

THE WALL STREET JOURNAL.

DOW JONES | News Corp

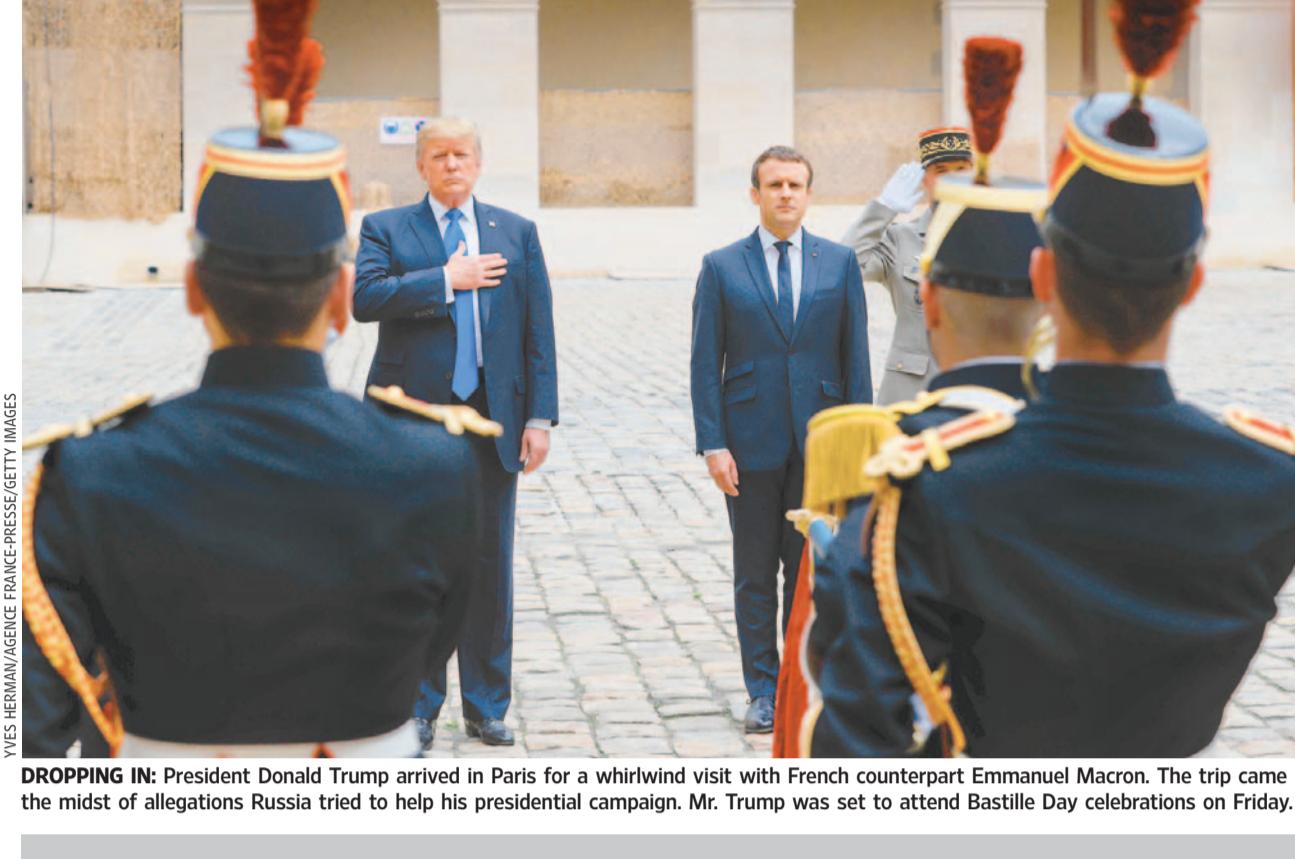
FRIDAY - SUNDAY, JULY 14 - 16, 2017 ~ VOL. XLI NO. 222

WSJ.com

ASIA EDITION

As of 12 p.m. ET DJIA 21557.65 ▲ 0.12% NIKKEI 20099.81 ▲ 0.01% STOXX 600 386.14 ▲ 0.32% BRENT 48.34 ▲ 1.26% GOLD 1216.70 ▼ 0.11% EURO 1.1386 ▼ 0.24% DLR \$113.30 ▲ 0.12%

Trump Meets Macron as Political Storm Brews Back Home



DROPPING IN: President Donald Trump arrived in Paris for a whirlwind visit with French counterpart Emmanuel Macron. The trip came in the midst of allegations Russia tried to help his presidential campaign. Mr. Trump was set to attend Bastille Day celebrations on Friday.

Uber Yields to Russia Rival

U.S. ride-hailing firm, in a market pullback, to combine operations with Yandex.Taxi

By DOUGLAS MACMILLAN
AND GREG BENINGER

Uber Technologies Inc. is combining its Russian operations with **Yandex.Taxi**, the most popular ride-hailing service in that country, a rare retreat that shows the beleaguered San Francisco company's willingness to withdraw from costly battles abroad.

The two companies said Thursday they would form a new joint venture that will be run by Yandex.Taxi's chief executive and majority-owned by its parent company, **Yandex NV**. The Russian online search giant will own 59.3%, while Uber will hold 36.6%, valuing the new entity at \$3.7 billion.

The deal is another surprising twist for Uber, which has invested billions of dollars to expand its app in more than 70 countries, giving cash bonuses to drivers and discounted fares to riders in a broad effort to vanquish its ride-hailing rivals. Uber has met its match in some countries, however, with

unyielding, cash-rich competitors that have local ties and are willing to endure cutthroat price wars.

In August 2016, Uber called an end to its combat with Chinese ride-hailing startup DiDi Chuxing Technology Co. after both companies spent hundreds of millions of dollars bitterly vying for market share. Uber sold its UberChina unit to the competitor in exchange for a 20% stake in DiDi and a promise it would invest \$1 billion in Uber, the companies said at the time.

In Russia and several neighboring countries where the

new venture will operate, Uber said it had lost roughly \$170 million over the past three years as it battled Yandex.Taxi on its home turf. The Russian company launched three years earlier than Uber and demonstrated an eagerness to slash fares to attract riders.

The agreement with Yandex is structured differently than the Uber-Didi deal in that the companies are creating a new venture, which doesn't yet have a name. As in China, though, Uber is effectively relinquishing control in a major market while earning potential future profits as an investor.

Please see UBER page A2

Please see HEALTH page A5

World-Wide

Senate Republicans released legislation that would topple parts of the ACA, impose steep cuts on Medicaid, and allow insurers to sell cheaper plans that don't meet the current law's regulations. **A1**

Nobel Peace laureate Liu Xiaobo died in detention on Thursday after a battle with liver cancer. **A1**

Brazil's left-wing parties rallied around former President da Silva after he was sentenced to almost a decade in prison for corruption. **A3**

Venezuela's opposition plans to hold a vote its leaders hope will reject Maduro's strategy to rewrite the constitution and dissolve the legislature. **A3**

Macron pushed Germany to step up commitments to the eurozone with more investment. **A4**

Investigators are re-examining conversations in spring 2015 that captured Russian government officials discussing associates of Trump. **A5**

The Congressional Budget Office estimates Trump's budget proposal would shrink deficits by nearly a third, but not as much as the White House projects. **A5**

House Republicans will renew the push for Trump's promised border wall with Mexico, but prospects remain doubtful. **A5**

INSIDE



PICTURE THE AMERICAN DREAM HOME

MANSION, W9

A GREAT LONG WEEKEND IN MONTREAL

OFF DUTY, W1

Want to Meet Mark Zuckerberg? He'll Be Here in Five Minutes

* * *

Facebook's CEO hits the road to meet regular Americans—with a few conditions

By REID J. EPSTEIN
AND DEEPA SEETHARAMAN

Mark Zuckerberg is trying to understand America, so he's embarked on a journey to meet people like hockey moms and steelworkers who don't typically cross his path.

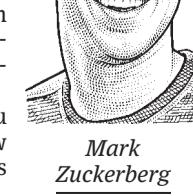
But there are rules to abide by if you are an ordinary person about to meet an extraordinary entrepreneur.

Rule One: You probably won't know Mr. Zuckerberg is coming.

Rule Two: If you do know he's coming, keep it to yourself.

Rule Three: Be careful what you reveal about the meeting.

While the Facebook CEO has



Mark Zuckerberg

built a social network that inspired people around the world to share the most intimate details about their personal lives, his team goes to extraordinary lengths to keep his movements under wraps and control how he is perceived.

Midway through a "personal challenge" to travel to 30 states he'd never visited, the 33-year-old aims

"to talk to more people about how they're living, working and thinking about the future," he wrote in January on his Facebook page.

Among those people was Kyle McKasson, manager of the Wilton Candy Kitchen, a century-old shop on the town

Please see TRIP page A8

STOCK INTRIGUE ON HIGH SEAS

Greek carrier DryShips used unusual share maneuvers and took investors on a wild ride

By SPENCER JAKAB

When a company's stock drops 99.9% in six months, there's probably a story there. When, despite that carnage, the company's assets double during the same period, even more so.

And when 1.68 million of the company's shares held early last year equal exactly one share today, well, what is going on?

The locus of these bizarre doings is DryShips Inc., a Greek carrier that has been tracing one of the wildest rides in recent stock-market history, causing half a billion dollars of traders' money to vanish and, it appears, making two wealthy men wealthier.

DryShips' shares occupy a murky world of tiny stocks in which information is limited and investors often bet on short-term moves. Valued at barely \$5 million on the stock market in early November, the company became a hot

\$2

The value today of a \$10,000 investment in DryShips made in early November

topic on stock discussion boards when its shares suddenly leapt 1,500% in four trading days.

That the company had just disclosed a huge loss and suspended debt payments "to preserve cash liquidity" evidently didn't matter to buyers who wanted in while the stock was on fire.

But even as they were buying, the company was creating vast numbers of new shares. DryShips was selling these shares at a discount to an obscure British Virgin Islands firm, which was quickly unloading many or all of the

new shares.

Immediately after the stock's soaring November flight, it plunged back to earth.

Since then, DryShips has repeatedly printed huge numbers of new shares and sold them to the British Virgin Islands firm, on such a scale that virtually every share in existence today has been created since November.

In an apparent effort to counter the downward pressure that this new supply of shares put on the price, DryShips used another technique: reverse stock splits.

In a typical stock split, a company whose share price has grown high makes the stock more affordable by giving investors two or more shares for each one they hold. The price of each share becomes lower, but an investor's proportional ownership of the company doesn't change.

Please see STOCK page A8

China Dissident Liu Xiaobo Dies

By JOSH CHIN

BEIJING—Nobel Peace laureate Liu Xiaobo, who embodied the hopes of China's 1989 Tiananmen Square democracy movement long after the protests were crushed, died in detention on Thursday after a battle with liver cancer, according to a government statement. He was 61 years old.

Mr. Liu, who was serving an 11-year prison sentence for inciting subversion, was granted medical parole in early June and was receiving treatment under police guard at a hospital in northeastern China.

Mr. Liu had been in custody since late 2008 for his role in drafting and promoting a manifesto calling for peaceful political change. Censors have scrubbed any mention of him from China's media and internet since, and while his 2010 Nobel brought Mr. Liu international acclaim, he was virtually unknown in his own country. The government described Mr. Liu as a criminal, and said international calls for his release



Pro-democracy activists mourn Liu Xiaobo in Hong Kong.

amounted to interference in China's judicial affairs. A brash writer and literary critic, Mr. Liu was an influential figure at Tiananmen Square. He wrote prolifically about the value of individual freedom and nonviolent resistance, despite being banned from publishing inside China. He was an effective organizer and a serial hatchet of petitions and open letters. He spent most of his last 28

years in prison or another form of detention.

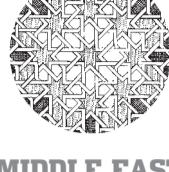
Over time, many in Chinese pro-democracy circles came to see Mr. Liu as a potentially transformative leader, likening him to South Africa's Nelson Mandela and Czech dissident-turned-president Václav Havel. Mr. Havel supported Mr. Liu's Nobel Prize nomination.

At the award ceremony in Oslo, Mr. Liu was represented

Please see LIU page A4

WORLD NEWS

Iran's Stature Grows as Adversaries Quarrel



MIDDLE EAST CROSSROADS

By Yaroslav Trofimov

It's been more than five months since President Donald Trump declared that he was putting Iran "on notice."

For the Iranian regime, that is turning out to be a rather comfortable place.

While the Trump administration is still formulating its Iran and Syria policies, a series of international events have combined to bolster Iran's influence, at least for now.

Top among them is the crisis over Qatar, which erupted days after Mr. Trump's high-profile trip to a summit in Riyadh in May. Saudi Arabia, the United Arab Emirates, Bahrain and Egypt have shut their embassies in Qatar, closed borders and banned travel and trade with the emirate.

The conflict has already turned what used to be a two-way confrontation between the Saudi-led Sunni axis and the Iran-led Shiite camp into a three-way re-

gional fracture that offers fresh strategic opportunities for Tehran.

"The Saudi effort to build a consensus against Iran in the region has hit the rocks with Qatar. This split is something that Iran is enjoying," said Hassan Ahmadian, a senior fellow at the Center for Strategic Research think tank in Tehran. "Iran's ruling elite likes it and believes that the future stability of the region is better served by having more than two axes confronting one another."

In fact, the measures the Saudis and their allies have adopted against Qatar are sometimes harsher than their policies toward Iran. The U.A.E. and Iran, for example, maintain diplomatic and trade relations, and extensive air links.

With regional heavyweight Turkey taking Qatar's side, the collapse of the Sunni alliance isn't the only good news for Tehran. The growing alienation between the Trump administration and European nations, particularly Germany and France, is also making any new concerted international effort to pressure Iran increasingly unlikely.

Some Iranian leaders appreciate this trans-Atlantic discord "as giving Iran some short-term advantages and breathing space," said Brian Katulis, a senior fellow at the



A banner of Iranian President Hassan Rouhani at an election campaign rally in Tehran in May.

Center for American Progress, a think tank close to the Democrats, who recently participated in informal discussions with Iranian representatives. "America looks distracted and unfocused—and besides the rhetoric of putting Iran 'on notice' and a few tactical policy shifts, Iran right now seems to see the gap between Trump's bluster and actions."

This month, France's Total SA said it would push ahead with a \$1 billion investment into Iran's South Pars gas field, the first major injection of Western money since international sanctions against Iran were lifted as part of a nuclear agreement

last year. Iran and Qatar share ownership of this gas field, the world's largest.

Iran's position has strengthened, too, in the Middle East's actual battlefields. In Iraq and Syria, advances by Iran's Shiite proxies against Islamic State and moderate Sunni rebels are making possible the establishment of an overland "resistance highway" that would link, through friendly territory, Tehran to Damascus and Beirut for the first time since the Syrian war began in 2011—a major geopolitical gain.

The war in Yemen remains at a stalemate, at great cost

to Saudi Arabia and the U.A.E. The Iranian-backed Hezbollah Shiite militia keeps consolidating its influence over the Lebanese state. Even the low-grade Shiite insurgency in parts of eastern Saudi Arabia has flared up of late.

The Saudi-led campaign against Qatar, meanwhile, has allowed Tehran to improve its relationship with the embattled emirate—and with Qatar's main ally, Turkey. Both nations have long backed Sunni rebels fighting against Iranian allies in Syria, a support that could diminish as a result of the current Gulf crisis.

"In the recent past, each

time Saudi Arabia has downsized or frozen its relations with an Arab country, such as Lebanon and Iraq, this has presented Iran an opportunity to strengthen its relations to the local actors at a detriment to Saudi Arabia," said Ellie Geranmayeh, senior policy fellow at the European Council on Foreign Relations.

While Iran and the Qatar-Turkey camp agree on some key regional issues, such as support for the Palestinian Islamist movement Hamas, their rapprochement can go only so far, of course. Turkey and Qatar remain military allies of the U.S., and Turkey in particular views itself as Iran's geopolitical rival and equal. The Sunni Islamist ideology of the Muslim Brotherhood, a Pan-Islamic group that is backed by Turkey and Qatar alike, is also fundamentally at odds with Iran's Shi'ite theocratic doctrine.

This means that Iran's overriding interest is for both sides of the Qatar crisis to get bruised by the dispute.

"In the long term, both the Muslim Brotherhood and Wahhabism, which is the basis of Saudi Arabia's kingdom, don't accept Shiites as Muslims," said Mohammad Eslami, an Iranian commentator and a fellow at Mofid University in Iran. "And both believe that they should control the power of Iran in the region."

UBER

Continued from the prior page
Uber is investing \$225 million in the company, while Yandex is putting in \$100 million.

Rapid global expansion is no longer the priority at Uber, as investors exert greater pressure on the company to address its cultural and financial challenges. Benchmark, an early investor in the ride-hailing startup, last month pressured co-founder Travis Kalanick to relinquish his role as chief executive in the wake of an investigation into sexual harassment and sexism at the male-dominated company.

Uber began discussing a merger with Yandex in February in talks that were led in part by Emil Michael, the former chief business leader who was a confidant of Mr. Kalanick, and corporate development executive Cameron Poetscher, according to people familiar with the deal. Mr. Michael resigned last month after an investigative report by the law firm of former U.S. Attorney General Eric Holder recommended his ouster to the board.

Uber was able to sign the Russian transaction despite having no CEO, no finance chief or operating chief. A 14-person committee of top executives is currently steering decision-making.

The move in Russia suggests Uber may be willing to capitulate some markets where it is bleeding capital in order to shrink its losses and make the business more palatable to investors in an eventual initial public offering. Uber reported sales of \$6.5 billion last year but its losses swelled to well over \$3 billion.

"Combining Yandex's local expertise in search, maps and

navigation with our leading global experience in ride-sharing will enable us to build the best local services and provide a credible alternative to car ownership across the region," Pierre-Dimitri Gore-Coty, Uber's head of Europe, the Middle East and Africa, said in an email to employees on Thursday.

The combined company will operate in 127 cities in six countries, including Armenia, Azerbaijan, Belarus, Georgia and Kazakhstan. For riders, the Uber and Yandex.Taxi apps will remain unchanged, while the app for drivers will eventually look the same across both services.

Yandex had dominated the market for ride-hailing in Russia, where the firms competed not only with traditional cabs and personal cars, but also with overcrowded public transportation. Yandex had nearly double the amount of rides and revenue as Uber in recent months, according to data the companies provided investors on Thursday.

In June, Yandex expected to be on track to book about 285 million rides a year for roughly \$1 billion in gross revenue, before giving a cut to drivers. In that period, Uber expected to book about 134 million rides for gross revenue of about \$566 million.

Yandex.Taxi was the first taxi-hailing service to launch in Russia in 2011, a year after Uber launched its first app in the U.S. Uber expanded to Russia in 2014.

After the deal closes, expected in the fourth quarter, Uber's U.S. customers who are traveling to Russia will be able to open an Uber app and summon cars from the combined company's pool of drivers, an Uber spokesman said. Russian users of Yandex will be able to do the same in the U.S.

digital maps and a search engine that is more popular in Russia than Google.

When Yandex came to the market, Moscow taxis were dominated by illegal cabs hailed with a wave of the arm, often driven by men from Central Asia with limited Russian knowledge of the city.

Taxis had been considered a luxury in the Soviet Union, where public transport dominated. The Yandex app quickly took a big share of the market ahead of competitors such as Israel-based Gett, and is now available in more than 50 cities.

The arrival of Uber set off a price war, with each company cutting fares in a battle for customers. Uber slashed the price of trips to Moscow airports, for example, but it still lagged behind Yandex. In June, Uber expected to book less than half as many rides for the year as Yandex forecasts for its service.

