8 and under, 98% have some kind of mobile device, up from 52% in 2011, according to the nonprofit Common Sense Media, which advocates for safe media and technology for children.

Instead of enforcing time-based rules, parents should help children determine what they want to do—consume and create art, marvel at the universe—and make it a daily part of screen life, says Anya Kamenetz, a journalist and author of the coming book "The Art of Screen Time—How Your Family Can Balance Digital Media and Real Life."

In doing so, parents can offer "extraordinary learn-



Of U.S. homes with children 8 and under, 98% have a mobile device.

GETTY IMAGES

ing" experiences that weren't possible before such technology came along, says Mimi Ito, director of the Connected Learning Lab at the University of California, Irvine and a cultural anthropologist who has studied how children actually use technology.

"Extraordinary learning" is what happens when children's interests turn to passion, and a combination of tech and the internet provides a bottomless well of tools, knowledge and peers to help them pursue these

passions with intensity characteristic of youth. It's about more than parents spending time with children. It includes steering them toward quality and letting them—with breaks for stretching and visual relief, of course—dive deep without a timer.

There are many examples of such learning, whether it is children teaching themselves to code with the videogame "Minecraft" or learning how to create music and shoot videos. Giving children this opportunity allows them to learn at their own, often

accelerated pace. "The damage that a lot of the time-based regulation [of screens] has done is, it really doesn't provide parents with tools to look at what the quality of engagement is," Dr. Ito says.

Until recently, in my own household I focused more on banning screens for most of the week than on what my children were doing with that time. But watching them integrate tech into learning and creative play, from digital photography to discussions spawned by documentaries, changed my mind. I still prioritize exercise and face time over FaceTime, but I've ceased tracking how much screen time my children are getting and instead think about whether their overall needs are being met.

Jenny Radesky, a pediatrician and author of the AAP's screen and media guidelines for young children, says the AAP's revised advice was intended to inspire parents of children over age 5 to think similarly.

Adopting this philosophy can lead to counterintuitive inversions of old rules. Drs. Ito and Thomas make screen time part of their families' engaged, together time. The result is more instances of extraordinary learning.

Encouraging "active" time on screens is just the latest realization of a timeworn insight we must be reminded of with every new generation of tech: Education and entertainment can be the same.

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BUSINESS NEWS

China's Wanda Retrenches Amid Debt

Chinese billionaire Wang Jianlin's flagship company reported a slide in revenue for a second straight year as it retreated from its ambitious ex-

By Dominique Fong
in Beijing
And Wayne Ma
in Hong Kong

pansion into entertainment and overseas property.

The company, **Dalian Wanda Group**—a conglomerate with interests in real estate, cinemas and more—said Saturday that revenue was 227.4 billion yuan (\$35.29 billion) in 2017, down 11% from a year earlier, according to a statement posted on an official social-media account. The decrease was mainly due to the sale of its assets in culture and tourism, it said.

In a speech posted Sunday, Mr. Wang vowed to reduce Wanda's offshore debt, the amount of which he didn't disclose. "We only need to sell half our [overseas] assets to pay off all the debt, which shows that we made money between when we bought and sold them," Mr. Wang said.

Although Wanda's offshore debt isn't public, its biggest subsidiary, Dalian Wanda Commercial Properties Co., owed more than \$2 billion in offshore debt in 2016, according to its most recent regulatory filing.

The company is closely held by Mr. Wang, who spent billions of dollars in recent years to branch into theme parks, overseas real estate and U.S. entertainment. His purchases have included theater chain AMC Entertainment for \$2.6 billion in 2012 and Hollywood film producer Legendary Entertainment for \$3.5 billion in 2016.

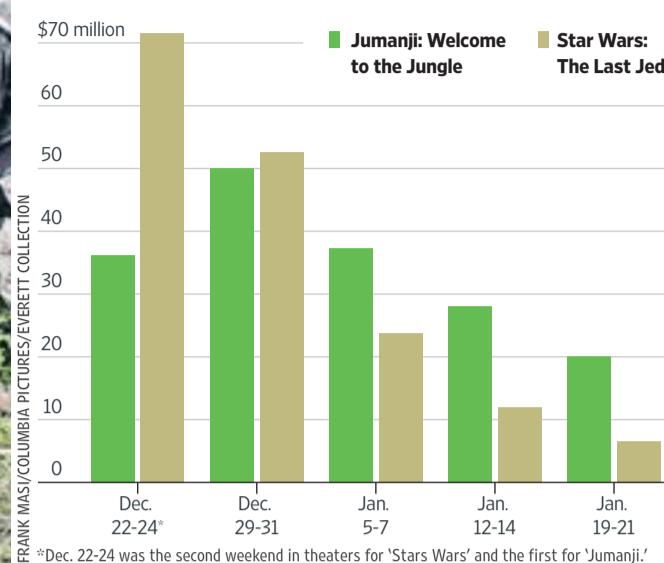


Strong word-of-mouth helped 'Jumanji' maintain momentum. It opened one week after 'Star Wars.'

Jungle Fever

Sony's 'Jumanji: Welcome to the Jungle' has held up well at the box office against the latest Star Wars entry.

Weekend box office since 'Jumanji' opened



*Dec. 22-24 was the second weekend in theaters for 'Star Wars' and the first for 'Jumanji.'

Source: Box Office Mojo

THE WALL STREET JOURNAL.

'Jumanji' Fends Off Competition

Sony movie tops box office for third straight weekend; studio ranks No. 1 so far in 2018

By Ben Fritz

Three weeks into the new year, **Sony Pictures Entertainment** Inc. is in an unfamiliar position: first place.

After a dismal five-year run, Sony's motion-picture business has outgrossed all competitors so far in 2018, thanks to a smash-hit sequel to a 1995 family film.

"Jumanji: Welcome to the Jungle" is No. 1 at the U.S. box office for a third weekend in a row, with an estimated \$20 million. Its total world-wide gross is \$768 million.

The movie's production budget was about \$130 million, but because of tax credits in Hawaii and Georgia, where it was shot, it cost Sony just under \$100 million, meaning it should be very profitable.

Its success is particularly notable because Sony opened

"Jumanji" in a spot many studios considered suicide for a film with global blockbuster aspirations: One week after a new "Star Wars" installment.

"From early on looking at the footage, it was clear this was a Christmas movie families would want to see together," said Sony motion-pictures chief Tom Rothman. "I thought we could spit in the giant's eye."

"Jumanji" opened Dec. 20 and grossed \$36.2 million its first weekend in the U.S. and Canada, far behind \$71.6 million for "Star Wars: The Last Jedi," which made its debut the prior week.

But by the next weekend, strong word-of-mouth pushed "Jumanji" into a near-tie with "Star Wars" and since then, its ticket sales have declined more slowly, making it No. 1.

Although both films are rated PG-13, "Jumanji" is lighter and shorter, making it appealing to families with younger children. At the same time, with Dwayne Johnson, Kevin Hart and Jack Black, the movie has enough action and

Estimated Box-Office Figures, Through Sunday

FILM	DISTRIBUTOR	SALES, IN MILLIONS	WEEKEND [*]	CUMULATIVE % CHANGE
1. Jumanji: Welcome to the Jungle	Sony	\$20	\$317	-29
2. 12 Strong	Warner Bros.	\$16.5	\$16.5	--
3. Den of Thieves	STX Entertainment	\$15.3	\$15.3	--
4. The Post	Twentieth Century Fox	\$12.2	\$45.2	-37
5. The Greatest Showman	Twentieth Century Fox	\$11	\$113.5	-12

*Friday, Saturday and Sunday Source: comScore

comedy to appeal to adults.

The fact that 22 years have passed since the original, which starred Robin Williams, turned out to be an asset.

"Jumanji" is a brand that is remembered fondly but the fact that the last movie came out long ago gave us a freedom to make it feel fresh for a new generation," said producer Matt Tolmach.

"Jumanji" is now the first movie to open nationwide below No. 1 and go on to gross more than \$300 million do-

mestically, according to comScore. It also has outgrossed

"The Last Jedi" in a number of foreign markets, including China, Mexico, Russia and South Korea. With a \$1.3 billion box-office total, the new "Star Wars" movie has still grossed significantly more world-wide.

Sony had been developing a "Jumanji" sequel, but was unable to find the right idea until about 2014. That is when co-writer Chris McKenna pitched the idea of turning the

original's board-game-based world into a videogame in which a "Breakfast Club"-like group of teenagers inhabit avatars unlike their real selves, Mr. Tolmach said.

Turning around Sony's motion-picture business is a critical component of studio chief executive Tony Vinciguerra's plans. He said at a conference last week that Sony Pictures needs to grow or is at risk of soon being acquired. "Jumanji: Welcome to the Jungle" will soon become the studio's highest-grossing film that isn't part of its hit Spider-Man series or one of the James Bond movies it distributed for Metro-Goldwyn-Mayer Inc. under an expired deal.

Sony's No. 1 ranking almost certainly won't last, as it still has few major franchises compared with other studios, such as Disney. But "Jumanji" now qualifies as one. Although it has yet to be officially added to Sony's schedule, Mr. Rothman said he hopes to have a sequel ready around Christmas of 2019, when it will face off against a new "Star Wars."

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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund share value on a stock exchange. **W**arnings: If the last information available or not applicable, **N**otice fund not in existence of entire period. **D**ate yield is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, January 19, 2018

52 wk
Fund (SYM) NAV Close/Disc Ret

General Equity Funds

Adams Divers Eq Fund **ADX** 14.54 15.78 -14.9 32.9Boulder Growth & Income **BIF** 13.64 11.59 -15.6 34.8Central Securities **CET** 34.35 26.85 -16.6 34.6Coh Steer Optrndy Prt **FOD** 14.23 13.33 -6.3 20.4Cornerstone Strategic **CLM** 14.03 15.98 +13.9 31.1Cornerstone Tr Crf **CRF** 17.65 15.83 +15.8 30.2Eaton Vance Tax-Adv Fd **EVT** 20.41 20.60 -4.1 27.4First Tr Enrgy Infrd Fr **FIF** 18.68 18.70 +0.1 6.0Gabelli M&P & Well **GRX** 12.33 10.63 -13.8 15.6Gabelli Trlty **GUT** 5.12 7.03 +3.7 21.9GAMC Qbgf Cpltd Btsslns **GGN** 5.46 5.31 -2.7 4.4Goldman Sachs Mkt Opp Co **GMC** 9.91 NA 3.4Goldman Sachs Mkt Energy **GER** 7.05 NA 0.0Golden-Stanley Asia-Pac **APC** 21.95 19.18 -12.6 37.6John Hancock Fin Opps Fd **BTO** 39.24 40.37 +2.9 18.4Macquarie Gbl Infrastrct **MGU** 28.00 25.23 -9.9 27.5MS Emerging Fund **MSF** 21.60 19.32 -10.6 40.9MS India Invest **IF** 37.37 34.32 -7.1 48.7New Germany Fund **GF** 23.15 21.28 -8.1 62.4Swiss Helvetic Fund **SWF** 14.53 13.20 -9.2 26.3Templeton Dragon **TDF** 26.54 23.46 -10.8 1.2Templeton Emerging **EMF** 19.47 17.50 -10.1 49.3Virtus Total Return Fund **ZF** 12.62 11.96 -5.2 16.1Westar Real Estm Hldg Fund **JRS** 10.77 10.72 -0.5 7.4Yoga Infr Indls & Mats **IDE** 17.31 16.92 -2.3 36.4Wells Fargo Gl Opp **EOE** 6.47 6.03 -6.8 19.6Wells Fargo Svc **WFS** 17.56 17.56 -0.1 29.6Wynn Svc Dwnr Overwtr **WPKX** 14.52 14.19 -2.3 16.3Xcel Energy Utility Fund **HOH** 33.05 30.20 -8.6 -0.8Tekla Hlthcr Investors **HOD** 25.34 23.76 -6.2 1.2Tekla Healthcare Opps Fd **THO** 20.28 18.22 -10.2 18.8Tekla Life Sciences **HOL** 21.01 20.58 -2.0 5.3Tekla World Hlthcr Fd **THW** 15.31 14.20 -7.3 14.3Tortoise Energy **TYG** 30.54 30.80 +0.9 7.6Tortoise MLP Fund **NTG** 19.53 19.07 -2.4 2.7Voya Gl Equiv Div **IGD** 18.47 8.00 -5.5 25.8Wst Asst Cmrry ln Lndk Fd **WIVN** NA 11.61 NA 3.7Wst Asst Cmrry ln Lndk Fd **WIVN** NA 11.61 NA 3.4