—James Marson

At Wimbledon, the Stars Have Aligned Thus Far for Venus



ONE TO GO: Five-time Wimbledon champion Venus Williams reached her first singles final there since 2009, beating Johanna Konta, 6-4, 6-2. With sister Serena absent, Venus, 37, was in position to win her first major since 2008. She faces Garbine Muguruza in Saturday's final.

Retail's Fall Brings Out Traders

BY BEN EISEN
AND AMRITH RAMKUMAR

Shoppers' retreat from department stores and mall chains is prompting stock traders to stalk the retail sector with a fervor unseen in years for Kohl's and Target.

Sales and profits at major retailers have come under immense pressure this year, punishing the shares of **Macy's Inc.**, **Nordstrom Inc.** and **Kohl's Corp.** The SPDR S&P 500 Retail exchange-traded fund has fallen 11% this year, through Wednesday, lagging far behind a 9.1% rise in the S&P 500. Macy's is down 41% for 2017 and **Target Corp.** is down 30%. Wall Street is abuzz with talk that the rise of e-commerce giant **Amazon.com Inc.** spells the eventual end of traditional retail, a notion that many in the industry vigorously dispute.

Retail's retreat and the accompanying debate have created fertile ground for investors who buy unloved stocks, whether for a brief bounce and quick sale or in some cases a bet that the doomsday talk is overdone.

This onslaught of bargain-seeking value investors, trend-playing hedge-fund portfolio managers and quick-turnaround day traders is fueling a surge in trading volume and sharp price swings in an industry that for years was a backwater to hotter industries such as technology and financial services.

Trading has been frenetic. Macy's, the largest U.S. department-store chain, had its

highest trading volume of any month since 2011 in May, with June not far behind.

Shares fell 17% on May 11, their worst performance since 2008, after a quarterly decline in same-store sales. May and June were also two of the five busiest months in the past five years for Kohl's and Target.

"With this recent huge slump, a lot of large retail companies went on the radar for us," said Eric Mancini, director of investment research at Traphagen Financial Group in Oradell, N.J., which has \$530 million in assets.

Amazon's rise threatens traditional retailers because it means they must fight harder for every dollar of already scarce sales growth, at a time more U.S. retail sales are being conducted online. A recent 2,000-person U.S. shopper survey conducted by RBC Capital

Markets found that 93% selected Amazon as the online shopping website they use most often, compared with 89% last year.

Stock traders have become particularly attuned to the notion that Amazon's gains are other retailers' losses, potentially fueling a buy-Amazon, sell-retail trade that could exacerbate the traditional retailers' woes.

On Amazon's 10 best-performing days this year, Macy's has fallen 2.7% on average and Kohl's has dropped 3.1%. The retail ETF was down 0.9% on average those days.

Investors are betting retail stocks will keep falling, and in many cases it has paid off.

Because so many are betting that retail shares will fall, the slightest bit of better-than-expected news is apt to cause the shares to surge, a

condition that lays the groundwork for much-larger price swings as short sellers buy back borrowed shares to return them to the owner.

◆ Li Yuan: For retail, China is a test lab..... B1

THE WALL STREET JOURNAL.
Dow Jones Publishing Company (Asia)
25/F, Central Plaza, 18 Harbour Road,
Hong Kong
Tel: 852 2573 7121 Fax 852 2834 5291

Andrew Dowell, Asia Editor
Troy McCullough, Senior News Editor, Asia
Daren Everson, International Editions Editor

Hugo Restall, Editorial Page Editor

Mark Rogers, Advertising Sales
Jacky Lo, Circulation Sales
Toby Doman, Communications
Simon Wan, Technology

Jonathan Wright,
Managing Director Asia & Publisher

Advertising through Dow Jones Advertising
Sales: Hong Kong: 852-2831 2504; Singapore:
65-6415 4300; Tokyo: 81-3 269-2701;
Frankfurt: 49 69 29725390; London: 44 207
842 9600; Paris: 33 1 40 17 17 01; New York:
1-212 659 2176.
Or email: Mark.Rogers@wsj.com

Printers: Hong Kong: Euron Limited, 2/F, Block 1, Tai Ping Industrial Centre, 57 Ting Kok Road, Tai Po, Hong Kong; Indonesia: PT Gramedia Printing Group, Jalan Palmerah Selatan 22-28, Jakarta 10270; Japan: The Mainichi Newspapers Co., Ltd., 1-1 Hitotsubashi, Chiyoda-ku, Tokyo, 100-8051; Korea: JoongAng Ilbo, 100 Seosom-ro, Jung-gu, Seoul, 100-814; Publisher: Song, Pil-Ho; Malaysia: Cetak (M) Sdn Bhd, Lot 2, Jalan Sepana 15/3, Off Persiaran Selangor, Seksyen 15, 40200 Shah Alam, Selangor, Malaysia; Singapore: Singapore Press Holdings Limited, 82 Genting Lane Media Centre Singapore 34957

Trademarks appearing herein are used under license from Dow Jones & Co.

©2017 Dow Jones & Company, All rights reserved.
USPS 337-350; ISSN 0377-9920

NEED ASSISTANCE WITH YOUR SUBSCRIPTION?
By web: <http://wsj-asia.com>
By email: service@wsj-asia.com

By phone: Hong Kong: 800 901 216; Australia: 0011 800 322 8482; China: 400 991 1174; India: 000 800 440 1938; Indonesia: +62 21 2970 2702; Japan: 0120 779 868; Korea: 084 0063; Malaysia: 1800 804 612; New Zealand: 0800 442 443; Philippines: 1800 1441 0033; Singapore: 1800 823 2042; Taiwan: 00801 444 141; Thailand: 001800 441 8323

CORRECTIONS & AMPLIFICATIONS

Activision Blizzard Inc.'s stock has more than quadrupled in the past five years. A Technology article Thursday about an esports league for its videogame "Overwatch" incorrectly said the stock has nearly quadrupled.

Single-serve coffee sold by Brandless and Whole Foods' 365 costs 50 cents and 75 cents per serving, respectively; Target.com sells Green Mountain single-serve coffee for 61 cents per serving. A graphic with a Business & Finance article Wednesday

about online retailer Brandless incorrectly said those prices were per ounce.

The estimate for the price-earnings ratio of the S&P 500 index for the week ended July 7 was 18.56. The Markets Digest published in the Business & Finance section on Monday, Tuesday and Wednesday incorrectly said the P/E estimate was 21.44 because of incorrect data from Birinyi Associates.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com.

WORLD NEWS

Brazil's Left Protests Leader's Conviction

BY SAMANTHA PEARSON
AND JEFFREY T. LEWIS

SÃO PAULO—Brazil's left-wing parties rallied around former President Luiz Inácio Lula da Silva after the metalworker turned working-class hero was sentenced to almost a decade in prison for corruption, throwing plans for a grand political comeback into disarray.

In a blow to the country's most popular politician, Mr. da Silva was found guilty on Wednesday of corruption and money laundering as part of Brazil's vast Car Wash graft investigation.

On Thursday, Mr. da Silva said he was innocent and that he planned to run for president in 2018.

Sergio Moro, the crusading judge heading the probe, sentenced the 71-year-old to 9½ years in prison, sparking outrage among swaths of the political left.

Former President Dilma Rousseff, Mr. da Silva's protégée who was impeached for

budget-related irregularities last year, called her mentor's conviction a "flagrant injustice and judicial absurdity...that profoundly damages democracy."

Brazil's Socialism and Liberty Party and the Brazilian Communist Party also joined together to attack the verdict and Mr. Moro. Left-wing backers of Lula, as the former president is universally known, took to social media early Thursday to voice outrage over the sentence.

"Lula represents the poor and workers, and they want to prevent him any way they can from being a candidate next year," said Mateus Santos, 35, an information-technology worker, at a demonstration late Wednesday in São Paulo.

Demonstrations both for and against Mr. da Silva were relatively small.

Some Brazilians donned the national yellow-and-green colors and gathered across several cities Wednesday night to celebrate the verdict.



Supporters of Luiz Inácio Lula da Silva protested his corruption conviction in São Paulo on Thursday.

President of the Republic is enormous and, consequently, so is the guilt when he commits crimes," Mr. Moro wrote in his verdict.

Mr. da Silva's lawyers rejected the verdict in a televised press conference late Wednesday. "The sentence is merely speculative....It disregards the evidence of his innocence," said defense lawyer Cristiano Zanin.

Wednesday's ruling, the highest-profile sentence yet in the Car Wash case, is the first verdict to emerge from five graft-related charges against Mr. da Silva.

Brazil's currency and stocks extended their gains on Wednesday after the sentence as traders bet the move would make it harder for Mr. da Silva and his Workers' Party to return to power. Shares extended their gains on Thursday.

The Workers' Party has said it has no Plan B for winning in 2018 other than with its founder Mr. da Silva as candidate.

—Luciana Magalhaes contributed to this article.

Meanwhile, some supporters of Mr. da Silva's Workers' Party staged protests against the move on São Paulo's Paulista Avenue.

Mr. da Silva had been considered the front-runner for next year's elections, as long as he could avoid jail. Much of Brazil's political establishment has been tarnished by corrup-

tion scandals, and there are few obvious presidential candidates in the Workers' Party or in any of the other myriad political parties.

Mr. da Silva has repeatedly denied wrongdoing and his lawyers said late Wednesday he would appeal the verdict. Under Brazilian law, Mr. da Silva can remain free while he ap-

peals the ruling. If he loses the appeal—a process that could take up to a year—he would be expected to go to prison and be barred from public office.

In his verdict on Wednesday, Mr. Moro wrote that he got no personal satisfaction from meting out the sentence, calling the situation "lamentable."

"The responsibility of a

Lula's Ascent, From Child Shoeshiner to President

Corruption conviction for popular former leader ends a storybook climb to the top job of South America's largest country

BY JEFFREY T. LEWIS

SÃO PAULO—In this country, his was a storybook ascent: Luiz Inácio Lula da Silva, the son of farm laborers, went from child shoeshiner to trade-union boss to president of South America's biggest nation.

Born in 1945 in a dirt-floor shack in the poor northeast, Mr. da Silva worked as a delivery boy as his struggling family bounced around before finally moving to São Paulo. At one point, the family—his single mother and a flock of siblings—lived in the back of a bar, sharing the bathroom

with customers.

Even as Mr. da Silva began to rise as a machinist in the tough, industrialized suburbs of São Paulo, tragedy was never far away. His first wife, pregnant with their first child, died of hepatitis, a preventable disease. Their unborn child didn't survive.

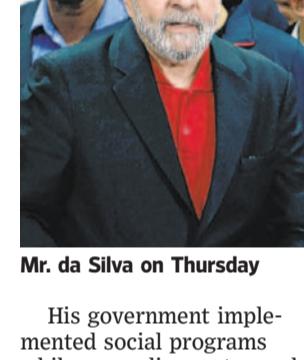
He never forgot those experiences and freely spoke about them as he became a leader in the metalworkers union.

"I learned from an illiterate northeastern woman what it is to be poor and to walk with my head held high," Mr. da Silva said this year in a radio interview.

Mr. da Silva led strikes

against the military dictatorship that had ruled Brazil for decades and was briefly jailed in 1980, the same year he founded the Workers' Party. After the dictatorship ended in 1985, he ran for president three times, unsuccessfully.

In 2002, after trading his Che Guevara T-shirts, wayward hair and radical leftist message for suits and a more moderate message, Mr. da Silva finally won the presidency. "With me being president," he said in an interview early in his first term, "the history of Brazil begins to change because someone from the humble people, the lower classes, has risen to the top."



Mr. da Silva on Thursday

His government implemented social programs while expanding water and sewage networks. His eight years in office coincided with

a dramatic rise in commodity prices that powered Brazil's economy. Mr. da Silva left office in 2011 with an approval rating of more than 80%.

"Lula was able to improve the lives of the poor in many ways, and gave them opportunities, not just charity," said Julio Cesar Muniz, 37, a receptionist in Brasília.

But Mr. da Silva was embroiled during his presidency in a corruption scandal in which lawmakers were convicted of receiving money in exchange for votes. Mr. da Silva denied knowledge of the scheme and wasn't charged.

It was only more recently, with prosecutors energetically

uncovering wide-scale corruption, that Mr. da Silva became entangled with the law. He was accused of being the brains behind a corruption scheme that led to charges against him in five cases.

Mr. da Silva has denied all allegations against him.

The scandal has left Mr. da Silva "a tarnished figure," said Paulo Sotero, a Brazil scholar at the Woodrow Wilson Center in Washington. "It's a sad story. Lula probably betrayed himself, his own cause. Lula meant well initially but then lost his way."

—Kejal Vyas and Juan Forero in Bogotá contributed to this article.

Power Play Stirs Venezuelan Unease

BY RYAN DUBE

CARACAS—Venezuela's opposition plans to hold a vote on Sunday that its leaders hope will reject President Nicolás Maduro's strategy to rewrite the constitution and possibly dissolve the national legislature, giving him what critics say would be near-dictatorial powers.

The vote, open to Venezuelans at home and abroad, is unauthorized and will almost certainly be denounced by the government. But opposition leaders are betting that a mass repudiation of Mr. Maduro's plan will undermine its legitimacy.

Polls show that 80% of Venezuelans are against the Socialist government's plan for a national vote to be held on July 30 that would pick a 545-member special assembly. The body would have powers to remake Venezuela's charter and its political system, including dissolving the opposition-held National Assembly.

"What is at play is freedom and the future," said Attorney General Luisa Ortega, who recently broke with the government and has warned of its authoritarian drift. Ms. Ortega, who called the assembly illegal and a violation of the Constitution, said, "We can't lose Venezuela."

The rival votes come as Venezuela suffers a debilitating economic crisis that has led to a shrinking economy, soaring inflation, food short-

ages and rampant crime. More than 90 people have died in confrontations with state security services since April as the highly unpopular Mr. Maduro faces violent antigovernment protests.

The president says the new assembly would help resolve the country's deepening political and economic crisis by giving him the powers to take decisive action.

"I need the constituent assembly, give me the constituent and we will definitely have economic victory," he said recently.

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

Opposition members say Mr. Maduro's disguised purpose is to retain power. Polls show he would decisively lose in the next scheduled presidential election in October 2018, and the opposition worries the new assembly will cancel the election, arguing the country can't be distracted by a vote while it is debating a new constitution. The ruling Socialist party has about 20% support, polls show.

The government has already said the new assembly will dissolve the country's existing National Assembly and remove legal immunity for lawmakers, posing the threat of prison for the body's opposition members.

Election experts and academics say the way the vote's design almost guarantees a majority for the ruling party.



Opposition supporters blocked a street in Caracas this week during protests against President Maduro's plan to rewrite the constitution.

What to Expect From July 30 Vote

President Nicolás Maduro has called for members of a new National Constitutional Assembly to be elected on July 30. Here are some basics on what is involved.

Who is running?

More than 6,000 Venezuelans are running for the assembly's 545 seats. Most are faithful government supporters. Each candidate had to collect the signatures of 3% of registered voters in their town or industry to run. The electoral council didn't publish any information about who signed or how the signatures were gathered.

Who is being elected?

Each of the country's 340 municipalities will elect one assembly member, apart from state capitals, which will elect two. In addition, 181 members

will be elected as representatives of eight different sectors, such as fishermen, retirees and students. But the main unions, professional associations as well as opposition and ruling coalition dissidents are boycotting the vote. That has raised questions about the candidates' credentials.

What is the assembly's role?

The assembly, which is scheduled to take office on Aug. 2, will become the country's supreme political institution. It has the power to dissolve the National Assembly, to rewrite the constitution and to pass laws. It will be seated in the country's Legislative Palace, where the National Assembly now is.

Who will win?

Mr. Maduro is practically ensured control of the assembly because the opposition is boycotting the vote and due to the

election's design. The government has decided who is running and who can vote. Moreover, the election allocates a disproportional amount of seats to rural areas, where the government is strongest, at the expense of urban opposition strongholds.

Why did Mr. Maduro call the vote?

Mr. Maduro says the new assembly will forestall social strife by bringing together all of the country's regions and social groups. Some opposition leaders say the assembly will do away with free elections and political parties. Others believe Mr. Maduro won't radically undermine the current political structure but will instead use a newly allied assembly as a bargaining chip in negotiating a political transition next year when elections are scheduled to be held.

—Anatoly Kurmanov

Season of Discontent

Most Venezuelans want to keep the nation's constitution and are unhappy with President Nicolás Maduro's leadership.

The constitution is fine as it is



Maduro's approval rating



Source: Datanálisis telephone poll of 500 people conducted May 28-June 4; margin of error: +/-4.3 percentage points

THE WALL STREET JOURNAL

uent assembly," said Gabriela Ramírez, a former government official and Chávez loyalist who opposes rewriting the constitution.

No opposition figures are expected to run on July 30 because they are boycotting it. Official candidates include Diosdado Cabello, a ruling party

congressman; former Socialist Party Foreign Relations Minister Delcy Rodriguez, and Adán Chávez, brother of the late former leader. Relatives of Mr. Maduro are also prominent, including his son Nicolas, 27 years old, and his wife Cilia Flores, a powerful ruling party official who the president calls

"The First Combatant" for her tough approach to political foes.

When they sit down to redraw the constitution, "there won't be much in the way of free discussion," said Phil Gunson, who tracks Venezuela for the International Crisis Group.

—Mayela Armas contributed to this article.

WORLD NEWS

ECB Cracks Open Door to a Policy Shift

Draghi's August speech at Fed conference is seen as opportunity to signal further change

By TOM FAIRLESS

FRANKFURT—European Central Bank President Mario Draghi is scheduled to address the Federal Reserve's Jackson Hole conference in August for the first time in three years, according to a person familiar with the matter, in a speech that is expected to give a further sign of the ECB's confidence in the eurozone economy and its reduced dependence on monetary stimulus.

The future of the ECB's €60 billion-a-month (\$68.5 billion) bond-buying program, which is currently due to run through December, is one of the biggest questions hanging over global markets.

ECB officials say the bank is likely to signal at its Sept. 7 policy meeting that the program, known as quantitative easing, will be gradually wound down next year.

Mr. Draghi's speech in Wy-

ming will take place less than two weeks before the ECB's September policy meeting, and will provide an obvious opportunity to signal a policy shift before the blackout window closes a week ahead of the meeting.

His last speech at Jackson Hole in August 2014 was widely seen as heralding the start of the ECB's bond-buying program, known as quantitative easing or QE.

Signaling the end of the program at the same event would have a certain symmetry, a person familiar with the matter said.

ECB officials caution that the timeline could yet change if economic data turn out weaker than expected. They will gather in Frankfurt on July 19-20 for the ECB's next policy meeting, but aren't expected to announce any major changes yet.

Any move to wind down QE will test the strength of the eurozone economy, with less central-bank support to spur spending and investment by households and businesses.

The Jackson Hole symposium, organized by the Kan-

sas City Fed, is an invitation-only event that draws top central bankers and economists from around the world to discuss monetary policy issues behind closed doors. This year's conference will take place from August 24-26. The list of speakers won't be published until shortly before the event begins.

ECB officials say the most likely scenario is for the bank to reduce QE by €10 billion a month, starting in January. That would follow the pace of the Federal Reserve, which wound down its own QE program three years ago.

ECB officials have been tight-lipped in public about the future of QE after December, as they are wary of triggering an adverse market reaction that could upset the region's recovery. A hint from Mr. Draghi last month that QE could soon be wound down was enough to roil financial markets and send the euro soaring against the dollar.

If the ECB does change course and starts to reduce its stimulus program, it would realign the policies of the world's two most powerful



STEPHANIE LECOCQ/EUROPEAN PRESSPHOTO AGENCY

ECB President Mario Draghi.

central banks for the first time in almost four years. The Fed wound down its own QE program in 2014 and has been nudging interest rates higher since December 2015. Fed Chairwoman Janet Yellen indicated on Wednesday that that process would continue.

The ECB's bond purchases have helped reinvigorate growth across the 19-nation currency union since it was launched in early 2015. But has been attacked by officials

in Northern Europe for subsidizing governments and hurting savers and pensioners.

The need for aggressive stimulus has lessened as the eurozone economy has picked up speed. Unemployment in the region has fallen to an eight-year low of 9.3%, growth is accelerating across the 19-nation bloc, and business and consumer confidence indicators are at postcrisis highs.

Given that improvement, many analysts expect the ECB to announce the future of QE at its policy meeting in September or October, and start winding down the program early next year.

Even so, investors appeared to be taken off-guard when Mr. Draghi indicated in Portugal last month—at the ECB's own version of Jackson Hole—that the bank would reduce its stimulus as the region's economy accelerates. Eurozone government bond prices have slumped and the euro has risen 2 cents against the dollar since the speech, as investors prepare for the departure of a giant buyer.

The dilemma for the ECB is that, while growth is acceler-

ating, inflation—the bank's real target—remains too weak. It slid to 1.3% last month, some way from the ECB's target of just below 2%.

With that weakness in mind, some top ECB officials have recently called for patience. Peter Praet, the bank's chief economist, said last week that the ECB should maintain "a steady hand" to ensure that inflation picks up. "Our mission is not yet accomplished," he said.

In an interview on Monday, Greek central-bank governor Yannis Stournaras said it wasn't yet time for a policy shift. Still, "this could change," Mr. Stournaras said. "We meet every month."

One reason to end QE soon is that the ECB is expected to struggle to find enough bonds to buy later next year. Changing the parameters of the QE program, which allow the ECB to purchase only up to 33% of any Eurozone government's debt, could prove legally and politically tricky. Economists also worry increasingly about a buildup of financial risk after years of ultralow interest rates.

WORLD WATCH

RUSSIA

Nemtsov Killer Gets 20-Year Prison Term

The man convicted of killing Russian opposition leader Boris Nemtsov on a bridge within sight of the Kremlin was sentenced to 20 years in prison.

Prosecutors had asked for life imprisonment for Zaur Dadayev in the 2015 killing that shocked Russia's opposition. Prosecutor Maria Semenenko said a decision on whether to appeal the sentence would be made after studying the judge's decision.

Ilya Yashin, a close Nemtsov ally, criticized the sentence. "Of course, it's small—what is 20 years for a human life?" he said, according to Tass news agency.

Four others convicted in involvement in the assassination were sentenced to terms ranging from 11 to 19 years.

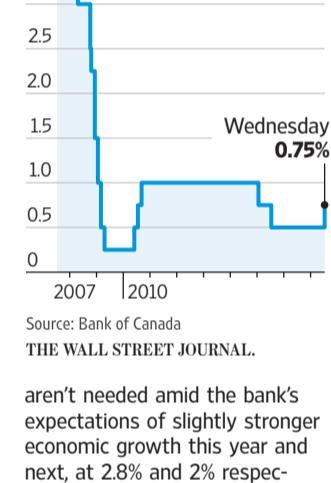
Mr. Nemtsov was a top opponent of President Vladimir Putin. At the time of his death, he was working on a report about Russia's military involvement in the war in eastern Ukraine and in the annexation of Crimea from Ukraine. The report was released three months later.

Mr. Dadayev was an officer in the security forces of Chechnya's Kremlin-backed leader Ramzan Kadyrov. Mr. Nemtsov's allies have criticized investigators for not considering a possible role of Mr. Kadyrov in the killing.

—Associated Press

Heading Higher

Bank of Canada raises policy rate for first time in seven years.



aren't needed amid the bank's expectations of slightly stronger economic growth this year and next, at 2.8% and 2% respectively, than previously forecast.

The improving economy has soaked up unused labor and production capacity at a "significant" pace, the bank said, and a string of improving indicators measuring employment, exports and business-investment intentions suggest the time has come for a rate rise. —Paul Vieira

SOUTH KOREA

Central Bank Stands Pat on Interest Rates

The Bank of Korea held interest rates steady even as it raised its economic growth forecast for 2017, indicating that it is in no rush to change its stance despite hawkishness among global central banks.

The central bank voted unanimously to leave the policy rate at a record-low 1.25%, as domestic demand remains soft despite the South Korean economy picking up speed this year on brisk exports. —Kwanwoo Jun



Emmanuel Macron and Angela Merkel joke with Olaf Scholz, mayor of Hamburg, during a visit to the Franco-German Youth Office in Paris.

Macron Presses Merkel on Eurozone

By WILLIAM HOROBIN

PARIS—French President Emmanuel Macron pushed Germany to step up commitments to the eurozone with more investment as he met with Chancellor Angela Merkel, saying Berlin has benefited from a dysfunctional currency bloc and the weakness of other economies.

The French leader said the eurozone has deepened disparities, loading indebted nations with yet more debt and making competitive countries even more competitive.

France's public debt stands at over 96% of economic output, compared with 68.3% in Germany at the end of last year. Unemployment is over 9% in France but close to 4% in Germany.

Mr. Macron is calling for a shared eurozone budget that could be used to for a variety of reasons, including helping currency members in economic distress, believing that would help

address flaws that exploded in the 2010 debt crisis.

"Germany has benefited from these malfunctions of the eurozone. This situation is not healthy because it is not sustainable," Mr. Macron said in an interview with French regional paper Ouest France.

For the eurozone to have a future, the French leader said, it must have "powerful solidarity mechanisms."

Mr. Macron's leaning on Germany is his latest salvo in an attempt to strike a new deal for the eurozone.

As part of France's side of the bargain, Mr. Macron has set in motion a fast-track parliamentary procedure to loosen rigid labor laws and is taking austerity measures to bring the deficit within European rules. Berlin has long called for such policies, but successive French governments have resisted when confronted with street protests and political opposition.

The French leader said Germany should assist with a stimulus of public and private investment in Europe and work with France to find "the right macroeconomic plan."

Ms. Merkel has signaled Germany is open to Mr. Macron's ideas on changing how the eurozone works. But she has also expressed caution about Germany underwriting the liabilities of countries she says should accept their responsibilities on a national level.

Ms. Merkel instead puts greater emphasis on countries harmonizing their tax regimes and labor laws.

"I don't believe that we must mutualize everything, but I believe that we need a convergence of competitiveness. My priority is to talk more about this," Ms. Merkel said at a business conference in Munich on Tuesday.

The two leaders were meeting in Paris as part of an annual Franco-German cabi-

net meeting, which coincided with France's Bastille Day ceremonies.

President Donald Trump arrived in Paris on Thursday for a brief visit and was given a front-row seat at the Bastille Day military parade.

The French president has faced criticism from leftist rivals for inviting Mr. Trump. Speaking alongside Ms. Merkel earlier Thursday, Mr. Macron said he was surprised at the criticism because the meeting has greater historical than political significance.

Mr. Macron noted that he has been a critic of Mr. Trump's decision to pull out of the Paris climate accord.

"We have confronted each other on this subject at international meetings. He knows it and I know it," Mr. Macron said.

The French leader added he still hopes to convince Mr. Trump to return to the Paris Accord.

—Andrea Thomas in Berlin contributed to this article.

LIU

Continued from Page One
by an empty chair. Norwegian actress Liv Ullmann read the final statement he gave in court, in which he proclaimed, "I have no enemies and no hatred."

The award infuriated Chinese authorities. Although the Norwegian Nobel Committee is independent, Beijing blasted Norway's government and curtailed imports of Norwegian salmon. It also placed Mr. Liu's wife, the poet Liu Xia, under de facto house arrest.

Until the revelation in June that Mr. Liu was diagnosed with late-stage cancer, there had been little news of the dissident. He was the first Nobel Peace laureate to die in custody since Nazi Germany, where Carl von Ossietzky, a journalist and critic of Adolf Hitler succumbed to tuberculosis in a prison hospital in 1938.

Born in northeastern China's Jilin province in 1955, Mr. Liu was part of the first generation of intellectuals to emerge after the Cultural Revolution. He received a Ph.D. in

literature at Beijing Normal University, and earned a measure of fame with sharp, sometimes savage, attacks on the writing of the time, saying it was too slavishly rooted in Chinese tradition.

He was a visiting scholar at Columbia University in New York in 1989 when students filled Tiananmen Square calling for democratic reforms. He soon boarded a flight to join the protests. Years later, he told filmmaker Carma Hinton that he hesitated while changing planes in Japan, concerned by reports the Communist Party was preparing to crack down on the movement, until he heard the boarding announcement for his flight to Beijing.

"I figured, what the heck, live or die, I'll just go," he said.

Once on the square, the scholar helped organize a pivotal student hunger strike and, near the end, participated in one of his own. With tanks and soldiers closing in on June 4, he helped persuade the remaining students to leave the square to avoid more bloodshed.

Rather than follow many

other protest leaders into exile, Mr. Liu stayed in Beijing. On June 6, plainclothes police knocked him off his bike and bundled him into a white minivan. Official media labeled him a "key organizer of the counterrevolutionary insurrection" and he was shipped off to maximum-security Qinching Prison on the outskirts of the capital.

He was released with other Tiananmen prisoners two years later as Beijing sought to repair its international reputation. He soon returned to pushing for democratic reforms—driven, friends said, by anger and guilt over the

students who had been killed.

"Before, he was a literature guy. He was always courageous, but he didn't really care about politics," said Liu Suli, the founder of an independent bookstore and a Tiananmen participant who occupied the Qinching cell next to Liu Xiaobo's and communicated with him frequently through a water pipe.

Mr. Liu wrote voluminously on political topics for overseas Chinese-language websites, sometimes using expatriate friends' computers to email essays to editors when authorities cut off his home internet access. He claimed to

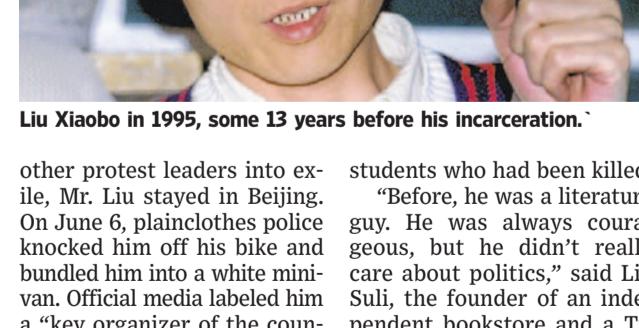
have read the complete works of Karl Marx, and criticized Mao Zedong as an aspiring emperor only faintly acquainted with Marxism.

In 1996, after he openly attacked the government's policies on Taiwan and Tibet, he was sentenced to three years in a labor camp.

Veteran Chinese activists said it was primarily his skill as an organizer that worried authorities. He assisted parents whose children were killed in the June 4 crackdown in setting up a group, the Tiananmen Mothers, to press the government to own up to the killings. Later, he helped establish and run the Chinese branch of free-speech group PEN International.

In 2008, Mr. Liu worked with a small group of activist writers and scholars to draft and promote Charter 08, which advocated free elections and separation of powers. The document was signed by more than 300 human-rights activists, journalists, lawyers, scholars and former Communist Party officials.

"It was the first time since 1989 that you had so many intellectuals united together and



WILL BURGESS/REUTERS

Liu Xiaobo in 1995, some 13 years before his incarceration.

organized behind one initiative. That's what scared the government," said Yu Jie, an activist writer who helped draft the text.

Mr. Liu was detained by police on Dec. 8 that year, two days before the release of the charter. On Christmas Day the following year, he was declared guilty of inciting subversion.

When he heard the news of his Nobel Prize, his wife said, Mr. Liu wept, dedicating it to "all the lost souls" of the Tiananmen protests.

Mr. Liu is survived by his wife. The two married in 1996, in a ceremony at the labor camp attended by half a dozen friends. He has a son, Liu Tao, from a previous marriage.

In recent years, Chinese President Xi Jinping has moved aggressively to quash dissent, saying the country faces a grave threat from hostile forces that want to undermine its rise. Veteran activists say the opposition movement Mr. Liu helped build is now scattered and weakened.

"In the last seven years, he's been forgotten," said Mr. Yu. "I think we were overly optimistic."

U.S. NEWS

Surveillance From 2015 Gets Revisited

Russian officials overheard discussing meeting with Trump associates, advisers

By SHANE HARRIS

WASHINGTON—Investigators are re-examining conversations detected by U.S. intelligence agencies in spring 2015 that captured Russian government officials discussing associates of Donald Trump, according to current and former U.S. officials, a move prompted by revelations that the president's eldest son met with a Russian lawyer last year.

In some cases, the Russians in the overheard conversations talked about meetings held outside the U.S. involving Russian government officials and Trump business associates or advisers, these people said.

Russian officials are routinely monitored by U.S. intelligence agencies and it wouldn't be unusual for them to discuss people who have business interests in Russia.

Mr. Trump held the 2013 Miss Universe pageant in Moscow, was a globally recognized celebrity and sold properties to Russians. The intelligence gathering wasn't aimed at Mr. Trump or people in his circle, and it isn't clear which Trump advisers or associates the Russians referred to, or whether



Donald Trump Jr., center, in November. Investigators are re-examining conversations detected by U.S. intelligence agencies in 2015.

they had any connection to his presidential aspirations.

The 2015 conversations were detected several months before Mr. Trump declared his candidacy for the White House. The conversations have been in investigators' possession for some time, but officials said the Donald Trump Jr. news this week prompted them to look at them again.

In 2015, intelligence agencies weren't sure what to make of the surveillance reports, which they viewed as

vague and inconclusive, the current and former officials said. But the volume of the mentions of Trump associates by the Russians did have officials asking each other, "What's going on?" one former official said.

A lawyer for Mr. Trump didn't respond to a request for comment on the 2015 conversations.

Now, in light of the release of emails Tuesday by the president's eldest son, describing a 2016 meeting with a Russian lawyer, investigators are going

back to those early reports. They are seeking new leads as they probe whether the Trump campaign colluded in what several U.S. intelligence agencies say was a Russian government-sponsored effort to meddle in the election to benefit Mr. Trump.

Mr. Trump has denied any collusion and called the probes a "witch hunt."

The meeting Donald Jr. arranged in June 2016—as his father was on the verge of clinching the Republican nom-

ination—involved a Kremlin-connected lawyer to discuss allegedly incriminating information about Democratic candidate Hillary Clinton obtained by the Russian government.

Donald Jr. and the Russian

lawyer said no information on Mrs. Clinton was disclosed in the meeting. But the

emails offer the first clear

public evidence that senior

officials in Mr. Trump's camp

were open to offers of assistance from Russia in his quest for the presidency.

In the spring of 2016, U.S. intelligence officials' suspicions about Russian meddling in the election grew after their counterparts in Europe warned that Russian money might be flowing into the presidential election, according to officials with knowledge of the warning. It remains unknown if or whether those funds were funneled to a particular campaign or to others to spend it on behalf of candidates.

In June 2016, officials at the Democratic National Committee revealed that their computer networks had been penetrated by hackers, whom the FBI and intelligence agencies later determined worked for the Russian intelligence services. Emails taken in those incursions subsequently were published by WikiLeaks, and in October, the site released emails that had been stolen from Mrs. Clinton's campaign chairman, John Podesta.

At that point, intelligence officials had little doubt that the Russian government was attempting to interfere in the election. By the end of 2016, they concluded publicly that the Russian hacking campaign was meant to undermine Mrs. Clinton and help Mr. Trump.

Now, the Federal Bureau of Investigation and several congressional committees are probing Mr. Trump's ties to Russia over the years, as is special counsel Robert Mueller.

HEALTH

Continued from Page One

The revisions, according to a summary of the bill released by Republicans alongside the legislation, include changes sought by conservative Republicans, including a proposal from Sen. Ted Cruz of Texas to permit insurers who sell plans that comply with ACA regulations to also offer plans that don't, according to a document provided by people close to the negotiations and confirmed by Hill aides.

"It's very significant progress," said Mr. Cruz.

Conservatives had said this would help them attain their goal of lowering premiums, but moderates have been concerned it would raise costs for people with pre-existing conditions who need the more comprehensive health plans.

To help assuage the moderates' concerns, the bill would establish a fund to give federal money to insurers. The funding would help offset the cost of covering people with expensive medical conditions who buy ACA-compliant plans on the exchanges and could blunt some premium increases.

"They're trying to find a way to make his approach workable within the context of the other, broader insurance marketplace," Sen. John Thune (R., S.D.) said of GOP leaders' inclusion of Mr. Cruz's measure, though he cautioned nothing was final. The CBO score next week could affect final decisions, he said.

It wasn't yet clear Thursday whether the additional funds for high-risk people would assuage senators' concerns over Mr. Cruz's proposal. "It could," said Sen. Bill Cassidy (R., La.). "It depends how robust it is."

Letting insurers offer basic, cheap health plans would lead



Pressure has mounted on Senate Majority Leader Mitch McConnell (R., Ky.) to pass a health bill.

healthy people to buy them rather than the more comprehensive and expensive plans. As a result, premiums for comprehensive coverage would rise because there would be fewer healthier people to offset costs.

An estimated 1.5 million people in the individual market with pre-existing conditions and incomes over 350% of the poverty line may be left with no affordable insurance options under the Cruz proposal, according to the Kaiser Family Foundation.

"Whether the proposed fund for high-risk patients can offset that will depend on how much money is in it," said Rob Levitt, a senior vice president at Kaiser.

The revised bill also seeks to appeal to moderates by injecting billions of dollars into shoring up the shaky individual market and reducing premiums. An additional \$70 billion would be funneled to

states to help them lower premium costs in addition to \$112 billion in the original bill. The legislation also gives an additional \$45 billion to help combat the opioid epidemic—another change sought by moderates.

To help pay for some of the increased spending, the legislation preserves two Obama-care taxes on upper-income households: a 0.9% Medicare tax and a 3.8% tax on investment income.

A sticking point may be Medicaid, a program that covers more than 70 million people. The bill retains changes moderates had disliked, including steep cuts in federal funding. It would also phase out enhanced federal funding for the program's expansion in 31 states.

But the bill includes changes, including more funding to hospitals that provide charity care. It also includes an expanded block grant op-

tion that could provide money to states that want to maintain coverage for people under the ACA's Medicaid expansion. That inclusion seeks to win support for the bill from moderate GOP senators who want to preserve the expansion.

The revised legislation would for the first time permit people to use tax-advantaged health savings accounts to pay for their premiums, a measure sought by conservative GOP members.

An analysis by the Congressional Budget Office of the legislation's effect on the federal budget and number of uninsured is expected early next week. The CBO estimated the earlier Senate bill would leave 22 million more people uninsured over a decade compared with the ACA—a projection that fueled such dissent over the legislation that a planned vote was scrapped.

—Michelle Hackman contributed to this article.

U.S. WATCH

IMMIGRATION

House GOP Renews Push for Border Wall

House Republicans will try again to provide money for President Donald Trump's promised border wall with Mexico, but the project faces the same stiff resistance from Democrats as it always has and prospects remain doubtful.

House Republicans are including \$1.6 billion to construct a physical barrier along the southwest border as part of the Homeland Security spending bill for fiscal 2018. The proposal, released this week, sets up a new round of battles on the issue after lawmakers balked at funding the wall's construction in a spending bill that passed Congress in early May.