Commd Preferred Stock Funds

Calamos Strat Fd **CSP** 13.68 12.67 -7.4 28.7Cohen & Steers Eq Fund **EDP** 27.20 27.58 -5.2 12.3Cohen & Steers Slr Prc Inc **PSF** 27.68 27.71 +0.1 1.2Bllkrk Int'l Grwth & Incm **BGY** 7.19 6.77 -5.8 29.5Bllkrk Core Hlthcr Fund **BTZ** 14.74 13.11 -1.1 6.2John Hancock Incm Scts **JHS** 15.22 14.80 -2.8 5.4MFS Inc T Min **MIN** NA 4.01 NA 9.3Wst Asst Cmrry ln Lndk Fd **WIVN** NA 11.61 NA 3.7Wst Asst Cmrry ln Lndk Fd **WIVN** NA 11.61 NA 3.4

Loan Participation Funds

Apollo Sl Fltg Rate Fd **AFT** 17.90 16.16 -9.7 6.6Bllkrk Debt Strat Fd **SDU** 12.73 11.63 -8.6 6.9Bllkrk Core Rlcm Strat Fd **TRA** 14.97 14.18 -5.3 5.3Flaherty & Crumine Dny **DFP** 26.25 26.10 -0.6 4.4Flaherty & Crumine Dny **BTZ** 14.45 13.71 -5.1 5.0Blackstone GSO Strt Cred Rgn **BSR** 15.72 8.0 NA 8.0Blackstone GSO Strt Cred Rgn **BSR** 17.73 8.3 NA 6.4Eagle Point Ltn Credit **ECC** NA 18.30 NA 5.3Eaton Vance Eq Fund **EF** 14.34 13.41 NA 5.7Eaton Vance Eq Fund **EF** 14.26 5.26 NA 5.9Eaton Vance Eq Fund **EV** 6.47 6.47 NA 5.5Invesco Credit Opps Fund **VTA** NA 11.94 NA 5.9Invesco Senior Income Tr **VVR** NA 4.44 NA 5.9

MARKETS DIGEST

Dow Jones Industrial Average

26071.72 ▲ 268.53, or 1.04% last week
High, low, open and close for each of the past 52 weeks

Last Year ago
Trailing P/E ratio 26.43 20.97
P/E estimate * 19.87 17.97
Dividend yield 1.99 2.43
All-time high 26115.65, 01/17/18

BANKING & FINANCE



Construction activity in Beijing. Analysts say banks' reliance on funding from wealth-management products could become a problem.

Chinese Firms Go for Yield

Addition of opaque wealth-management investments poses risks for economy

SHANGHAI—Chinese companies are buying more opaque, high-yielding investment products that are used by banks to raise funds and boost lending, a potentially troubling sign for China's debt-fueled economy.

Last year more than 1,170 publicly listed companies in China invested a record 1.24 trillion yuan (\$192 billion) in financial instruments known as wealth-management products, according to data provider Wind Information Co. The volume was up 49% from 2016 and more than double the total amount two years earlier.

Wealth-management products are short-term, deposit-like investments sold by Chinese banks, which often put the money in longer-term assets such as bonds, loans and trusts.

There is little transparency about the assets backing individual products, which often use leverage to juice their returns, which are much higher than rates on bank deposits. Most investors, which include individual savers and corporations, expect banks to guarantee the products and cover any losses among the underlying assets.

The business has swelled in

recent years, worrying regulators because many banks have kept the products off their balance sheets rather than booking them as liabilities and disclosed little about their underlying assets and leverage.

The worry, say analysts, is that banks' heavy dependence on short-term funding from these products could become problematic if much of the money has been invested in risky assets, and defaults rise, saddling banks with losses and hurting their ability to raise money.

Over the past year, Beijing has attempted to rein in the rampant growth of high-yielding wealth-management products by requiring banks to count them as part of their credit and improve risk disclosure for investors.

Banks in China issued around 150,000 wealth-management products in 2017, up 45% from a year earlier, according to Wind's data. The total outstanding balance of such products was 28.4 trillion yuan (\$4.4 trillion) as of mid-2017, down slightly from a record high in 2016, according to Moody's Investors Service.

Individuals have been piling into these products for years. Listed companies are a small but fast-growing group of buyers of wealth-management products. The vast majority of Chinese companies are closely held, so data on the total scale of corporate buying are hard

to come by.

The average estimated yield of such products maturing in one to three months was recently 4.9% on an annualized basis, according to Wind, versus benchmark one-year Chinese bank deposit rates of 1.5%.