This spending is popular with many Republicans but faces a high hurdle in the Senate, where Demo-

cratic votes will be needed. Democratic Party leaders have been clear they oppose paying for the construction of a physical wall, which Mr. Trump as a candidate promised would be funded by Mexico.

Anticipating that funding will eventually come through, the Department of Homeland Security said it would soon choose four to eight designs from among proposals submitted this year and would build prototypes in San Diego by September.

—Laura Meckler

and Kristina Peterson

WASHINGTON

FCC Seeks to Curb Unwanted Robocalls

The Federal Communications Commission opened a new inquiry into ways to curb unwanted robocalls Thursday, with the aim of deterring use of fake

phone numbers—a tactic known as spoofing that has been a major factor in the current epidemic. Robocalls recently have run at a rate of more than 2.5 billion a month, according to some estimates, despite multiple efforts by the FCC and Congress to prevent them.

On Thursday the FCC voted to open a new proceeding that is expected to lead eventually to a system allowing telecommunications carriers to authenticate a call's origins before completing it, with the aim of deterring spoofing.

—John D. McKinnon



The House proposal calls for \$1.6 billion to fund construction of about 74 miles of new or replacement barriers along the U.S. border.

Deficit Would Fall, CBO Finds

By KATE DAVIDSON

President Donald Trump's budget proposal would shrink deficits by nearly a third over the coming decade, but not nearly as much as the White House projects, the Congressional Budget Office estimated Thursday.

Under Mr. Trump's proposed budget, the federal deficit would total \$720 billion by 2027, compared with a \$16 billion surplus estimated by the White House, according to the CBO's analysis of the GOP president's budget.

The deficit could fall to between 2.6% and 3.3% of gross domestic product over the next 10 years, the CBO said. The report also estimated that debt held by the public would total 80% of GDP by 2027, 11 percentage points below the CBO's projection under current policy, due in large part to significant proposed cuts to government spending.

But its estimates of the deficit are larger than the White House's estimates in every year over the next decade, primarily because the administration has assumed the budget will generate much higher revenue, stemming from faster economic growth than the CBO assumed. The CBO said it also didn't have enough information about many of the president's economic policy proposals to calculate their effects.

'The president's proposals would affect the economy in a variety of ways.'

In some cases, the CBO and the Joint Committee on Taxation relied on administration cost-saving estimates for policy proposals that it deemed "achievable targets." But in other cases when proposals lacked specificity, including a plan to save \$139 billion by reducing improper government payments and \$35 billion by easing financial regulations, the CBO and JCT didn't count the potential savings in their estimates.

The CBO also said the White House proposal for a tax overhaul "lacked the specificity necessary to evaluate any [economic] effects from such a change."

Yellen Sees Inflation Downturn as Transitory

By NICK TIMIRAOV

WASHINGTON—Federal Reserve Chairwoman Janet Yellen said Thursday that a stronger labor market and rising prices of imported goods supported her expectation that a recent downturn in inflation would prove transitory.

In raising interest rates last month and penciling in one more increase later this year, Fed officials have so far looked past recent soft inflation readings by pointing to several idiosyncratic price declines, such as for wireless phone plans, which Ms. Yellen again cited on Thursday in testimony to the Senate Banking Committee.

But Ms. Yellen cited the inherent uncertainty behind the past three months of muted price pressures.

"There may be more going on. We're watching inflation very carefully in light of low readings," she said. "I think it's premature to conclude

that the underlying inflation trend is falling well short of 2%. I haven't reached such a conclusion."

Fed officials next meet July 25-26, and are likely to leave short-term interest rates unchanged.

At their meeting last month, officials raised rates for the third time in as many quarters to a range between 1% and 1.25%.

Excluding volatile food and energy categories, the Fed's preferred inflation gauge slowed to a gain of 1.4% over the year ended May, versus 1.8% in February. The Fed has fallen short of its 2% inflation target for most of the past five years.

Ms. Yellen cited rising import prices on Thursday as one reason why global factors aren't "mainly responsible" for the low inflation readings.

She also pointed to continued declines in labor market slack, which would traditionally point to rising wages.

Embracing the Future



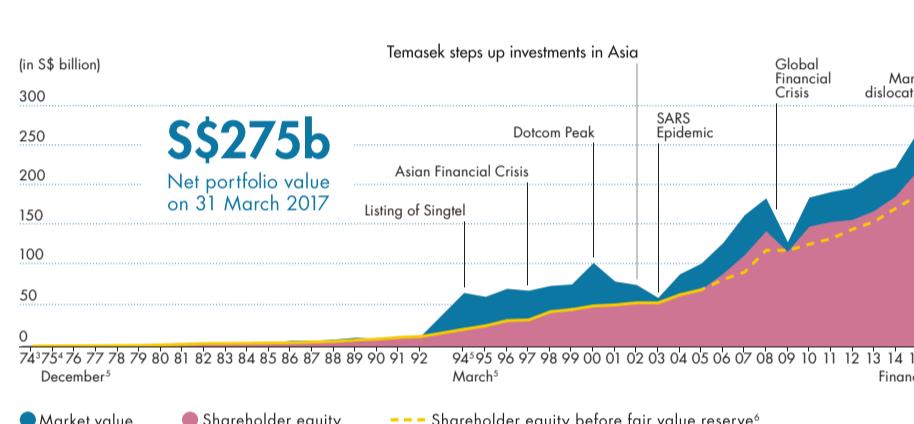
Shaping a Sustainable Future

We actively shape our portfolio by increasing, maintaining or decreasing our holdings. This enables us to capitalise on opportunities when they arise and build our portfolio towards longer term as well as emerging new trends.

Global Exposure^{1,2}

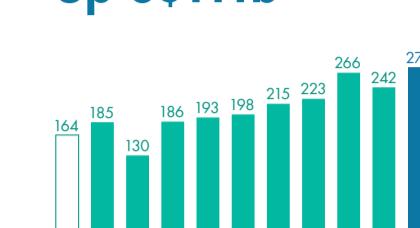


Temasek Net Portfolio Value since Inception



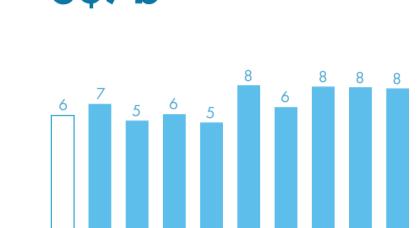
Net Portfolio Value⁷ (\$\$b) Up S\$111b Over the decade

Over the decade



Dividend Income⁸ (\$\$b) S\$7b Dividend income

Dividend income



Sector^{2,7} (%)

	2017	2016	2015
Financial Services	25	23	28
Telecommunications, Media & Technology	23	25	24
Transportation & Industrials	17	18	17
Consumer & Real Estate	17	17	15
Life Sciences & Agribusiness	4	4	3
Energy & Resources	3	3	5
Multi-sector Funds	8	7	5
Others (including Credit)	3	3	3

Single Name⁷ (%)

	2017	2016	2015
Singapore Telecommunications Limited	12	13	13
DBS Group Holdings Ltd	5	5	6
China Construction Bank Corporation	4	4	6
Rest of portfolio	79	78	75

Currency^{7,10} (%)

	2017	2016	2015
Singapore dollars	60	58	58
US dollars	19	19	14
Hong Kong dollars	12	13	15
Indian rupees	2	2	2
British pounds sterling	2	1	3
Others	5	7	8

Liquidity⁷ (%)

	2017	2016	2015
Liquid & sub-20% listed assets ¹¹	33	31	34
Listed large blocs ($\geq 20\%$ and $< 50\%$ share)	9	10	12
Listed large blocs ($\geq 50\%$ share)	18	20	21
Unlisted assets	40	39	33

TEMASEK

Our Public Markers

Our Temasek Review, Credit Profile and Temasek Bonds serve as public markers. They anchor our commitment as a robust and disciplined institution through generations.

Public Markers of Financial Discipline and Credit Quality



Temasek Review provides highlights of our portfolio and performance.

Our credit ratios and key financial parameters serve as indicators of our credit quality.

We provide credit ratios and key financial parameters to help our stakeholders form their own views on Temasek's credit quality¹² as an investment firm.

Dividend Income over Interest Expense⁸ (x)

This year 19x

Net Portfolio Value over Total Debt⁷ (x)

This year 21x

Investing for Generations

To remain nimble and ensure that our portfolio can capitalise on opportunities and withstand shocks, we have continued to rebalance our holdings to align with our four investment themes.

Transforming Economies

Tapping the transforming economies of China, India, South East Asia, Africa and Latin America

- Crompton Greaves Consumer Electricals**
Indian manufacturer of consumer products and household appliances
- Moncler**
Luxury goods company specialising in high-end outerwear and apparel



Growing Middle Income Populations

Meeting the needs of a growing middle income population

- Amazon**
Online commerce and cloud computing company
- Ceva Santé Animale**
Global veterinary health company based in Libourne, France, specialising in pharmaceutical products and vaccines for pets, livestock, swine and poultry

Deepening Comparative Advantages

Identifying game changers

- PPG Industries**
Global manufacturer of paints, coatings and fibreglass
- Ctrip**
One of the largest travel websites and online travel agencies in China



Emerging Champions

Investing in companies that show growth potential

- VoloAgri Group**
Vegetable seed technology and breeding company headquartered in San Francisco
- Impossible Foods**
US-based company developing next-generation plant-based meat and dairy products

Read the full Temasek Review 2017 at temasekreview.com.sg

Strengthening Our Institution

Temasek's role and reputation as a trusted steward depends on our people and values, and our conduct and governance.



It is our responsibility under the Singapore Constitution to safeguard Temasek's past reserves for future generations.



Relating to the President of Singapore

We are required to seek the President's approval before a draw occurs on Temasek's past reserves.



Relating to Our Shareholder

We declare dividends annually to our shareholder, based on the profits we earn, in accordance with our dividend policy.



Relating to Our Portfolio Companies

The companies in our portfolio are responsible for their day-to-day business and operations. Temasek does not direct their business or operational decisions.



Relating to Our Communities

Our family of Foundations supports a broad range of programmes to build people, build communities, build capabilities and rebuild lives.



We manage our assets and portfolio as a long term investor and owner under the strategic guidance of our Board. Our business decisions are independent of the President of Singapore and the Singapore Government.



We do not manage Singapore's Central Provident Fund (CPF) savings, Singapore's foreign exchange reserves, or the budget surpluses of the Singapore Government.

Building an abc World



ACTIVE ECONOMY

Productive jobs
Sustainable cities
Fulfilling lives



An active, robust economy delivers good jobs and creates opportunities.

It is the foundation of stable, secure and sustainable societies. Productive workers have a sense of pride and dignity, provide for their loved ones and themselves, and look to the future with confidence.



BEAUTIFUL SOCIETY

Resilient individuals
Cohesive families
Inclusive communities



A sustainable and beautiful society fosters resilient individuals, cohesive families and inclusive communities.

Shared values that embrace justice and equality, and expand our common spaces, will strengthen our tolerance, mutual respect, and the ties that bind us together.



CLEAN EARTH

Fresh air
Clean water
Cool world



IN DEPTH

STOCK

Continued from page A1

In a reverse split, a company with a low share price forces it higher by making each share represent a larger piece of the company.

On Nov. 1, for example, DryShips did a 1-for-15 reverse split. A holder of 15 shares now had just one, but that one share would have a higher price, roughly 15 times the price of one before the split.

Behind these maneuvers were two men with seemingly little in common. One is George Economou, DryShips' founder and chief executive, a resident of Athens who also owns a private fleet of some 100 ships and has gained notice in the art world for his collection of German expressionist paintings.

The other is Marc Bistricer, a member of Toronto's tight-knit Orthodox Jewish community and a man with almost no public profile. One of the rare media mentions of him was a 2015 report by Canadian Broadcasting Corp. on a rundown Ontario apartment building owned by a company that lists him as an officer and director. Neither man responded to requests for an interview.

The DryShips saga began early last year when a British Virgin Islands firm called **Kalani Investments Ltd.** began approaching companies in the ocean-shipping business with a radical idea to help them raise money.

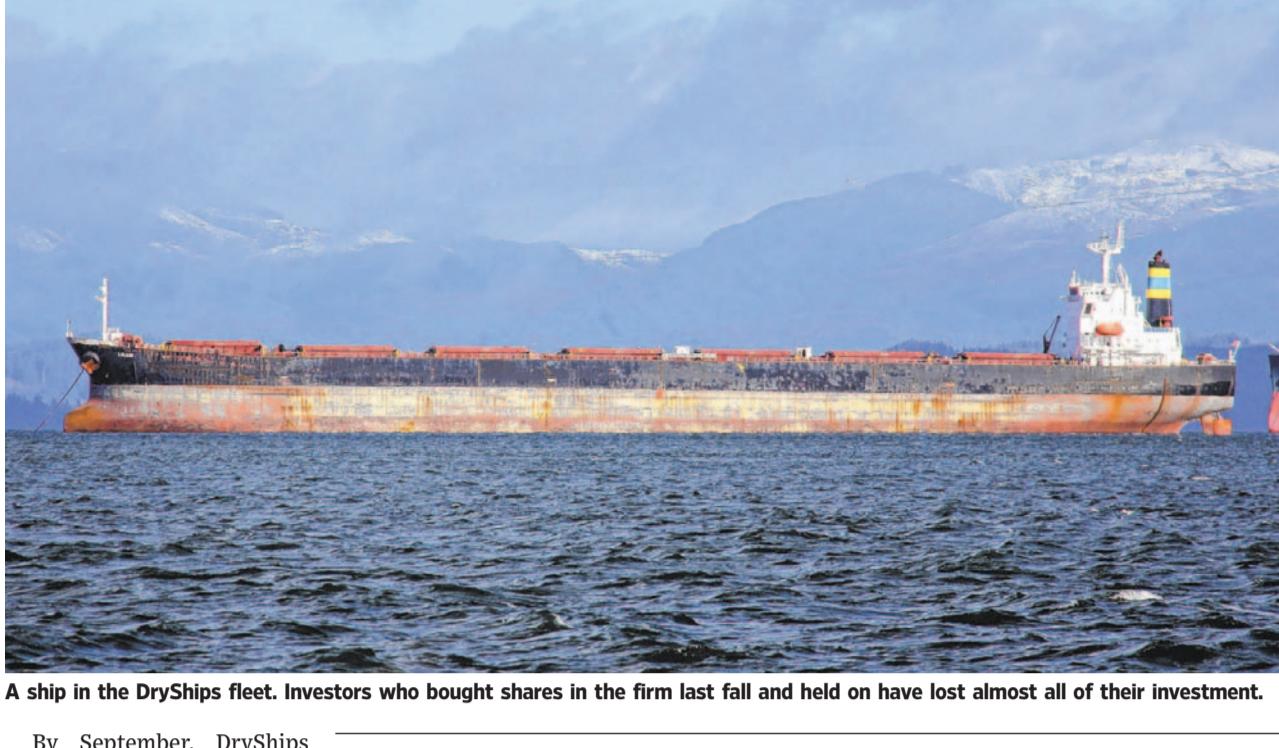
Many companies could use help in that hard-hit industry, including those such as DryShips that operate "dry bulk" ships carrying goods such as coal and ore. A glut of such vessels drove shipping rates to a 30-year low in February 2016.

Kalani's idea was that it would buy newly issued shares directly from the shipping companies at a discount to the stock-market price, thus injecting cash into the companies. Executives of three Greek shipping companies described such an approach by Kalani. All three said Kalani was controlled by Toronto's Mr. Bistricer.

Among the three executives approached was Anthony Kandylidis, DryShips' chief financial officer. He is a nephew of Mr. Economou, the founder of DryShips, which has offices in Athens but is domiciled in the Marshall Islands. The CFO said he met with Mr. Bistricer in New York a little over a year ago about helping DryShips raise capital.

On June 8, 2016, DryShips sold Kalani securities convertible into new DryShips common shares valued at \$5 million, which was equivalent to a little under 10% of the shipping company's market value then. It was a small foretaste of what was to come.

Kalani didn't report a 5% or more stock ownership, as U.S. regulations require, indicating it rapidly sold many of these new DryShips shares. And in succeeding weeks, DryShips' stock tumbled.



RYAN STUBBS

A ship in the DryShips fleet. Investors who bought shares in the firm last fall and held on have lost almost all of their investment.

By September, DryShips was preparing paperwork to do two things: execute a reverse stock split and issue a far larger batch of securities to Kalani.

Issuing so many new shares would normally be unrealistic for a company with a tumbling stock, but on Nov. 9 DryShips' stock suddenly tripled, ending the day up 133%. The Nasdaq Stock Market, where the stock trades, temporarily halted trading four sessions later with the shares up 1,500%.

What caused the rally is unknown; there is no evidence Kalani, DryShips or their principals took any steps to trigger it.

When trading resumed two days later, DryShips said it would sell a second batch of securities to Kalani, securities the offshore firm could convert into \$100 million of new DryShips common stock.

That was nearly 20 times what the entire company was valued at before its stock's mysterious rally.

DryShips gave no information about Kalani in securities filings or public statements when it sold the firm shares, except to say that Mr. Economou wasn't affiliated with the firm. Details of Kalani's ownership are protected by secrecy laws in the British Virgin Islands.

Despite this extreme common-stock dilution, Mr. Economou was in no danger of losing his control of DryShips. Just two months earlier, he had converted some loans to the company into a new class of preferred shares that carried 100,000 votes apiece.

DryShips shares by this time were plunging, thanks to the news that many more of them were being created.

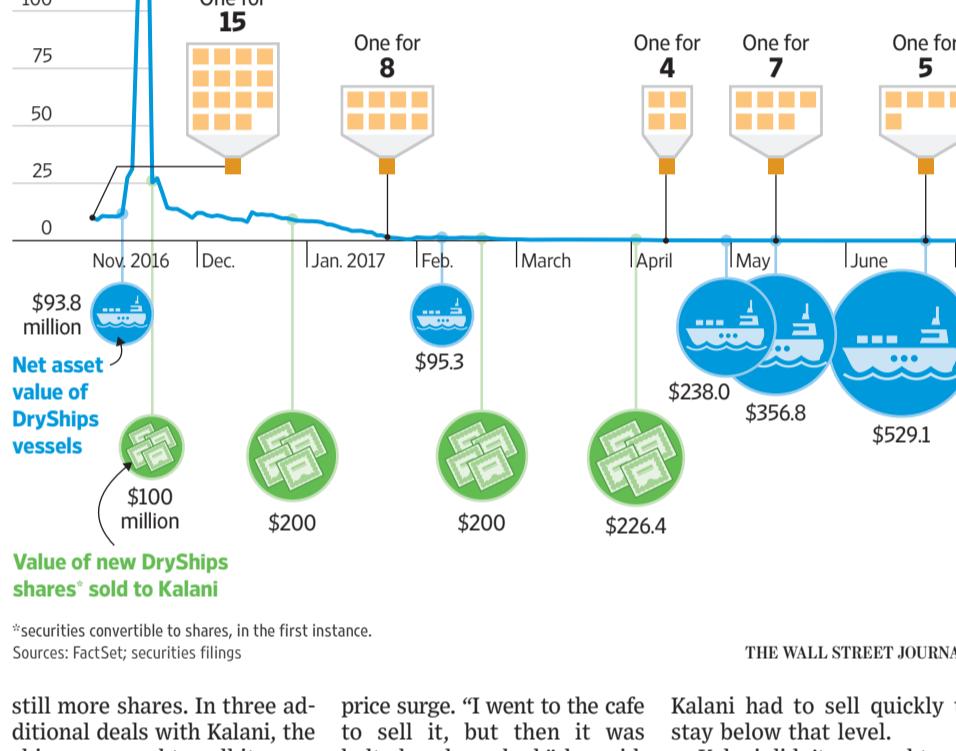
Even so, investor chat rooms lighted up with speculation that another epic rally could be in store, given the sudden inflow of cash to the company's coffers. Mentions of DryShips on an investing site called **StockTwits**, which had totaled only about 77 a week before the November rally, soared to an average of about 18,000 a week over the following four months.