Among listed companies, heavy buyers of wealth-management products last year included property developers, manufacturers, food producers and technology companies, according to data from Wind.

Beijing has tried to curb rampant growth of the products over the past year.

Last summer, Fangda Carbon New Material Co., a Shanghai-listed graphite electrodes supplier, said it intended to invest 6 billion yuan of its "idle funds" in wealth-management products, an amount higher than its annual revenue.

The plan was rejected by the company's shareholders, forcing it to scale back. As of mid-December, Fangda Carbon had invested 4.6 billion yuan in the products. The company's revenue for the first three quarters of 2017 was \$813.6 million, according to Wind. The company didn't respond to

a request for comment.

Companies' increased purchases of wealth-management products suggest many firms don't have better uses for their cash, so they are "throwing money in the capital markets chasing higher yields," said Andrew Collier, managing director at Orient Capital Research, an independent research firm in Hong Kong.

The trend is troubling, he said, because it suggests that corporations aren't confident in generating strong returns from their businesses and instead hope to seek quicker profits from the financial market.

Many small and midsize Chinese banks that don't have stable deposit bases have been heavy issuers of these investment products, using them as sources of funding and a way to generate revenue.

Among listed Chinese companies, one of the more active buyers of such products in 2017 was Hunsun Technologies Inc., a financial-software firm backed by billionaire Jack Ma's Ant Financial Services Group. Shanghai-listed Hunsun spent a total of 4.2 billion yuan on wealth-management products, according to Wind data. A company representative said Hunsun has strong cash flows and most of the wealth-management products had very short durations, adding that their overall scale wasn't particularly large.

—Yifan Xie

Index Funds Use Clout In Distinctive Ways

BY SARAH KROUSE

The biggest passive money managers all like to use some version of the word "engage" when describing how they hold their portfolio companies accountable behind the scenes. They differ on how that engagement is measured.

BlackRock Chief Executive Laurence Fink cited the strategy recently in his annual letter to other CEOs. He used the words "engage" or "engagement" 15 times to describe how BlackRock would be more assertive with the companies in which it invests while ensuring they make the right decisions over time for long-term shareholders.

BlackRock had 1,603 "engagements" with companies in which it invests during 2017. That is more than the 954 engagements counted by rival **Vanguard Group** and 676 from **State Street** Corp.'s money management unit last year.

How those engagements are defined and disclosed varies from firm to firm, making it difficult to assess how aggressively these big U.S. shareholders are wielding their growing clout.

BlackRock's engagements, according to the company, can be "basic," "moderate" or "extensive." Basic can be one conversation on a "routine matter," moderate "generally involves more than one meeting," while extensive can be "numerous meetings over a longer time frame."

For Vanguard and State Street, each phone call or meeting counts as an "engagement." State Street typically also sends hundreds of letters to its portfolio companies that

ETF Theft Suit Takes Another Odd Turn

BY ASJYLYN LODER

The unusual case of the allegedly stolen exchange-traded funds took another turn Friday, with one side claiming the lawsuit has been dismissed and opposing side saying it hasn't.

Andrew Chanin, chief executive officer of **PureFunds**, filed a lawsuit in May in New Jersey Superior Court accusing **ETF Managers Group** of stealing his \$1.4 billion PureFunds ETF lineup. ETF Managers Group denied the allegations, saying

the funds rightfully belonged to their firm and that Mr. Chanin had only a minor role in the business.

Judge Katherine Dupuis dismissed the case, citing PureFunds' "continuing failure" to comply with the court's deadline to produce documents supporting its claims, according to a copy of the order.

"We are extremely pleased that the court saw fit to throw out this frivolous lawsuit," Sam Masucci, chief executive officer of ETF Managers Group, said Friday in a news release.

But Tom Harty, an attorney for PureFunds, said the order is merely a formality, and that the case will be reinstated once the material is submitted to the court. He said he plans to submit "tens of thousands of pages" some time this week.

"This is an overstatement, beyond belief, about what happened," Mr. Harty said, responding to the news release. "The court made no finding on the merits of case, and any statement to that effect is misleading."

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

Dec. index Chg From (%) level Nov. 17 Dec. 16

U.S. consumer price index

All items 246.524 -0.06 2.1

Core 253.558 0.03 1.8

International rates

Latest Week ago -52-Week High Low

Prime rates

U.S. 4.50 4.50 4.50 3.75

Canada 3.20 3.20 3.20 2.70

Japan 1.475 1.475 1.475 1.475

Policy Rates

Euro zone 0.00 0.00 0.00 0.00

Switzerland 0.50 0.50 0.50 0.50

Britain 0.50 0.50 0.50 0.25

Australia 1.50 1.50 1.50 1.50

Overnight repurchase

U.S. 1.40 1.52 1.62 0.48

U.S. government rates

Discount 2.00 2.00 2.00 1.25

Federal funds

Effective rate 1.4300 1.4300 1.4400 0.6000

High 1.5625 1.5625 1.6125 0.8125

Low 1.4100 1.4100 1.4100 0.4500

Bid 1.4200 1.4200 1.4200 0.5600

Offer 1.4300 1.4400 1.4400 0.5800

Treasury bill auction

4 weeks 1.295 1.280 1.300 0.400

13 weeks 1.430 1.430 1.445 0.505

26 weeks 1.600 1.575 1.600 0.600

Secondary market

Fannie Mae 30-year mortgage yields

30 days 3.728 3.604 3.865 3.253

60 days 3.756 3.634 3.899 3.281

Other short-term rates

Latest Week ago -52-Week High Low

Call money

3.25 3.25 3.25 2.50

Commercial paper (AA financial)

90 days 1.70 1.68 1.70 0.72

Libor

1.56128 1.55947 1.56900 0.77000

One month 1.74447 1.72152 1.74470 1.03178

DTCC GCF Repo Index

Treasury 1.398 39.600 1.836 0.489

MBS 1.420 75.300 1.852 0.496

Open Implied

Settle Change Interest Rate

DTCC GCF Repo Index Futures

Treasury Jan 98.545 unch. 3402 1.455

Treasury Feb 98.560 unch. 1643 1.440

Treasury Mar 98.435 -0.020 393 1.565

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective December 14, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location. **Discount rate** is effective December 14, 2017. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Life.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information Ltd.

Euro and Yen Tell Different Tales On Negative Rates

By MIKE BIRD

Japan and the eurozone share negative interest rates and stronger economic growth, but their currencies are heading in different directions.

The markets are projecting that interest rates will rise quicker in the eurozone than in Japan, a

CURRENCIES

factor that is likely to continue pushing their currencies apart, analysts say.

In the past year, the euro has rallied by 14% against the dollar, while the yen is up by less than 2%. Against a basket of trade-weighted international currencies, the yen has actually declined over the same period.

A stronger currency feeds through to broader markets and the economy, often crimping exports, dragging on equity markets and reducing inflationary pressure. European shares, for instance, have underperformed those in Japan and the U.S., in part due to concern of a stronger euro on local exporters.

This week, both the European Central Bank and the Bank of Japan have meetings that will likely provide hints on interest-rate policy that will move their currencies.

"What we clearly have is that the expectation for normalization is giving the euro a boost, and that's part of what's moving the currency," said Andreas Koenig, head of global foreign exchange at Amundi, Europe's largest asset manager. The Bank of Japan is

"happy to be at the very end of the list of central banks that normalize," he said.

Both the ECB and BOJ have already reduced the size of their monthly bond purchases, but neither has yet raised their interest rates from negative territory.

Investors think that will happen first in the eurozone.

The interest rate on three-year euro overnight index swaps—a derivative used as a measure of interest-rate expectations—has risen 0.23 of a percentage point since the beginning of 2017. That indicates that investors expect roughly one additional rate increase during the next three years than they previously did.

In comparison, the same derivative has risen by just 0.06 of a percentage point in Japan. That shows that most analysts believe the BOJ will hold fire, despite stronger economic growth. Though growth is robust, inflation in Japan, at 0.7%, is well below its target of 2%.

Japanese "inflation is rising gradually but domestic economic conditions are not strong enough to accelerate this inflation," said Katsunori Kitakura, lead strategist at SuMi Trust, Japan's largest asset manager.

To help boost inflation, the Bank of Japan aims to keep yields on 10-year government bonds at around 0%. Even if that target is raised in the coming months, if Japanese yields follow those in the rest of the world higher, it would still leave Japanese monetary policy comparatively easy, according to Mr. Kitakura.

Drifting Apart

On a trade-weighted basis, the euro has appreciated considerably during the last year, while the yen has actually weakened



HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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The Real Reason for Higher Pay

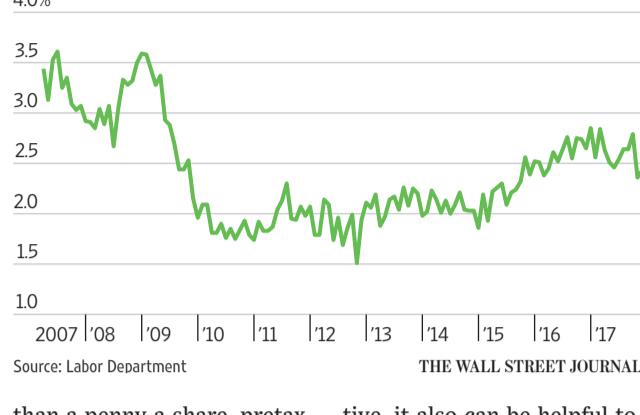
The bonuses and wage increases companies have been handing out since the tax plan passed won't weigh very heavily on profit margins. The environment that engendered them will.

The day Congress sent the tax-overhaul legislation to President Donald Trump to sign, **AT&T** and **Comcast** said they would be giving \$1,000 bonuses to their workers and **Wells Fargo** and **Fifth Third Bancorp** announced they would be boosting their minimum wages. That initial trickle soon turned into a flood as other companies rushed to make announcements of their own. Nearly 200 companies have announced that they were giving out bonuses, increasing wages or taking other employee-friendly steps as a result of tax cuts.

Companies' largess doesn't seem quite so large if you look a little closer. Consider **JetBlue Airways**, which will be giving out a \$1,000 bonus to 21,000 employees. That comes to less

Slow to Rise

Average hourly earnings, change from a year earlier



Source: Labor Department

THE WALL STREET JOURNAL.

than a penny a share, pretax. In comparison with the lower tax bill it will get as a result of a reduced corporate tax rate and being able to immediately write down the full value of capital investments, it doesn't amount to much.

Before deciding the bonuses and raises won't be so costly, however, consider what is motivating them. True, lower taxes free up more money to devote to labor. From a political perspec-

tive, it also can be helpful to shuffle a little tax-cut cash toward workers. A tight labor market is probably the biggest reason, though.

Paul Kasriel, an economic adviser to Legacy Private Trust, points out that companies have a responsibility to maximize shareholder returns, and even when they accept higher labor costs they are bearing this in mind. "This idea that people who run businesses have this

innate desire to share profits with workers is naive," he says.

Rather, they give their employees more money when market conditions force them to. With the unemployment rate low and unfilled job openings high, losing workers to a competitor can be more costly than handing out bonuses. Indeed, the concentration of tax-cut bonuses and raises in certain industries suggests one reason companies handed them out was that they didn't want their employees to view them as stingier than competitors. Several airlines and dozens of banks got on the bandwagon.