The enthusiasm allowed DryShips to create and sell

Sinking Feeling

Shipping company DryShips has taken investors on a wild ride since November, repeatedly issuing new shares to an offshore firm, called Kalani, and also repeatedly reducing shares outstanding through reverse stock splits.

The value of \$10,000 invested in DryShips on Nov. 1, 2016



*Securities convertible to shares, in the first instance.

Sources: FactSet; securities filings

still more shares. In three additional deals with Kalani, the shipper agreed to sell it securities convertible into \$626.4 million of new DryShips common shares.

That was equal to about 100 times DryShips' stock-market value in early November.

To keep its stock price from falling below \$1, necessary to avoid delisting, DryShips kept doing reverse stock splits—not only one on Nov. 1 but also one on Jan. 23, one on April 11, one on May 11 and one last month, on June 22. All had the approval of Nasdaq.

Ingmar Bueb, a 48-year-old opera singer, invested \$220,000 in DryShips over the years, the bulk of his nest egg. The High Bridge, N.J., resident had hoped to use the profits from this long-term holding to build a small opera house, he said.

Already nursing losses by early November of last year, Mr. Bueb noticed the sudden

price surge. "I went to the cafe to sell it, but then it was halted and crashed," he said.

He didn't look again until he was doing his taxes this year and was shocked to discover that, because of the many reverse stock splits, he then owned only two shares. The investment now is worth less than \$1.

"I would rather have given that money to poor, hungry people," Mr. Bueb said.

For Kalani—the offshore firm that paid hundreds of millions of dollars to DryShips for shares—did the stock drop punish it, too?

Evidently not; Kalani appears to have earned tens of millions of dollars by immediately selling the stock, which it purchased at a discount to the stock-market price.

The quick sales were by design, because Kalani's agreement with DryShips didn't permit Kalani's stake in the shipper to go above 4.9%, according to a securities filing.

Kalani had to sell quickly to stay below that level.

Kalani didn't respond to requests for comment. In addition, emails and calls to a Toronto investment partnership Mr. Bistricer runs, **Murchison Ltd.**, weren't returned.

Legal observers said the quick sales raise questions for regulators. "If [Kalani] is buying it with the intent to resell, then they're acting as an underwriter and this is a public offering," said Jill Fisch, a University of Pennsylvania law professor who specializes in securities regulation. In an underwriting, a licensed entity, normally a bank, sells shares to the public and gives the proceeds to the company.

James Angel, who studies financial markets at **George-Town University**, said the deal sounds like a "pseudo-underwriting."

Kalani isn't registered with the Securities and Exchange Commission as an underwriter. That means it is possibly

ble "both the company and the intermediary are on the hook for violating securities laws," Ms. Fisch said.

Mr. Kandylidis, the DryShips CFO, said "our understanding is different" but he preferred not to comment on legal matters. There is no indication the SEC is investigating DryShips or Kalani, and the agency declined to comment.

The tens of millions of new DryShips shares created have hammered long-term investors through stock dilution on a grand scale, because far more shares now have a claim on the company.

Investors who bought DryShips shares last fall and held on have lost almost all of their money. A \$10,000 investment in DryShips stock at the beginning of November was valued at \$167,000 two weeks later, during the brief price spike, but only about \$2 today.

For DryShips, however, the cash that poured in from Kalani for new shares put the shipper on a strong financial footing. Its net assets have soared. It has used the money from Kalani to roughly double the size of its fleet to about 36. Mr. Economou, who was buying ships from DryShips last year when it was hurting for cash, lately has been selling it ships from his private fleet.

Paid to maintain DryShips' expanding fleet are offshore companies DryShips refers to collectively as the **TMS Entities**. Mr. Economou controls them, securities filings show.

In addition, a firm Mr. Economou controls purchased most of DryShips' bank debt late last year, and this spring Mr. Economou said DryShips was raising the interest rate it pays on this debt.

Though DryShips' value has surged, at least on paper, its shares would seem unlikely to rally unless the company stops issuing a host of new ones.

A civil suit filed on July 3 seeks to halt further issuance. Filed in the Marshall Islands by a U.S. shareholder, the suit accuses Mr. Economou of unjustly enriching himself by having DryShips issue millions of new shares at a "devastating loss" to existing shareholders.

"The mechanism," the suit says, was that DryShips sold discounted shares "to co-conspirator Kalani Investments, a shell corporation run by Mark Bistricer...which would then dump them on the market regardless of price."

DryShips said the suit was "without merit." The plaintiff, Michael Sammons, couldn't be reached for comment. The court has set a Monday hearing on a request for a preliminary injunction.

Mr. Kandylidis, the DryShips CFO, said Mr. Economou doesn't need the cash he is reaping from DryShips. He hinted that his uncle could stop the share issuance soon.

"I know that, obviously, George has a lot of control," Mr. Kandylidis said, "but I think that the interests of George and the stockholders will converge."

—Jacquie McNish contributed to this article.

TRIP

Continued from page A1

square in Wilton, Iowa.

He was at work one Monday afternoon in June when two men and a woman dressed in jeans and button-down shirts entered the store, which is a regular stop on Iowa's presidential campaign circuit.

The three said they were from California on a business trip on their way to Chicago and asked Mr. McKasson for a tour of the store and its museum of the history of Wilton, population 2,800. They didn't tell their names, he said, and he thought it impolite to ask.

Four days later, the same three people returned to the candy store, and one of his new customers revealed their true mission: "Mark Zuckerberg will be here in five minutes."

A startled Mr. McKasson, 54, asked: "What do I need to do?" he recalled, and was told: "Nothing."

Mr. Zuckerberg walked through the red-and-white store door. He ordered a \$5.75 chocolate malt. An assistant paid the world's fifth-richest man's tab with a debit card. The tech titan chatted with the cashier and Mr. McKasson.

Members of Mr. Zuckerberg's team plan his visits with secrecy, but there are rare in-

stances of the Facebook CEO's cover being blown. The result: chaos.

When someone let slip he'd be at the Kusanya Café on Chicago's South Side, Renée Banks, a barista, said she had to fetch extra chairs for the 100 people who showed up.

Amy Dudley, a spokeswoman for the Chan Zuckerberg Initiative LLC, an entity formed in 2015 by Mr. Zuckerberg and his wife, Priscilla Chan, which is helping to arrange the chief executive's tour, said the design of "these visits is to have the most honest and candid interactions and discussions as possible, without the additional attention that's likely to come as a result of word getting out ahead of time."

For nearly a decade, Mr. Zuckerberg has started every year with a "personal challenge." In 2009, this meant wearing a tie every day. Another year, he swore only to eat meat that he had personally slaughtered. "I just killed a pig and a goat," he boasted in a private Facebook post in 2011.

In Wilton, Mr. Zuckerberg's team had stopped at city hall to secure a meeting with Mayor Bob Barrett and City Administrator Chris Ball to discuss life in rural Iowa before the CEO went to the candy store.

But Messers. Ball and Barrett were asked not to tell anyone

not be told for whom he'd be performing. When he was on stage setting up his equipment, Mr. Zuckerberg approached.

"They said, 'That's Mark Zuckerberg.' I said, 'Who dat?'" Mr. Johnson said. "They said, 'It's the Facebook guy, the guy who owns the Facebook.' I said, 'You've got to be kidding me.' I had no idea who he was."

The secrecy surrounding Mr. Zuckerberg's visits has nearly led to his target audience blowing him off. Adam Kragthorpe, who runs a local youth hockey program in Minnetonka, Minn., deleted the initial email from James Eby requesting a meeting for "a Fortune 500 CEO who is traveling the United States and visiting a wide range of communities."

"We thought it was a multi-level marketing scheme," Mr. Kragthorpe said.

Mr. Eby, who planned travels for four Defense secretaries in the Obama administration, is now a contractor working for the Chan Zuckerberg Initiative. He declined to comment.

In June, he attended an Iftar dinner in Minneapolis. Mr. Zuckerberg arrived after the prayers and the other people in the room, who were mostly refugees from Somalia, didn't know who he was, said attendee Mohammed Jama.

Blues musician James "Super Chikan" Johnson was booked in February to play a concert funded by a mystery client at the Ground Zero Blues Club in Clarksdale, Miss. Mr. Johnson, 66, said it is unusual for him to

Ms. Dudley, a former aide to

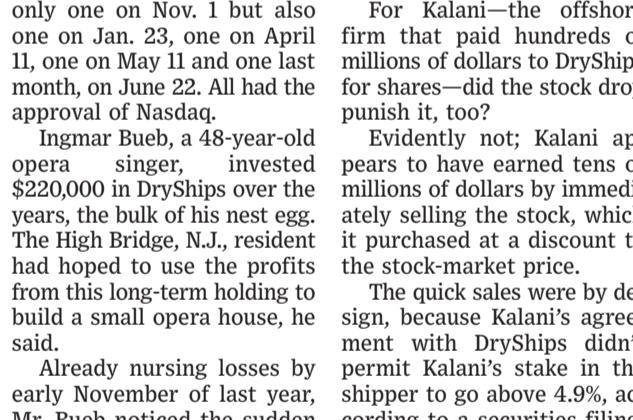
that people at the rink not photograph the CEO.

The Zuckerberg entourage, which can be up to eight people, includes a professional photographer. His aides said there is no prohibition against others snapping pictures.

In Newton Falls, Ohio, Dan Moore got a call in April from Jimmy Dahman, a former presidential campaign field organizer for Hillary Clinton in Ohio. Mr. Dahman doesn't work for Mr. Zuckerberg's organization, but was acting as a volunteer, he said.

He wanted to know if Mr. Moore, a Democratic union steelworker who was a volunteer for Donald Trump's presidential campaign, would host "a billionaire philanthropist from California" at his home five days later. Four days later, Mr. Moore, 57, was standing in his driveway waiting for his mystery guest. Fifteen minutes before a pair of black SUVs arrived, he was told he'd be joined by Mr. Zuckerberg.

Mr. Moore and his family enjoyed a dinner of chicken Francaise and baked whitefish. Mr. Zuckerberg's staff had catered from a nearby restaurant. As Mr. Zuckerberg was leaving, he made one request, Mr. Moore said. "He said, 'If there are any news reporters that call you, just make sure you tell them I'm not running for president.'"



Mark Zuckerberg volunteering in Dallas during the first stop on his American tour in January.

Mr. Zuckerberg was coming. Mr. Ball said Mr. Zuckerberg's representatives instructed them not to relay verbatim quotes from their discussions with him if asked by reporters. "They asked me not to quote what Mr. Zuckerberg said," Mr. Ball said.

"They said to refer people to their press guys."

Mr. Zuckerberg spent the July 4 weekend in Alaska, the 15th state he's visited on his tour since it began in January. He stayed at the Kachemak Bay Wilderness Lodge, a \$1,000-per-night fishing resort on the Kenai Peninsula. A receptionist said the lodge's owners wouldn't discuss the visit. "You have to call Amy Dudley," she said.

Ms. Dudley, a former aide to

TAYLOR TOWNS

BOOKS

'With less genius for writing than Charlotte Brontë, she got infinitely more said.' —Virginia Woolf

A Jane for Every Reader

For 200 years Austen has proved adaptable to the changing sensibilities of her ever-avid audience

The Genius of Jane Austen

By Paula Byrne
Harper Perennial, 334 pages, \$16.99

Jane Austen at Home

By Lucy Worsley
St. Martin's, 387 pages, \$29.99

Jane Austen, The Secret Radical

By Helena Kelly
Knopf, 318 pages, \$27.95

The Making of Jane Austen

By Devoney Looser
Johns Hopkins, 291 pages, \$29.95

BY D.J. TAYLOR

NOT LONG AGO the Times Literary Supplement decided to advertise its review of a clutch of Jane Austen-related material with an unusually striking cover image. Poised intently on the gray stone terrace of some stately home stood three immensely beautiful young women. Each came nattily dressed in the fashions of the early 19th century; one, at least, was wearing a bonnet. There, however, the connection to Regency-era decorum ended, for each, mysteriously, wore an expression best described as "feisty," had her stony eyes trained on an unseen assailant, and was brandishing a drawn sword. These, it turned out, were three of the Bennet sisters, played by the actresses Bella Heathcote, Lily James and Millie Brady, in the 2016 feature film "Pride and Prejudice and Zombies."

While the average Austen enthusiast—a "Janeite," to use the technical term—will straightforwardly mark this down as a travesty of everything he or she holds dear, it should be pointed out that bygone fans were quite as bewildered by some of the liberties taken by the film publicists of the mid-20th century. Even now it can come as rather a shock to discover that the shout-line for the 1940 version of "Pride and Prejudice," scripted by Aldous Huxley and starring Laurence Olivier and Greer Garson, ran "Bachelors beware! Five Gorgeous Beauties are on a Madcap Manhunt." Purists, naturally, were outraged, and yet the unifying theme of each of four new books on Austen and her reputation is an insistence that the visions of Bath and Pemberley peddled by die-hard Janeites are often quite as false to the original texts as any member of the undead disturbing Mr. Darcy in his dressing room.

If Austen's status as an English classic currently rests somewhere between Shakespeare and Dickens, then she is also—here on the 200th anniversary of her passing in July 1817—a handy illustration of the ancient truism that what happens to writers after their deaths is nearly always quite as fascinating as the life itself. Eighty years ago, for example, Dickens, that champion liberal and free spirit, was being hailed by left-wing writers as "almost" a Marxist and by religious apologists as "almost" a Catholic. In much the same

way, two-thirds of a century after its author's miserable death, a browser of the newspaper op-ed pages could be forgiven for assuming that George Orwell's "Nineteen Eighty-Four" (1949) was expressly written to satirize the Trump presidency. It is the same with Jane. Is she a romantic, a satirist or even a proto-feminist? What do her women want? And—perhaps even more important—what do we want from them?

Efforts to fit long-dead writers into the behavioral straitjackets of the present may very often involve huge amounts of special pleading or grotesque misrepresentations of historical fact, but the impetus behind them is perfectly understandable. It is a mark of how much the 21st century values such literary colossi as Orwell, Dickens and Shakespeare that it should want to use them as spiritual litmus paper: If they weren't so important to us, we would leave them behind and find other lanterns to guide us through the contemporary murk. Even more significant, perhaps, is that we should almost invariably find in them things that sometimes aren't there, magnify some of their authors' preoccupations and diminish others to the point of marginality. And so, reaching the end of "The Genius of Jane Austen: Her Love of Theatre and Why She Works in Hollywood," and reflecting on Austen's endless transitions to the wide screen, Paula Byrne can only conclude that, had she lived, Jane would have been "baffled" that most of the film adaptations emphasize the romantic aspects of her fiction when her real intention was "to subvert and undermine the romantic."

There is a great deal in all these books about subversion and undermining, so much so that it occasionally can make Miss Austen, scribbling surreptitiously away in the drawing room while family life ebbed and flowed around her, look like the wildest of postmodern cryptographers rather than a youngish woman of the reign of George III—she was born in 1775—filling amused reports on the somewhat restricted middle-class world in which she flourished. At the same time, the temptation to over-read her—to zealously re-examine the positions she may, or may not, be supposed to have taken up—is exacerbated by how little we know about her, an absence of hard fact that, as all four of her latest interpreters acknowledge, encourages mythmaking.

We associate Austen with the West Country town of Bath, with hearths and homes and domestic solidity, but as television history presenter Lucy Worsley points out in her new biography, "Jane Austen at Home," much of her life was spent in transit, living out of suitcases. Nearly all her heroines are, in some sense, displaced persons, in search of comfort and security.

As for that absence of hard fact, we might think that we can approach Austen through her letters, but they, it tends to be argued, are less revealing than they seem: Many of the original texts are missing; those that remain are sometimes more a smokescreen than an illumination.



GETTY IMAGES

The novels, Helena Kelly assures us in "Jane Austen, the Secret Radical," are "as close to Jane as we're ever going to get."

But how close is that, given the obfuscations and seductive reimaginings of the novels by the cineastes? Nearly everyone here is convinced that the damage was done by Andrew Davies's highly praised 1995 BBC adaptation of "Pride and Prejudice" starring Colin Firth and Jennifer Ehle, which, Ms. Kelly insists, faithlessly manipulates and sanitizes its source. Mr. Darcy's comparatively modest estate at Pemberley is upgraded to the Duke of Devonshire's Chatsworth pile. Mr. Bennet's affability and eccentricity trump his incompetence, ineffectuality and neglect of his family's interests. And so, incriminatingly, on, with romance replacing social tension and chatter filling in for the political hint.

"The Secret Radical" is a provocative, if impressionistic, study, which alternates fictionalized episodes from Austen's life ("Sunlight and shadow chase each other across the sea ramparts, while the waves dance, mischievous, sparkling, to welcome in the yearly miracle of an English spring," runs one picturesque lead-in) with some convincing arguments about Austen's interest in, or at least awareness of, the radical underpinnings of the Georgian age. "Pride and Prejudice" is reimagined as a dispatch from a country at war with its cross-Channel neighbor and "Sense and

Sensitivity" redefined as a book about greed and need and "the terrible, selfish things that families do to each other for the sake of money." These are novels, in Ms. Kelly's reading, about locked cabinets, jealously guarded mysteries and emotional concealments. Hunky Mr. Darcy plunging into his lake then running into Elizabeth Bennet (a scene that Austen never got round to writing) is given the shortest of shrifts.

As the example of Colin Firth in his figure-hugging swimwear reminds us, much of Austen's periodic reinvention has to do with the pictorial representation of her characters. One of the most fascinating sections of Devoney Looser's "The Making of Jane Austen," a study of Austen's near-continuous post-death reinvention, consequently takes in the wildly different approaches of her early illustrators. The first collected editions of her novels in the 1830s brought her sartorially up to date by putting her heroines in early-Victorian clothing and playing up the familial, female and sensational elements, only to be replaced, come the 1870s, by a hankering for the Wordsworthian sublime that tied them to nature and geographical place. Then came the artist Hugh Thomson (1860-1920), who drew attention to the social criticism implicit in Austen's attitude to matchmaking and produced a famous illustration of the five Bennet sisters seated in a line of high-backed chairs

and being inspected by their parents. Elizabeth is accompanied not by a drawn sword but by a sign bearing the words "Not for Sale."

By the later 19th century, Ms. Looser argues, Austen was already a chameleon-like figure, simultaneously regarded as a traditionalist and as the advocate of social change, praised by conservative gentlemen in their clubs for being apolitical while the suffragists promenading outside their windows had her name woven into their banners. Half a century later, the placid comfort of her domestic interiors was balm to a readership traumatized by war, while half a century after that her gossiping sororities awaiting their suitors' calls looked like a less sophisticated version of a Hollywood teen movie.

Celebrating the many faces of Jane: the genius, the homebody, the radical, even the zombie slayer.

If all this suggests that, 200 years after her early death (over which, as in nearly every other aspect of her life, hangs a fog of mystery), Austen is a literary version of one of John Wyndham's Triffids, capable of colonizing every territory to which she is introduced, then several unifying factors remain. One of them is the intensely proprietorial air brought to her by her fans. Lucy Worsley confesses to having "searched for my own Jane, and naturally I have found her to be simply a far, far better version of myself: clever, kind, funny, but also angry at the restrictions of her life." The suspicion, alas, is that "my own Jane" may actually be in part someone else's, for the appearance of "Jane Austen at Home" in the U.K. was met by accusations (which Ms. Worsley denied) that she had borrowed some of her conceptual armature from an earlier book by Paula Byrne titled "The Real Jane Austen."