So the real news in the flurry of bonuses and raises might be that the job market has tightened to the point where wage growth, which has long been stagnant, is beginning to pick up. As that occurs, more companies will need to hand over more money to employees. The tax cut will make it easier, but they will still have to pay.

—Justin Lahart

OVERHEARD

Airlines have a very interesting definition of "upgrade."

The only thing worse than enduring a flight these days with their cramped seats, surly crew and meager refreshments is getting through the airports that lead to those flights. Like airlines, and different parts of their cabins, some are less pleasant than others.

That is what makes the fanfare of a supposed "upgrade" of **American Airlines** service between America's largest and third-largest cities.

The route from New York to Chicago won't have any new planes or even roomier ones. Arrayed against the pledge of a dedicated gate plus complimentary beer and wine is the fact that the flights travel between LaGuardia Airport and O'Hare International Airport. They were ranked the worst large airport and the third-worst mega-airport in America, respectively, by J.D. Power last year.

Some people will do almost anything for free beer.

IBM Growth Isn't Enough For Investors

Even for IBM, growth doesn't quite solve everything.

International Business Machines reported Thursday that fourth-quarter revenue rose nearly 4% year over year. Even adjusting for a boost from favorable currency rates, Big Blue's top line managed its first period of growth in nearly six years.

Still, IBM's shares fell Friday, much like they have done following 10 of its last 12 quarterly reports. A bit of growth, as it turns out, isn't quite enough to assuage concerns about how the company gets there. Fourth-quarter gross margins slipped below 50% for the first time in five years for what is typically the company's strongest seasonal period. And, while IBM did project annual revenue growth for 2018, it is unclear if the company can achieve that without continued help from favorable exchange rates.

The company also expects a slight drop in free cash flow in 2018 due to increased capital spending in key segments to drive future

Tax Break Is Why Retailers Don't Mind Bigger Wage Bills

national Retail Federation. "It's probably just starting to percolate up."

Target last fall announced it was raising its minimum wage to \$11, with plans to establish a \$15 minimum by 2020. Some cities and states have raised their minimum wages by law.

The net benefit of bigger paychecks and higher costs may be greatest for retailers like Wal-Mart and Target and less so for, say, dollar stores or high-end shops. Companies may paint the bonuses and wage increases as a boon for U.S. workers, but the real beneficiaries will be their shareholders.

—Elizabeth Winkler

growth. IBM did manage to close 2017 with a small gain in adjusted per-share earnings after three years of declines. But the company also projected flat earnings for 2018, given its need to invest more in its business.

Those investments have borne some fruit. The "strategic imperatives" IBM has been so focused on for the past few years accounted for 46% of total revenue for 2017, compared with 41% the year before. While encouraging for an overall business that has been in steady decline for the last six years, investors are now willing to take only so much on faith.

—Dan Gallagher

MARKETS

THE TICKER | Market events coming this week



A scene from Netflix's 'The Crown.' Netflix on Monday is expected to post quarterly profit of 41 cents a share.

Monday	Texas Instruments	Dec., exp.	5.75 mil.	Leading indicators	Durable-goods orders
Earnings expected*	1.09/1.02			Nov., previous up 0.4%	Nov., previous up 1.3%
Estimate/Year Ago(\$)	0.46/0.04			Dec., expected up 0.5%	Dec., expected up 0.9%
Halliburton	0.41/0.15				
Netflix	0.77/0.73				
ResMed	0.50/0.43				
Steel Dynamics	0.45/0.41				
TD Ameritrade	0.73/0.60				
Zions Bancorp					
Wednesday	Abbott Labs	0.73/0.65	New-home sales	Gross domestic product:	Earnings expected*
Short-selling reports	GE	0.47/0.45	Nov., prev. 733,000	Percentage change, annual rate	Estimate/Year Ago(\$)
Ratio, days of trading volume of current position, at Dec. 29	Illinois Tool	2.37/1.89	Dec., exp. 695,000	3rd qtr., final up 3.2%	3M 2.04/1.88
NYSE	General Dynamics	0.30/0.46		4th qtr. adv. est. up 2.9%	Caterpillar 1.79/0.83
Nasdaq	United Technologies	1.61/1.45			Celgene 1.95/1.61
Mort. bankers indexes	1.56/1.56				Intel 0.86/0.79
Purch., previous up 3%					Starbucks 0.57/0.52
Refinan., prev. up 4%					Union Pacific 1.54/1.39
Thursday	EIA status report	Initial jobless claims		Earnings expected*	Earnings expected*
	Previous change in stocks in millions of barrels	220,000	Estimate/Year Ago(\$)	AbbVie 1.44/1.20	Estimate/Year Ago(\$)
Crude oil	down 6.9	235,000	3M 2.04/1.88	Air Products 1.67/1.47	Caterpillar 1.79/0.83
Gasoline	up 3.6		Caterpillar 1.79/0.83	Colgate-Palmolive 0.75/0.75	Celgene 1.95/1.61
Distillates	down 3.9		Celgene 1.95/1.61	Honeywell 1.84/1.74	Intel 0.86/0.79
			Intel 0.86/0.79	NextEra 1.32/1.21	Starbucks 0.57/0.52
Friday	EIA report: natural gas	Previous change in stocks in billions of cubic feet		Rockwell Collins 1.55/1.10	Union Pacific 1.54/1.39
	Existing-home sales	down 183	3rd qtr., final up 2.1%		
	Nov., prev.	5.81 mil.	4th qtr. adv. est. up 2.2%		

* FACTSET ESTIMATES EARNINGS-PER-SHARE ESTIMATES DON'T INCLUDE EXTRAORDINARY ITEMS (LOSSES IN PARENTHESES) ▶ ADJUSTED FOR STOCK SPLIT/NOTE: FORECASTS ARE FROM DOW JONES WEEKLY SURVEY OF ECONOMISTS

394

The number of days since the S&P 500 has fallen 5% or more from its peak. It is on track to set a record streak with Monday's trading session.