Another unifying factor, curiously enough, is a descent into idiomatic chattiness. Devoney Looser may be a professor of English at Arizona State, but that doesn't stop her, in "The Making of Jane Austen," from wanting to get down with the kids by rapping about "monikers," "direct riffs" and "knockoffs." Ms. Worsley, too, leaps in her preamble to take issue with what she regards as misreadings of Austen's texts ("Wrong, wrong, wrong... Big mistake!" etc.). But perhaps this, too, is a testimony to Jane's enduring appeal. So eager are fans of "Emma" and "Persuasion" to explain what really matters about her to an impressionable new audience that literature professors and TV presenters alike turn quaintly demotic in her presence. Like her ability to inspire zombie films in which Miss Elizabeth Bennet lays about the undead with a flailing sword, this is quite an achievement.

Mr. Taylor is the author, most recently, of "The New Book of Snobs."

Game Theories

Knowing the Score

By David Papineau

Basic, 285 pages, \$27

BY MICHAEL SHERMER

AMONG CYCLING aficionados, Peter Yates's 1979 film "Breaking Away" was a welcome vehicle to convey the elegance of the sport to a largely oblivious American audience. Like most sports films, it was also something more: the story of a man struggling to break away from the provincialism of family and friends, along with a morality tale about how everyone lies a little and some people cheat a lot.

In "Knowing the Score," King's College philosopher David Papineau uses bike racing and other sports as metaphors for lessons about the most important issues in philosophy and life. He confesses his ignorance of cycling and admits that he did not understand, when watching the 2012 Olympic road race, why four women cyclists from different countries would work together after they broke away from the peloton. Mr.

Papineau finds an answer in game theory, the analysis of competition and cooperation between rational actors in a conflict situation. Cyclists drafting one another create a significant savings in energy and an increase in speed, so solo breakaways are unusual and almost always fail.

Drafting in the middle of the pack for the entire race is very efficient, but then you have to sprint for the

Any coach or philosopher will tell you that the rules of sport mirror those of life (and vice versa).

win against the entire field. Ideal is a small breakaway with, say, four riders: Each can conserve energy and only has to beat three others to win. In game-theory terms, it pays for each of the four racers to cooperate with one another until the very end. If one rider "defects" (in game-theory terms) and refuses to take a pull at the front, the others will punish her, verbally or by other means.

Occasionally, in the final kilometer, everyone in the breakaway refuses to pull through in order to conserve energy for the sprint, and the group gets caught by the hard-charging peloton, an example of selfishness

by a sport, and links it to phenomena in the wider world. The author finds cyclists' conflicts between self-interest and group interest to be mirrored in relations between nations: Agreements attempting to combat climate



GETTY IMAGES

surmounting selflessness to the detriment of all. On the other hand, knowing that this can happen discourages early defection and keeps the provisional mutualism going.

Each chapter in Mr. Papineau's engaging book takes a look at a philosophical problem like this, presented

connected to geopolitical rivalry (George Orwell once commented that sport "is war minus the shooting"); nature and nurture are discussed in terms of athletic performance and life (gifted athletes have gifted children, but not equally so). Mr. Papineau also applies economic concepts, like Coase's theorem—stating that free markets with well-defined rules lead to relative efficiency—to sports, in which the best players migrate to the best teams and earn the most money unless an artificial mechanism like a draft is devised so as to level the playing field.

Another lesson that Mr. Papineau's book imparts is that athletic contests are not just another form of play. Most people want more than just a happy existence. We want challenges to face and obstacles to overcome. Our ancestors got more of those from daily life than we do today, so we need artificial trials. Sports are, in that sense, the very embodiment of the human striving that brings meaning to life.

Mr. Shermer is the author, most recently, of "Skeptic: Viewing the World With a Rational Eye."

BOOKS

'Skiffle was . . . in essence, American folk music with a beat.' —Van Morrison

Roots, Radicals and Rockers

By Billy Bragg

Faber & Faber, 431 pages, \$29.95

BY TONY FLETCHER

READERS OF THIS book are less likely to be drawn to the title ("Roots, Radicals and Rockers") than its musician author. Billy Bragg came of age in 1980s Thatcherite Britain singing tales of romance and politics in a nasal cockney voice accompanied by equally harsh electric guitar. He became an occasional hitmaker while remaining a committed left-wing polemicist, frequently mining the rich repertoire of international protest songs. In recent years he has turned author. In 2006, Mr. Bragg published "The Progressive Patriot," an examination of British identity, and now follows with a hugely ambitious account of the post-war style known as "skiffle," thereby filling a gaping hole in the literature of 20th-century music.

All musical genres of merit have clear-cut images that we associate with the moment from which there was no turning back. For rock 'n' roll, it might be Elvis Presley shown from the waist up on "The Ed Sullivan Show" in January 1957; for rock music, Bob Dylan turning electric at the Newport Folk Festival in July 1965; and for punk rock, at least in the U.K., the Sex Pistols swearing on prime-time live TV in December 1976. For "skiffle," to the extent that such a moment is celebrated at all, it is probably with an image of the Quarrymen, as the future Beatles were then known, performing in November 1957, with John Lennon and Paul McCartney each on acoustic guitars as part of a five-piece band that includes someone playing a "broomstick bass" behind them.

That image is included in Mr. Bragg's book as evidence of skiffle's enormous influence. As with the other aforementioned genres, skiffle had a long and convoluted prehistory. It emerged out of what Mr. Bragg calls the "drearly parsimonious atmosphere" of postwar Britain, where rationing continued until 1954, the lone television station (the BBC) was blatantly paternalistic, pop radio simply did not exist and a mutual ban by British and American musicians unions forestalled all trans-Atlantic tours between 1935 and 1955. As such, when an enthusiastic jazz musician, trumpeter Ken Colyer, went to New Orleans by ship in 1952 to hear and perform the music at its source, his journey was the musical equivalent of an Everest expedition. Within weeks of his return, his new group, Ken Colyer's Jazzmen, were the hottest ticket in the U.K.

The Jazzmen engaged in "break-down sessions" in between sets, performing American folk, spiritual and blues songs on guitar, stand-up bass and a "washboard" for percussion. In the summer of 1953, Ken's brother Bill, a playing member and the Jazzmen's manager, first applied to this music the term "skiffle"—1920s American slang for a rent party.

In May 1954, Ken Colyer sought to fire his rhythm section, exasperated in



TRENDSETTERS Lonnie Donegan (center) and his band in 1957.

part by its young guitarist, Scottish native Tony "Lonnie" Donegan. Donegan was a singer who had a voice like a runaway steam train and a personality to match, and Colyer had forgotten that the group had been established as a cooperative. In the end, it was the Colyers who were exiled instead. Trombonist Chris Barber took the helm, and when the group was short of material at a Decca Records session in July 1954, he, Donegan and a washboard player recorded four songs, including a rendition of Lead Belly's "Rock Island Line" that started as a spoken story and ended as a musical riot.

As so often is the case with popular culture, it was an afterthought that subsequently proved seminal. (Mr. Bragg notes how, a week earlier, at Sun Studios in Memphis, Elvis Presley recorded an off-the-cuff, "skiffle"-like version of "That's All Right Mama" when the session's original mandate, Ernest Tubb's "I Love You Because," failed to ignite.) "Rock Island Line" was finally released as a single in late 1955, credited to Donegan. Much to the disdain of the stuffy music-business establishment, the song was quickly adopted by Britain's first generation of postwar teenagers, desperate for music they could call their own.

Mr. Bragg works valiantly to join the disparate dots that rendered "Rock Island Line" so vital. He devotes chapters to the Anglo-American

folk and jazz scenes, American rock 'n' roll, the Angry Young Men of British stage and screen, the effects of the coffee bar, and the trendsetting roles of both off-shore "pirate" station Radio Luxembourg and American Forces Network radio. He is ebullient describing scenes at British movie houses during 1956 when Bill Haley and His Comets were shown performing in the film "Rock Around the Clock"—dozens of "teddy boys" would "jive" in the aisles and, after being ejected for unruly behavior, continue to dance in the streets.

Yet Haley was a portly middle-aged man, as audiences discovered when the union bans were finally lifted and the Comets toured Britain. Donegan, by comparison, was in his mid-20s, raffishly handsome and refreshingly provincial. The skiffle sound he popularized offered not just an alternative to American rock 'n' roll but greater accessibility. The only purchase necessary to make it was an acoustic guitar: The washboard and "tub bass" were essentially household items. With the same few songs performed across the land, aspiring musicians only needed enthusiasm to attempt to play skiffle, and just about all of them did.

The influence of this music in Britain cannot be overstated. As Donegan piled on the hits, and contemporary groups like the Vipers and youthful imitators like Tommy Steele followed him onto the charts, acoustic-guitar sales

went through the roof. "I have twenty thousand on order and wish I could get more," offered one of Britain's bigger national retailers in mid-1957. Among those lining up were future members of the Rolling Stones, the Who, the Kinks—and the Beatles. Mr. Bragg tells of 13-year-old George Harrison attending all six of Donegan's first Liverpool

Skiffle? That's British for a guitar, a washboard and an English audience raised on American R&B.

shows in November 1956, and 14-year-old Paul McCartney saw at least one. John Lennon, whether or not he saw the same concerts, acquired a guitar in the weeks that followed to form his own skiffle group, the Quarrymen. In 1957, Mr. McCartney witnessed the Quarrymen at a village fête and the rest, as they say, is history.

Though Lonnie Donegan did become an American pop star for a while, Mr. Bragg readily admits that "skiffle never took hold" in America. As such, his book's subtitle—"How Skiffle Changed the World"—is misleading. Skiffle only really changed Britain. And while the Quarrymen may not have formed without skiffle, they would never have progressed but for

American rock 'n' roll, which formed the core of the Beatles' live shows long after Donegan fell out of fashion.

Mr. Bragg's British worldview is frequently evident, as in his use of the personal possessive when referring to his home country, though such occasional intrusions of personality and opinion serve to enliven a book that can otherwise seem almost scholarly. And his personal touch adds vitality to other sections, as when he likens the skiffle explosion of 1956-57 to that of punk rock precisely 20 years later. Of Donegan's "Frankie and Johnny," Mr. Bragg notes: "By the climax of the song, he's near-hysterical, exhibiting the loss of vocal control that would later become the hallmark of Joe Strummer's performances with the Clash."

"Roots, Radicals and Rockers" contains more detail than necessary; even the most attentive reader will likely lose track of the many players on the scene. But Mr. Bragg's knowledge of these personalities, and of the shifting cultural tides that brought them together in skiffle, is nothing short of masterly. It would be hard to cite another historical book of such depth, quality and reasoned analysis by a working, nonacademic musician.

Mr. Fletcher is the author of "All Hopped Up and Ready to Go: Music From the Streets of New York 1927-77," among other books.

Salumi Coast to Coast

Salted and Cured

By Jeffrey P. Roberts

Chelsea Green, 275 pages, \$27

BY MAX WATMAN

ALTHOUGH I'M SURE it is only vaguely related to any real historical event, the myth concerning the origin of ham is one I love. Supposedly, people buried joints of pork by the seashore—to hide them, keep them cool, keep the bugs off—and when they dug the pieces up later they had been transformed. The salt water had washed over the meat, the pork had drawn in the salt and expelled moisture, and the result, a happy accident, was proto-prosciutto.

In "Salted and Cured: Savoring the Culture, Heritage, and Flavor of America's Preserved Meats," Jeffrey P. Roberts doesn't repeat this bit of mythology. But in his opening chapter he traces an origin story that goes back even further. Swine were among the first domesticated animals, he notes; they started hanging around the moment we had stationary kitchens. Hunter-gatherers followed seasons and herds, leaving behind whatever they'd used up. Once they settled down, though, piles of trash quickly began to appear.

"Wild pigs recognized potential foodstuffs in these communities," Mr. Roberts writes. Pigs can eat everything, after all, and we offered a cor-

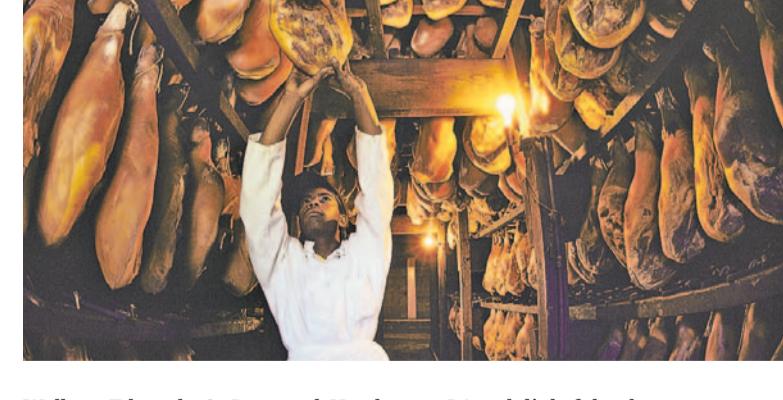
nucopia. A man's kitchen midden is a pig's buffet. And, properly prepared or preserved, a pig is a meal for a man. Confucius' students paid cured pork as tuition, Mr. Roberts reports. A few centuries later, Cato the Elder explained how to salt hams in "De Agri Cultura" ("On Farming"). "The techniques he described," Mr. Roberts says, "are still the basic recipe used today to make both prosciutto di Parma and prosciutto di San Daniele."

From pastrami and corned beef to artisanal charcuterie, a celebration of American cured meats.

After this historical primer, we're on to the stories of America's chefs and charcutiers, the real meat of this book. Although Mr. Roberts makes it clear that he didn't talk to every single person with a butcher knife and a curing program in America, he seems to have given it a good try. If, like me, you build food-based travel itineraries, you need a copy of "Salted and Cured."

American charcuterie begins on the banks of the Pagan River in Virginia, in the town of Smithfield. The Powhatan tribe treated fish and game with sea salt harvested from tidal flats. From early colonial times, Mr. Roberts writes, "their techniques meshed with

British traditions, and cured, smoked ham became a staple throughout the South." Mr. Roberts covers the growth of the industrial Smithfield Packing Co. before bringing us two tales of tradition and brilliance in the stories of S.



Wallace Edwards & Sons and North Carolina's Johnston County Hams.

Mr. Roberts can be authoritative but loves each plate of charcuterie more than the last and frequently peppers his text with writerly hand claps and exclamation points: "Holy flying pig!" he exclaims when confronted with a Johnston-cured haunch of Mangalitsa hog.

After Virginia, he goes to Kentucky (dropping in on Col. Bill Newsom's and Broadbent's) and then Tennessee (Benton's Smoky Mountain Country Hams). He heads to

New Orleans for Cajun boudin sausage, chases spicy 'Nduja in Chicago and tracks down salami in Denver. He is just as comfortable in the Jersey Pork Store as he is in New York's Gramercy Tavern.

ate and freeze. We do not require the ungainly, exacting process by which fresh meat becomes cured meat.

For a while it seemed as if the entire tradition might be sunk and that, as it faded, the American *cucina povera* might fade along with it. Now the questions are different: how to make production viable, how to raise pigs in the right way, how to train people to process the meat and carry on the traditions laid down by generations. Most important, perhaps, is how to find people willing to pay for the luxury item that charcuterie has now become.

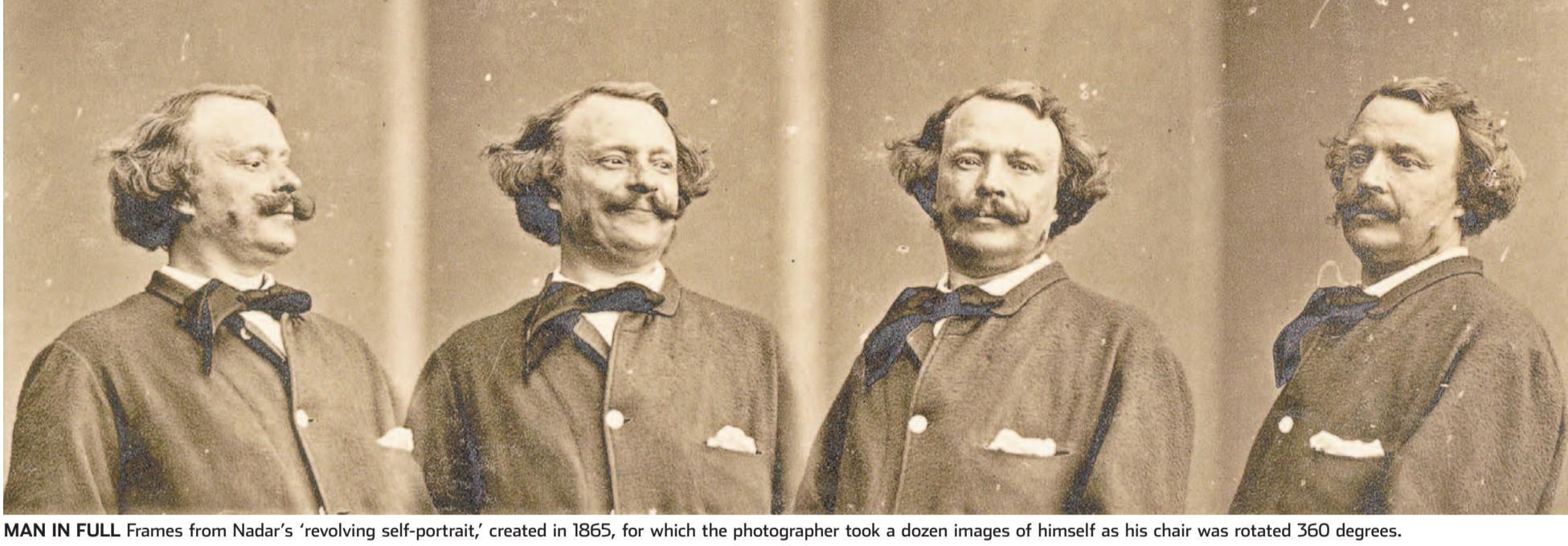
To his credit, Mr. Roberts asks tough questions as he tours the landscape, such as: What happens to country ham if we elevate it "to a pedestal similar to what prosciutto or jamón are on, with their associated price tags? What happens when we shift the ham from its cultural and historic roots?" Yet the hallmark of this book is his gustatory enthusiasm. It makes Mr. Roberts a spirited traveling companion even if it lands the text in a strange middle ground: At times "Salted and Cured" vacillates between guidebook and memoir. While the reader's consumption might be smoother if the author had settled on either a narrative or encyclopedic tone, rather than attempting a hybrid, "Salted and Cured" has all that's needed to help you fill your larder.

Mr. Watman is the author, most recently, of "Harvest: Field Notes From a Far-Flung Pursuit of Real Food."

BOOKS

'Photography is . . . an art that excites the most astute minds—and one that can be practiced by any imbecile.' —Nadar

Parisian Dynamo



BIBLIOTHÈQUE NATIONALE DE FRANCE, GALlica DIGITAL LIBRARY

MAN IN FULL Frames from Nadar's 'revolving self-portrait,' created in 1865, for which the photographer took a dozen images of himself as his chair was rotated 360 degrees.

The Great Nadar

By Adam Begley
Tim Duggan, 248 pages, \$28

BY TOBIAS GREY

AT THE AGE of 37, Gaspard-Félix Tournachon, more commonly known as Nadar, went up in a hot-air balloon for the first time. It was a life-changing experience for the Parisian portrait photographer, whose unstinting activities had moved his friend Charles Baudelaire to describe him as "the most astonishing expression of vitality" he had ever seen.