Stocks Ready to Notch Another Kind of Record

It has been a long time since the market took a tumble.

Barring a massive shock before the closing bell on Monday, the S&P 500 will have had 395 trading days without a decline of 5% or more from a record high, according to The Wall Street Journal's Market Data Group. That would make it the longest

MONEYBEAT

stretch ever without such a decline, passing a 394-day streak in the mid 1990s.

The last time the market had a decline of that magnitude was in June 2016, just after markets were roiled by the British vote to leave the European Union. Stocks recovered swiftly from that swoon and it has been smooth sailing since. Last year, for example, the S&P 500 had

just eight up-or-down moves of 1% or more, the fewest since 1965.

Stocks have largely been rising, closing at a record on Friday. During the first year of President Donald Trump's term in office, the stock market climbed 24%, the fifth-biggest percentage gain for any president's first year in a term in the S&P 500's history.

It was outdone only during the presidencies of Bill Clinton, Barack Obama and Franklin Roosevelt.

—Erik Holm

ONLINE

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Bank CEO Gets a Pay Raise

By LIZ HOFFMAN

Morgan Stanley Chief Executive James Gorman made \$27 million last year, a 20% raise that sends a strong signal from the firm's board that it approves the progress he has made in reviving the Wall Street firm.

Mr. Gorman's haul included a \$1.5 million salary, \$1.2 million stock award, \$5.6 million cash bonus and deferred cash and long-term incentive pay—whose value depends ultimately

on how Morgan Stanley performs—of about \$19 million, according to a securities filing Friday afternoon and a person familiar with the matter.

The raise makes Mr. Gorman, who runs the smallest of the big six U.S. banks, one of the highest-paid CEOs on Wall Street.

On Thursday, **JPMorgan Chase & Co.**, three times Morgan Stanley's size, said it boosted Chief Executive James Dimon's pay to \$29.5 million last year.

MARKETS

January Proves Harsh Month for Treasurys

Seasonal pattern shows government bond prices falling at beginning of year

By DANIEL KRUGER

A Wall Street adage holds investors should sell stocks in May and go away to avoid a summer market slump. For bondholders, that month could be January.

Investors and analysts often expect Treasury yields, which rise as bond prices fall, to climb more in the first five months of the year than in the last seven.

It is a pattern that has held up often since 1998—a time in which bond yields have remained near modern lows—with the yield on the benchmark 10-year U.S. Treasury note posting an average increase of 0.017 percentage point in the months between January and May, versus a decline of 0.215 percentage point during the remainder of the year.

It is the type of seasonal pattern watched closely by some investors who use the market's perceived tendency toward higher yields in the first part of the year to guide their trading strategies. Others suggest such seasonal moves are akin to the correlation between stock returns and the price of butter in Bangladesh or which conference wins the Super Bowl: a coincidence in search of a causal link.

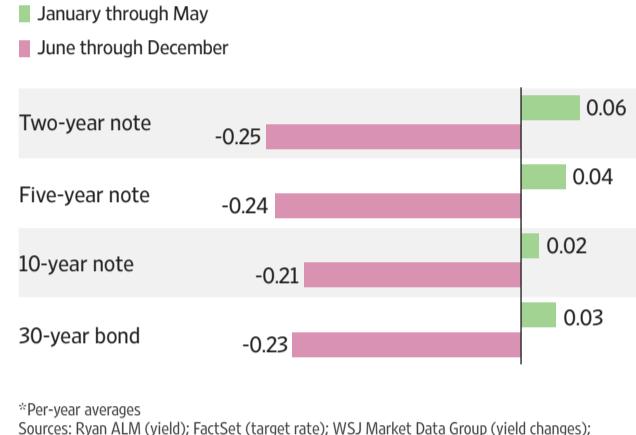
The debate holds particular significance now, after the yield on the 10-year Treasury last week hit its highest level since 2014.

That left many analysts questioning if the climb signaled further selling ahead—as signs of a long-awaited pickup in growth relieve some of the anxiety pushing global investors into government debt—or if the move marks

Bond yields have tended to climb and inflation pressure has tended to be stronger early in the year.



Percentage-point change in Treasury yields, 1998-2017*



*Per-year averages
Sources: Ryan ALM (yield); FactSet (target rate); WSJ Market Data Group (yield changes); WSJ Market Data Group analysis of Bureau of Labor Statistics data (CPI)

the latest in a series of false starts that have characterized much of this long bull market.

"Oftentimes a technical phenomenon exists because everybody believes in it," said Michael Pond, head of global inflation-linked research at Barclays PLC. While some of the gains may reflect an element of a self-fulfilling prophecy, "there's some real stuff that investors should take note of."

One explanation for the pattern is that inflation tends to rise in the spring months as prices for a number of important components of the con-

sumer-price index tend to rise, gasoline foremost among them but also airline fares, lodging, rents and apparel, according to Mr. Pond.

Inflation poses a threat to the value of government bonds because it chips away at the purchasing power of their fixed payments.

Other possible reasons include personal-income-tax season, which ends April 15 and often forces the government to increase its short-term borrowing to make refund payments, according to William O'Donnell, a strategist at Citigroup Global Markets Inc. Mr.

O'Donnell also cites the repatriation of Japanese assets before the end of the country's fiscal year on March 31, which typically leads investors there to sell some Treasurys.

A 2015 paper by Mark Kamstra, Lisa Kramer and Maurice Levi even attributed a "statistically and economically significant" tendency for yields to rise early in the year to investors' seasonal depression.

In addition to those factors, this year also presents investors with "a fundamental story about an improved global backdrop" combined with the inflationary force of a weaker

dollar and the stimulative effects of tax cuts, Mr. Pond said.

The benchmark 10-year Treasury note yield ended 2017 at 2.409%, little changed from the end of 2016, as investors canceled bets on faster growth and inflation and as President Donald Trump struggled throughout the year to enact his legislative agenda.

Now, investors are reassessing the outlook for the economy following passage of a \$1.5 trillion tax-cut bill that is expected to spur growth and lead to larger budget deficits. And after raising interest rates

three times in 2017, the Federal Reserve has penciled in three more rate increases in 2018. Some firms, including JPMorgan Chase & Co., are forecasting four Fed rate increases as the tax cuts take effect.

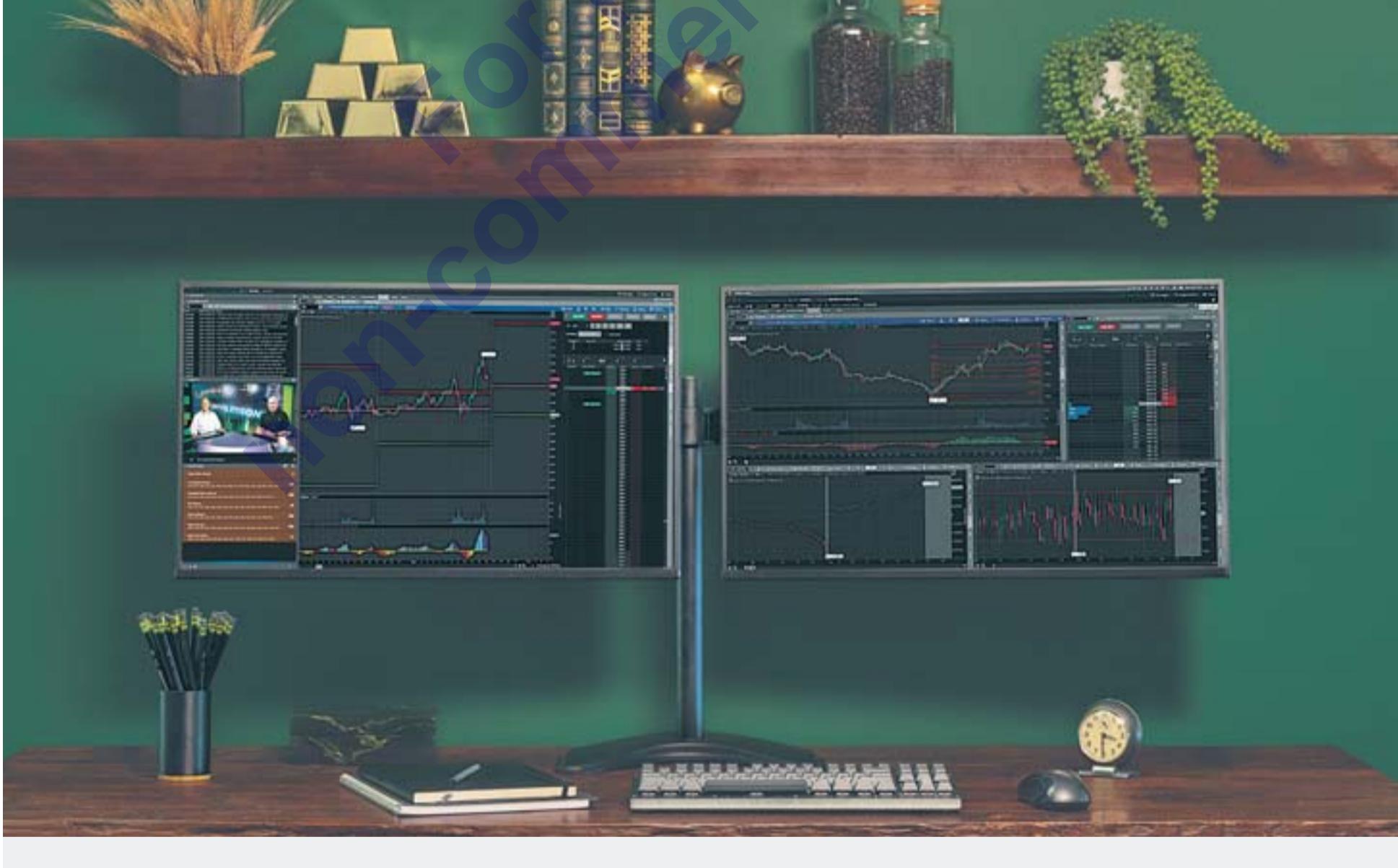
The rise in yields this year are better explained by "factors related to where we are in the economic cycle," said Jeffrey Klingelhofer, a portfolio manager at Thornburg Investment Management. Seasonal patterns, if they exist, don't "govern how we think about the world."

Mr. Klingelhofer said he has been making trades intended to reduce his exposure to the risk of weakening credit quality and higher interest rates, such as selling longer-term, low-yielding company bonds and buying short-term floating-rate corporate and asset-backed debt.

The most potent factor pushing yields higher is likely to be global central banks, said Mr. Klingelhofer. The European Central Bank in January reduced its monthly bond purchases to €30 billion (\$36.7 billion) from €60 billion, with authorization for the program expiring in September. The Bank of Japan has signaled that it will reduce its purchases of government bonds by 5%. The Bank of Canada raised interest rates Wednesday, and investors expect as many as three more rate increases this year.

In addition to its rate increases, the Fed is also scaling back on its reinvestment of maturing securities from its \$4.2 trillion bond portfolio. Should Fed officials follow through on plans announced in September, that would produce a \$30 billion reduction in monthly Fed Treasury reinvestments.

Economists in a Wall Street Journal survey are predicting the 10-year yield will rise to 2.74% by June 30 and 2.98% by year-end.



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