The year was 1857, and Nadar was desperate for something to take his mind off his earthly concerns, or at least put them into some kind of perspective. For the past two years he had been waging a bitter—and eventually successful—legal battle against his younger brother, Adrien (himself a photographer), to prevent him from appropriating his pseudonym and using the name "Nadar jeune."

In Nadar's delightful ragbag book of memoirs, "When I Was a Photographer" (which was finally given a sparkling English-language translation two years ago), he recalled his feelings of drifting above the clouds for the first time: "Everything is far away: cares, remorse, disgust. How easily indifference, contempt, forgetfulness drop away from on high—and forgiveness descends."

For Nadar it was the beginning of a lifelong, frequently perilous love affair with ballooning that resulted in his becoming the first person to take and develop aerial photographs. He

also established the world's first aerial postal service during the Prussian siege of Paris (1870-71).

These airborne adventures are given a regrettably brief, if lively, recounting in Adam Begley's "The Great Nadar." Mr. Begley's primary focus, in this first English-language biography of the French polymath (he was also a gifted writer and caricaturist), is on Nadar's considerable merits as a portrait photographer. Mr. Begley suggests that, by the time Nadar took up photography in the mid-1850s, his half-dozen years of work as a caricaturist had given him a head-start as a portraitist. Nadar also "understood intuitively the emerging celebrity culture, the desire to be publicly known, to be visible and recognized now and in the future."

With his 2014 biography of John Updike, Mr. Begley showed that he is a writer who likes to work his way from the outside in. This approach, in "Updike," involved nailing down the autobiographical resonance of the author's novels, short stories, literary criticism and poetry. For "The Great Nadar," Mr. Begley has combed through an array of literature, letters, guest books, invitations, drawings and other miscellany to tease out a nuanced portrait of one of the world's first celebrity artist-entrepreneurs.

Above all, though, it is Mr. Begley's careful study of Nadar's portraits of famous writers, artists, actors and composers (many of them reproduced here) that recommends "The Great Nadar" as a window on an era of extraordinary artistic endeavor.

Nadar's first photographic studio was an outdoor one on the Rue Saint-Lazare (wags rechristened it Rue

Saint-Nadar). Visitors crossed a reception room, decorated with a half-dozen romantic paintings by Gustave Doré, before stepping out into a "ravishingly beautiful" courtyard garden.

It was here that Nadar learned to appreciate all the different ways that natural light could imbue a photograph. As he wrote: "It's the artistic appreciation of the effects produced by various qualities of lighting alone or combined—it's the application of this or that effect according to the nature of the physiognomy that as an artist you aim to reproduce."

One of Nadar's first celebrity subjects was Baudelaire, whom he photographed over an eight-year period. Mr. Begley describes these photographs as an "eloquent" study of the poet "refining his persona and coping with [the] notoriety" that arose from the publication, in 1857, of "The Flowers of Evil," six poems of which were banned in France for decades for their depiction of decadence run amok.

Nadar had become friendly with Baudelaire and his fellow poet Gérard de Nerval during his days as a garret-hopping bohemian. It was during this period that his biting political cartoons earned him the nickname "tourne à dard" (later shortened to Nadar), meaning one who scores with a dart. Mr. Begley notes that Nadar—one can't help thinking of Andy Warhol a century later—"cultivated an antiestablishment chic meant to entice not only the cultural elite but also anyone who hoped to mix with artists, radicals and . . . bohemians."

Nadar was equally adept at photographing women and men. One of his most provocative photographs shows the middle-aged author Théophile

Gautier, shirt unbuttoned and a hand tucked lewdly down the waistband of his trousers. Nadar's exquisite pictures of the actress Sarah Bernhardt, at the age of 20, capture a sense of both her toughness and vulnerability, while his portraits of George Sand delighted the 60-year-old writer so much that they became firm friends.

The true pioneer of portrait photography was also a writer, balloonist, cartoonist and bohème.

By that point—despite the support of his ever-loyal wife, Ernestine—Nadar seems to have grown disillusioned by his métier. What he started out by calling "an art that sharpens the wits of the wisest souls" became for him an "idiot job."

But Nadar was nothing if not a master of reinvention. He pioneered the practice of aerial photography and became the first photographer to use artificial lighting below ground in the Paris catacombs. With his friend Jules Verne, he formed the Society for the Encouragement of Aerial Locomotion to promote the development of so-called heavier-than-air machines.

These were all considerable achievements, but Mr. Begley is not convinced. He suggests that "the sad consequence of [Nadar's] extracurricular activities in the 1860s is that all these frenetic adventures kept him away from the studio, the place where his true genius had flourished." Perhaps so, but what made Nadar such a compelling personality—what drew so many disparate personalities toward him—was his range of passionate engagement, his fervor. Nadar's "true genius" could not be limited to the confines of portrait photography.

What made Nadar so entrancing, it seems, was his Wildean propensity for putting talent into his works but genius into his life. One need only read Nadar's chapter on his first attempt at aerostatic photography in "When I Was a Photographer" to grasp the true nature of the man: "Who or what can stop me," he writes, "once I have given in to one of my sudden bursts of enthusiasm?"

Mr. Grey is a writer based in Paris.

The Hated Enemy

Hannibal

By Patrick N. Hunt
Simon & Schuster, 362 pages, \$28

BY JAMES ROMM

ANCIENT HISTORIANS gave the name "Hannibalic" to the war between Carthage and Rome at the end of the third century B.C.—known to us as the Second Punic War—to acknowledge that one man had set it in motion and defined the course it

What drove Hannibal's lifelong crusade against the Roman republic?

took. Hannibal Barca, a general of unparalleled skill and determination, invaded Italy in 218 B.C., hauling a vast army, including a corps of war elephants, over the snow-clad Alps. Hannibal led that army, a polyglot assemblage of African and Iberian peoples, to three successive victories over numerically superior Roman forces. He inflicted horrific casualties on the Romans and nearly ended their rise to imperial dominion when it had barely begun.

The third of Hannibal's wins, at the Battle of Cannae in 216 B.C., was among the most devastating military blows ever struck; perhaps 50,000 Romans were killed in a few hours of fervid fighting. Yet somehow Rome refused to give in. With newly recruited legions and a new general, Scipio, whose brashness and brilliance were a match for those of Hannibal, the Romans chased Hannibal out of

southern Italy and back to his native North African haunts.

The great duel between Hannibal and Scipio was finally resolved near a town with the stirring name of Zama, near the border between today's Algeria and Tunisia. Rome's forces trounced Hannibal there in 202 B.C. and imposed a humiliating surrender on Carthage, though their final destruction of that city, the notorious "Carthaginian peace," came more than 50 years later at the end of the Third Punic War.

Although beaten, Hannibal remained unreconciled to the triumph of Roman arms. In the second phase of his remarkable career, he became a kind of international *condottiere*, lending his strategic brilliance to rulers in the Greek east who opposed Roman expansion. He remained innovative and entrepreneurial to the end. While leading the naval forces of a certain Prusias of Bithynia, a province in northwest Asia Minor, Hannibal is said to have won a sea battle by tossing baskets of poisonous snakes onto the decks of his adversary. When, late in the 180s B.C., the Romans pressured Prusias into turning Hannibal over, he took poison himself (according to most sources) to avoid being marched captive through the streets of his hated enemy.

What was it that drove Hannibal's lifelong anti-Roman crusade? According to a tale told by the historians Polybius and Livy, Hannibal himself described to a king who employed him, late in life, how his father Hamilcar—another general who had fought Rome and lost—had taken him, at age 9, to a solemn sacrificial rite and bade him swear eternal enmity to Rome. Patrick Hunt, an archaeologist who

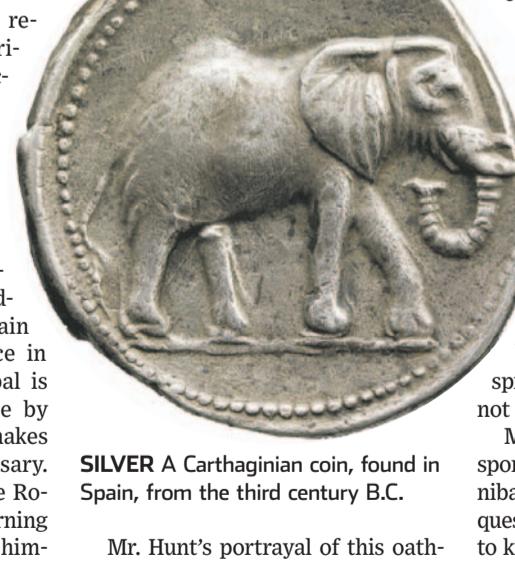
teaches in Stanford's continuing-studies program, reimagines this scene in the first chapter of "Hannibal," a chapter titled "The Vow," and seems to find in it an explanation of Hannibal's later career. "The child Hannibal died that day," Mr. Hunt writes. "He would increasingly come to know thereafter that he lived only to see Rome's destruction."

"Hannibal" includes many such risky moves. The book is labeled a biography but would have been better conceived as a history of the Second Punic War. Hannibal's life

before the war started is little known from primary sources, so Mr. Hunt is forced to rely on supposition and guesswork in his early chapters. Then, in his penultimate chapter, he speeds through Hannibal's post-bellum exile, in fact the longest phase of his adult life, in only a few pages. The war is thus the book's real subject, a conflict that spread to several theaters and did not always involve Hannibal himself.

Mr. Hunt is a passable war correspondent but his efforts to keep Hannibal in the spotlight result in some questionable choices. He often claims to know what his main character was thinking or perceiving, or what he "would have" thought or perceived. The phrase "must have" is also sometimes deployed, as in: "Young Hannibal must have adored and worshipped his father" or "The frustration in Hamilcar's voice must have now carried through his house" as he contemplated a humiliating peace settlement. Only the hypothetical verb moods stand between such passages and historical fiction.

"Hannibal" stays closer to the record in its descriptions of military ma-



SILVER A Carthaginian coin, found in Spain, from the third century B.C.

neuvers and battles, material that is more fully documented in the sources. Even here, though, Mr. Hunt's impulse to import color sometimes results in peculiarities. He speculates, on no evidence, that a Roman general's corpse was beheaded after Hannibal's victory at Lake Trasimene in central Italy, then writes: "This possible decapitation was eerily symbolic of the now-headless Roman army." A beheading that is only "possible" but still "eerily symbolic" is the sort of contortion that results from serving two masters, responsible history and romance.

Mr. Hunt could perhaps pull off this straddle if he were a better prose artist, but many of his sentences are as ungainly as African elephants lumbering over the Alps. Some are poorly constructed: "The Romans now had another masterful tactic working well to keep [Hannibal] running to put out fires among his shrinking allies." Others are simply bizarre: "Old king Syphax had a young trophy wife to fan both his ardor and his Punic alliance." In describing the horrors of an all-out infantry clash, Mr. Hunt too often resorts to cliché sound effects (screams, moans and the clashing of spears on shields are heard at regular intervals).

The cover of "Hannibal" features an equestrian statue of a dashing cavalryman, with the title superimposed like a label. Readers be warned: There are no surviving ancient portraits that preserve Hannibal's features; this image is actually an 18th-century line drawing that only looks like a Roman marble. The illusion is all too much in keeping with Mr. Hunt's approach throughout the book.

Mr. Romm is the author, most recently, of "Dying Every Day: Seneca at the Court of Nero."

OPINION

REVIEW & OUTLOOK

ObamaCare Freedom and Failure Options

As U.S. Senate Republicans begin their final drive to a vote later this month on the revised health-care bill unveiled Thursday, this is a moment to take stock of some of the larger political dimensions of the ObamaCare debate.

Legislative progress has been slower and more difficult than it might have been for a party that ran for seven years on a repeal-and-replace agenda. The benefit is that Senate Republicans are better educated about health-care substance and prepared to make hard governing choices—if they can persuade the remaining Bartlebys.

* * *

One remaining debate is over Ted Cruz's "freedom option." The Texas Senator's amendment says that any insurer that offers at least one ObamaCare-compliant plan could also sell other types of coverage off the exchanges. The expectation is that a more competitive and dynamic insurance market will emerge outside of ObamaCare. Released from federal mandates and price controls, insurers could offer many more innovative products designed for individuals, rather than standardized coverage planned in Washington.

Mr. Cruz acknowledges that insurance markets could "segment," meaning that younger and healthier people would gravitate to the Cruz option, where premiums are likely to be much cheaper. Older people with more health expenses would remain on ObamaCare, which bars insurers from charging higher premiums based on health risks and bans exclusions for pre-existing conditions.

ObamaCare's logic is that low-cost people must be charged more so that high-cost people may be charged less. But these transfers aren't a good value for low-cost people, which is why enrollment in ObamaCare has been so disappointing. This in turn has led to a cycle of higher premiums and less enrollment.

The logic of the Cruz proposal is that there is a rough consensus among Republicans that government should guarantee access to coverage for people with pre-existing conditions. In that case, government should pay for this guarantee, in the form of a de facto high-risk insurance pool, rather than hiding the cost in cross-subsidies imposed on private citizens.

The virtue of this approach is transparency and honesty. In a bifurcated market, premiums would be much higher for ObamaCare plans. But they'd be offset for consumers by much higher federal subsidies that rise with premiums, and the Senate bill also includes at least \$50 billion for market stabilization and probably more once this exercise concludes. Federal spending might be higher as a result, but at least the taxes to pay it aren't indirect and unfairly distributed.

One danger is that the Cruz amendment could precipitate a wave of market failures, where the ObamaCare side becomes so expensive that insurers quit even if they have to quit the deregulated side too. People whose incomes are too high to qualify for ObamaCare subsidies and then develop medical problems would also get a worse deal.

Richard Cordray's Financial Damage

President Trump still hasn't dismissed Consumer Financial Protection Bureau director Richard Cordray despite several removable offenses. But Mr. Cordray is all but begging to be fired with his mandatory arbitration ban that brazenly flouts the law.

The CFPB on Monday finalized a rule forbidding class-action waivers in arbitration agreements. Dodd-

Frank prohibited mandatory arbitration in most residential-mortgage contracts and directed the bureau to study their use in other consumer financial services. Congress allowed the CFPB to "prohibit or impose conditions or limitations on the use of" arbitration if it finds doing so "is in the public interest and for the protection of consumers."

In 2015 the CFPB released a 148-page study that is more political than scientific. Like the agency's enforcement actions, the study engages in misdirection and obfuscation. The bureau avoids apples-to-apples comparisons and has stonewalled requests by the House Financial Services Committee for its raw data. But the evidence still suggests that consumers derive greater benefits from arbitration than they do from class-action lawsuits.

Of the 562 class actions the CFPB studied, none went to trial. Most were dismissed by a judge, withdrawn by the plaintiffs or settled out of class. The putative class victims received benefits in fewer than 20% of cases, and the average cash recovery was—wait for it—\$32. Lawyers took an average 24% cut of the cash payments (about \$424 million) in cases that settled.

Meanwhile, consumers were awarded relief in 32 of the 158 arbitration disputes the bureau examined, and rewards averaged \$5,389—or about 57% of every dollar claimed. Consumers who used arbitration received relief on average in two months after filing claims. Class-action members had to wait two years.

Yet the CFPB has determined that class actions are necessary to protect consumers, even though state Attorneys General and federal agencies can do the job. The rule would

Ted Cruz's idea is good policy, but is it a political hill to die on?

The political disadvantage is reopening the emotional pre-existing conditions brawl, which the GOP doesn't want to fight. But under the Cruz plan, they could point out that ObamaCare protections would remain in place while adding more options for people who want them.

Mr. Cruz's amendment has the makings of a sensible political compromise between conservatives and moderates—i.e., free-market prices in health care, with subsidies for those who can't afford free-market prices. But if moderates make the Cruz plan a red line, conservatives will have to decide if they want to insist on it. Is the freedom option worth losing the other gains of the overbill bill, including the first major Medicaid reform since 1965, repealing the individual and employer mandates, reversing a chunk of ObamaCare's tax hikes and other types of deregulation such as state waivers?

Meanwhile, some GOP centrists are still pretending that if the bill dies, both parties will come together and pass some glorious compromise. This ignores the vast philosophic differences between conservatives and liberals on health care and the role of government, and it assumes that Chuck Schumer and the Democrats who have pledged total resistance to Donald Trump will negotiate in good faith. There will be no such mercy.

GOP moderates have already moved the health bill toward the political center and earned zero Democratic interest in return—not even from Joe Manchin, though Mr. Trump carried West Virginia by 42 points, or Heidi Heitkamp, though Mr. Trump won North Dakota by 36. On Monday Mr. Schumer sent a letter laying out his price to start negotiations, citing four bills as the basis for his "bipartisan" terms—all sponsored by Democrats alone.

Politically, a grand bargain would throw a lifeline to the likes of Missouri Democrat Claire McCaskill, whose home state is facing an exodus of ObamaCare insurers. She'll claim she voted to solve a problem Republicans caused, even if the practical effects are nil.

Republicans running for re-election in 2018 will see no similar upside, because no deal the GOP could cut with Democrats can repair the ObamaCare exchanges before the election while their pro-repeal voters will be demoralized. The trade Mr. Schumer is offering is political insulation for Democrats while inviting Republicans to accept the blame for surging premiums and diminishing coverage.

Once Senators have time to inspect the new bill, better to vote for the motion to proceed and bring the legislation to the floor. That will start a robust debate and the amendment process. Every idea will get a vote and the public can see which command a majority.

Republicans are fast approaching a binary choice. They can either repeal and replace ObamaCare with a center-right reform, or they can collapse in failure and throw power to Mr. Schumer. Republicans who issue ultimatums over this or that detail are supporting the failure option.

The CFPB imposes a rule that contradicts its own factual findings. Congress should nix it.

apply to nearly all purveyors of consumer financial services save government agencies. That could include colleges that make loans to students.

Mr. Cordray says that "mandatory arbitration clauses force consumers either to give up or to go it alone." But consumers can usually arbitrate disputes by phone or online without an attorney. Arbitration-industry rules require that companies pay almost all of the filing, administrative and arbitrator costs. Individual costs are capped at between \$200 and \$250, which most companies cover.

The main beneficiaries of the rule will be trial attorneys who use the threat of class actions to extract fat settlements. Yet most disputes can't be resolved on a class basis, and companies will likely stop using arbitration if they have to spend millions to defend class actions.

The Office of the Comptroller of the Currency this week raised concerns that the resulting increased cost of litigation could adversely affect the safety and soundness of the federal banking system. Community and mid-size banks would have to hold greater reserves because of future expected litigation expenses, which could reduce lending.

Mr. Cordray has clearly violated Congress's directions to the bureau and the Administrative Procedure Act by promulgating a rule that contradicts the bureau's own administrative record. Republicans could repeal the rule during the next 60 legislative days with a simple majority using the Congressional Review Act, though Mr. Cordray is probably hoping that they will be too distracted by health care, presidential nominations and tax reform.

Or perhaps he's eager to launch his campaign for Governor of Ohio. President Trump could have blocked the class-action rule had he fired Mr. Cordray upon taking office. But he can still dismiss him now for "inefficiency, neglect of duty, or malfeasance in office," and his conduct surely constitutes all of the above. For everyone's sake, Mr. Trump should grant Mr. Cordray's apparent wish to be fired.



WONDER LAND
By Daniel Henninger

If Donald Trump recited "The Star-Spangled Banner" before a baseball game, it would be criticized as an alt-right dog whistle.

So naturally spring-loaded opinions rained down in Poland after he delivered a defense of Western values.

Only this particular American president could say, "Let us all fight like the Poles—for family, for freedom, for country, and for God," and elicit attacks from the left as sending subliminal messages to his isolated rural supporters, and from the anti-Trump right as a fake speech because he gave it. We live in a cynical age.

Angela Stent, a professor at Georgetown University, provided the *reductio ad absurdum* analysis: "He wants to show at least his domestic base that he's true to all of the principles that he enunciated during the election campaign."

The Trump "base." It's still out there, isn't it?

It was conventional during the presidential campaign to think of the Trump candidacy as a beat-up bus caravan of marginalized American citizens, who someone called the "deplorables." In the event, about half the total U.S. electorate somehow voted for the man who in Warsaw gave a speech that his opponent, Hillary Clinton—or any current Democrat—would never give.

To simplify: One side of this debate will never be caught in anything it considers polite company using that phrase of oppression—"the West." Ugh.

For an enjoyably trenchant take-down of the left's revulsion at the Trump speech, I recommend Robert Merry's essay in the American Conservative, "Trump's Warsaw Speech Threw Down the Gauntlet on Western Civilization." As Mr. Merry says, this is a big, worthy debate, and one I think the Trump "base" instinctively understood in 2016.

In fact, that Warsaw speech on Western Civ was really about the current edition of the Democratic Party and its two-term leader, Barack Obama. Mr. Trump momentarily suppressed the urge to call out his opposition, so allow me.

The Trump "base" knew the 2016 presidential election—the contest between Mr. Obama's successor and whoever would run against her—wasn't just another election. It was a crucial event, deciding whether America would go on in the Western tradition as it had developed in the U.S. or continue its steady drift away from those ideas.

Progressives have an interest in ridiculing the Trump speech as a stalking horse for the heretofore obscure and microscopic alt-right because it deflects from their own political values—on view and in power the past eight years.

If there is one controlling Western idea developed across centuries in Europe, including by resort to war, it is that the individual person deserves formalized protection from the weight of arbitrary political au-

thority, whether kings, clergy or dictators.

Bernard Bailyn, the great historian of the prerevolution politics of the U.S. colonies, showed through a deep reading of colonial pamphleteering that the early Americans were ardently resentful of distant, central authority.

The Founders were obsessed with this idea—and for that see Jefferson's "He has" bill of particulars against King George in the Declaration of Independence. They designed a government explicitly to protect smaller units—individuals, local governments—from being overwhelmed by too-powerful political authority.

The American left has never been altogether comfortable with America's decentralized, "difficult" political system. Once it identifies a universal political good, it is impatient to put it in place. One of the first American ideas resisted by the left was federalism: The states, they believe, can't be trusted to do the right thing.

His speech in Poland was one that neither Hillary Clinton nor any Democrat would give.

In the 1950s and '60s, this had to do with remedies for racial discrimination. With Mr. Obama, the federalist disdain accelerated. His Environmental Protection Agency imposed regulations on behalf of universalist climate claims. The Eric Holder Justice Department filed lawsuits alleging racial disparities against police departments, towns and local school systems. The Obama Labor Department did the same to coerce private employers; its secretary, Tom Perez, now leads the Democratic National Committee.

No more settled part of the West's tradition exists than due process and presumption of innocence, which are embedded in the Universal Declaration of Human Rights. Believing this Western tradition impeded sexual abuse allegations at colleges, the Obama Education Department issued "guidance" that reversed due process and legitimized the presumption of guilt.

Eventually, the "base" somehow intuited that a permanent reformulation of their political traditions was happening here.

The progressive alternative to the Western experience extends to culture, especially religion. When Donald Trump, of all people, says the Poles in Victory Square chanted "We want God" in 1979, it was like nails on a blackboard to postmodern progressives.

One way to understand American politics today is to think of its divisions as resonant of the decade before the Revolutionary War, when rebellion's trigger was King George and his Parliament in London.

In our time, the struggle is about an aggressive elevation of central authority over the smaller units of American life. The progressive Democrats are the new King George, ruling 50 postcolonial states from distant Washington. The "base" objects.

Write henninger@wsj.com.

LETTERS TO THE EDITOR

Charlie Gard in the Age of Universal Health Care

You are quick to blame Britain's single-payer health-care system for a recent court decision that denies experimental treatment and removal from the hospital of a terminally ill infant ("Saving Charlie Gard," Review & Outlook, July 10). Yet these same types of decisions are made in America under our fractured, fragmented, patchwork-quilt system of health care. Usually these decisions are made by nameless bureaucrats working deep in the bowels of insurance companies to deny new/experimental (read: costly) treatments for very sick or terminally ill patients.

In addition, from time to

Taiwan Appreciates U.S. Support on Mutual Interests

Regarding your editorial "Trump's Signals to China" (July 3): The U.S., on the basis of the Taiwan Relations Act and the Six Assurances, has stipulated that it will provide Taiwan with weapons of a defensive nature. This arms sale will increase Taiwan's ability to defend its airspace and surrounding seas, thus strengthening its overall defensive capabilities and helping to maintain regional stability and peace in the Taiwan Strait.

The government of Taiwan expresses sincere gratitude to the U.S. for this decision and looks forward to contributing to the Taiwan-U.S. security partnership to ensure long-term regional stability.

BRIAN SU
Taipei Economic and Cultural Office
New York

We can fight to save the Piping Plovers, baby blue whales and most any species except baby humans.

U.K. judges direct the plug to be pulled on baby Charlie Gard against the wishes of his parents and international supporters. U.K. "universal" health-care doctors say his disease is terminal. The European Court of Human Rights refuses to take the case. Pope Francis weighs in. Many contributors raise almost \$2 million for experimental treatment. A New York hospital offers to send an experimental drug to the U.K. Two New York hospitals and doctors agree to treat Charlie. President Trump tweets, we would be "delighted" to help. He will intercede with British Prime Minister Theresa May.

St. Mother Teresa has the last word: "In the final analysis, it is between you and God. It was never between you and them anyway."

Do it anyway.

MICHAEL VELSMID
Nantucket, Mass.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

OPINION

The CEOs Who Didn't Deserve the Boot

By Jeffrey A. Sonnenfeld

Soaring CEO compensation can make it hard to feel sorry for the boss, especially when eye-popping pay packets are not matched by performance. While Uber founder Travis Kalanick's questionable conduct got him ousted, anxious corporate boards facing short-term investor pressures recently have sent unprecedented numbers of virtuous and transformational CEOs packing well before their times.

The Wall Street Journal reported last week that 13 companies with market capitalizations greater than \$40 billion replaced their CEOs during the first five months of 2017. This

From Ford to DuPont to Honeywell, leaders are being punished unfairly for long-term thinking.

list includes AIG, Arconic, Buffalo Wild Wings, CSX, Ford, General Electric, U.S. Steel and Yahoo. Many fell victim to a short-term mind-set fueled by activist hedge funds. Meantime, some top-performing CEOs—such as Michael Dell, Whole Foods founder John Mackey and Panera Bread's Ron Shaich—have led their companies away from short-term financial markets to focus on long-term business investments.

Today's corporate bosses aren't the robber barons or country-club networkers of yesteryear. Modern CEOs are generally smart, diligent and committed to their jobs. They

can easily travel hundreds of thousands of miles a year. Eighty-hour weeks are the norm. Many report that the professional demands are so intense that they have little time for family or personal friendships.

Mark Fields worked for the Ford Motor Co. for 28 years, rising to become its CEO in 2014. During his three-year tenure at the helm of America's second-largest auto maker, the company was profitable. Ford's recent success was due in part to the popularity of the redesigned F-150 truck, which became America's best-selling vehicle on Mr. Fields's watch, and to other major product relaunches, including the legendary Mustang. In 2015, the company enjoyed the best earnings year in its 113-year history.

But since Mr. Fields took the reins, Ford's stock price had plummeted by 36%. He had warned investors that the pace of technological change meant Ford needed to sink some of its recent profits into long-term research and development. Ultimately the company's family-controlled board decided it could no longer resist pressure from investors to reinflate the stock price. Mr. Fields was let go in May.

Board panic is a feature of the current corporate environment. The board of retail giant J.C. Penney fell victim to activist pressure and pushed out the highly successful CEO Myron Ullman in 2011. Two years later they sheepishly had to lure him back.

Ellen Kullman's brilliant six-year reign at DuPont produced a 266% total shareholder return. In early 2015, she beat back a challenge from an activist hedge fund with a 2.7% stake in the chemical manufacturer. But while Ms. Kullman survived that



300 activist campaigns between 2012 and 2015 and found that CEOs were three times as likely to be replaced within 12 months after activists joined the board.

All of this activist agitation hasn't translated into soaring performance. According to a 2015 Fortune magazine study, activist funds beat the S&P 500 index in only three of the previous eight years. Prequin's Hedge Fund Spotlight found that 100% of the institutional investors it surveyed were disappointed with their activist hedge-fund investments.

The hedge funds aren't the only ones to blame for the short-termism stalking corporate America's corner offices. Institutional investors such as public pension funds and university endowments fuel the activists' war chests. Eager to make up for faltering performance and lacking the resources for in-depth research on targeted companies, hundreds of such funds delegate their judgment to proxy raters and activists solely focused on short-term share price.

Some institutional investors have begun to push back. Companies targeted by activists have seen high rates of management turnover and communities devastated by large-scale job losses. Behemoth funds such as BlackRock, Calpers and Vanguard have begun to see how contrary these trends are to their own investors' longer-term interests.

Corporate boards need backbone, something that is unfortunately in short supply. Without it, many more CEOs will fall victim to the terror of short-termism.

Mr. Sonnenfeld is senior associate dean and a professor of leadership practice at the Yale School of Management.

battle, she couldn't hang on for long. Later that year DuPont suffered two weak quarters due to the strength of the dollar against Brazil's currency and a downturn in Chinese demand for agricultural chemicals. Before the company could recover from this modest setback, the board panicked and let Ms. Kullman go. A subsequent decision to merge with Dow Chemical has cost jobs, destroyed shareholder value and ruined the reputation of this 215-year-old global icon.

Honeywell's Dave Cote left a proud legacy when he retired this spring in a classic internal succession. In a decade at the helm, Mr. Cote grew the Morris Plains, N.J.-based conglomerate's global market share and spurred a stock-price gain of nearly 200%. During the same period, the Standard & Poor's 500 index gained only 63%. Yet two months into the reign of successor Darius Adamczyk, activist investor Dan

Loeb pushed for change. So much for a honeymoon at Honeywell.

Activist proxy campaigns are on the rise as hedge funds hunt for short-term stock returns. In the 1960s investors held stocks on average for eight years. Now the average is eight months. Fearing the cost of engaging in proxy battles, not to mention the bad press, directors often settle with activists, just as many settled with the leveraged-buyout artists of the 1980s. Corporate boards settled 45% of proxy battles in 2016, with many settlements involving invitations to activists to join the board. Fifteen years ago only 17.5% of proxy battles were settled in this way.

These settlements often lead to disproportionate activist representation on corporate boards. It's not unusual for a 4% ownership stake to net an activist as much as a third of the seats on a board. The research and consulting firm FTI looked at

Trump Gives Beijing a Lesson in the Art of the Deal

By Michael Auslin

With only six months in office, President Trump has put his signature on America's China policy. A strategy that may appear capricious to his critics in fact has a logic consistent with Mr. Trump's guiding beliefs. He sought a deal with China, then concluded he wouldn't get one, and so acted in what he believes is America's best interest.

Mr. Trump's approach is undoubtedly transactional, but it's surprisingly realistic given China's kid-glove treatment by most U.S. presidents. In potentially putting Beijing and Washington at loggerheads, it is also undeniably risky.

In June, the White House delivered three blows to China. It imposed sanctions on a Chinese bank and two individuals for abetting North Korea's financial transactions. It listed China in the category of worst offenders in human trafficking. And it announced a \$1.4 billion arms sale to Taiwan. The

Trump administration also made several lesser-order jabs, among them calling for more freedom in Hong Kong and conducting another freedom-of-navigation operation near the contested Spratly Islands in the South China Sea. It did all this as Chinese President Xi Jinping tried to celebrate the 20th anniversary of the return of Hong Kong to China from Britain.

Any one of these actions would normally be enough to rock Sino-U.S. relations. Taken together, they constitute a significant break from the past two decades of diplomatic engagement between the two powers. Is this an enduring shift on the part of the Trump administration? Or simply shots across Beijing's bow to get China to cooperate more with Washington and behave better abroad?

To Mr. Trump's critics, the moves represent a recognition of his initial naïveté regarding China. When the president tweeted on June 20 that China's efforts to help on North Korea hadn't worked out, he was de-

rived for his apparent faith in Beijing's promises and for flipping his opinion so quickly.

The latest turnaround is seen as part of a pattern stretching back to the campaign and transition, when Candidate and President-elect

The president's moves are neither capricious nor naive, though they lack a certain diplomatic finesse.

Trump warned that he wouldn't shrink from putting economic and political pressure on China. Then, soon after taking office, he radically shifted to a far more cooperative stance, going so far as to host Mr. Xi at Mar-a-Lago for a family-style summit.

But Mr. Trump's moves are neither capricious nor naive, even if they do lack a certain diplomatic finesse. His interest has always been

in the bottom line, and diplomatic niceties of the kind that have suffused Sino-U.S. relations since Richard Nixon's epochal 1972 visit to Beijing are useful to him only if progress is being made.

Last month's actions put Beijing on notice that Mr. Trump's transactional approach is real, and so are the potential consequences for failing to make a deal. Each move serves some larger U.S. purpose, whether strategic (Taiwan) or tactical (North Korea). Chinese leaders have long been accustomed to strong words from Washington and no action; now they will have to consider how far the Trump administration may go.

By publicly calling out China, Mr. Trump risks chipping away at Beijing's carefully polished image as a global leader and contributor to stability. Beijing, already upset by criticism leveled by Defense Secretary Jim Mattis about China's militarization of the South China Sea islands, lashed back at the administration's moves, especially the arms sale to Taiwan.

With a critical Communist Party Congress coming up in the fall, Mr. Xi will be loath to be seen as unable or unwilling to combat an activist U.S. policy in Asia. He may look for ways to check Mr. Trump's recent moves, such as ratcheting up economic and diplomatic pressure on U.S. allies such as South Korea, already in Beijing's doghouse for accepting a new U.S. missile defense system. Mr. Xi may also try to regain some standing by challenging the U.S. Navy in the South China Sea.

Mr. Trump has made clear that he means what he says about deal-making. China said it would help and didn't. That's enough for Mr. Trump to put the world's two most powerful countries on a potential collision course. He might be bluffing or he might be in earnest. Either way, the American president's sharp dose of realism has the potential to reshape the world's most important relationship.

Mr. Auslin is a fellow at the Hoover Institution, Stanford University.

What Does the President Mean by 'the West'?



POLITICS & IDEAS

By William A. Galston

Thirty-five years ago, Ronald Reagan addressed the British Parliament. He felt very much at home in Westminster, he began, because it's "one of democracy's shrines."

He added that "here the rights of free people and the processes of representation have been debated and refined."

These opening remarks were more than routine diplomatic niceties. Democracy was the heart of the speech, one of the most notable Reagan ever gave. Despite the apparent strength of democracy's enemies, he insisted, "optimism is in order," because "regimes planted by bayonets do not take root."

A democratic revolution is gaining momentum, he observed presciently. But although "democracy is not a

fragile flower... it needs cultivating." The West must act to assist the "campaign for democracy."

Reagan spelled out the elements of this campaign: to foster the "infrastructure of democracy, the system of a free press, unions, political parties, universities, which allows a people to choose their own way."

To those who objected to the promotion of democracy as "cultural imperialism," he had a forthright reply: It is "providing the means for genuine self-determination and protection for diversity." Indeed, "it would be cultural condescension, or worse, to say that any people prefer dictatorship to democracy."

Noting that Western European nations were already engaged in this endeavor, Reagan promised to mobilize U.S. leaders across party lines to join and strengthen it. "It is time we committed ourselves as a nation—in both the public and private sectors—to assisting democratic develop-

ment," he declared, and he went on to spell out how he intended to do so. "Let us ask ourselves, 'What kind of people do we think we are?'" he concluded. "Let us answer, 'Free people, worthy of freedom and determined not only to remain so but to help others gain their freedom as well.'"

Toward the beginning of his speech, Reagan observed that Poland was "at the center of European civilization" and was contributing to this civilization as he spoke by resisting oppression. Poland resisted to regain its national independence, but also "to secure the basic rights we often take for granted." The "struggle to be Poland" was inextricably tied to the struggle for democracy.

Thirty-five years later, the current U.S. president addressed a crowd in Warsaw. In his speech last week Donald Trump barely mentioned democracy. He spoke instead of the "will to defend our civilization."

Although he didn't offer an explicit definition of this civilization, the basic thrust of his understanding emerged. Our civilization rests on bonds of "history, culture, and memory." It puts "faith and family" at the center of our lives. It is best summarized in the words one million Poles chanted in response to Pope John

Paul II's Warsaw sermon in 1979: "We want God."

This is the heart of the matter, said Mr. Trump: "The people of Poland, the people of America, and the people of Europe still cry out, 'We want God.'"

In Warsaw, Trump talked of culture, history and faith. But he barely mentioned democracy.

While this may well be true for the most devoutly Catholic nation in Europe, it would come as a surprise to most other Europeans. It is an inherently—perhaps intentionally—dilusive interpretation of what we allegedly share as participants in Western civilization. Freedom of religion—the right of each to worship in his own way or not at all—would have been a more accurate way of putting it. It would also have been unifying. If this is what Mr. Trump meant, he should have said so. He is, after all, the president of a country dedicated like no other to the principle of religious liberty.

But had he framed it that way, his audience might not have chanted his name. They certainly wouldn't have done so if Mr. Trump had summoned the courage to say what many Poles and most Europeans know—that along with Hungary's Viktor Orbán, the current Polish government is Europe's leading threat to liberal democracy.

There is no evidence that Donald Trump cares much about democracy, one way or the other. He regularly praises autocrats as strong leaders and reserves most of his blame for democratic leaders whose policies he doesn't like. If he had been born in an autocracy, he wouldn't have been a dissident.

If Ronald Reagan had been asked to define the phrase "America First," his initial reaction probably would have been: Those were the people too myopic to see why the U.S. should oppose fascism and Nazism.

To judge from his Westminster address, his deeper answer would have been that America puts itself first when it is true to itself. And being true to itself means understanding that our constitutive principles apply beyond our borders. Indifference to democratic self-determination for other peoples is not putting America first; it is a betrayal of who we are.

Notable & Quotable: China's Choice

From a July 11 article in Foreign Affairs by Nanjing University Professor Zhu Feng:

Today, many within China believe that Beijing must reevaluate its relationship with both Koreas, which essentially means abandoning Pyongyang. It is both the strategic and the moral choice. Choosing South Korea, a democracy with a strong economy, will place China on the right side of history. China's lack of clear direction

geopolitical chess game against the United States and South Korea. Of these options, only the first choice aligns with China's long-term interests to integrate with the international community. The question is how to ease Beijing's hesitations regarding this choice. In other words, how can the hawks in Beijing be brushed aside to make way for a more decisive and progressive policy while continuing to save face for all decision makers?

BUSINESS & FINANCE

© 2017 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday - Sunday, July 14 - 16, 2017 | B1

Yen vs. Dollar 113.3010 ▲ 0.12%

Hang Seng 26346.17 ▲ 1.16%

Gold 1216.70 ▼ 0.11%

WTI crude 46.06 ▲ 1.25%

10-Year JGB yield 0.081%

10-Year Treasury yield 2.357%

HNA Group Slows Hunt for Deals

Firm's global march takes breather amid government campaign against growing debt

By JULIE STEINBERG

One of China's most prolific overseas acquirers, the airlines-and-hotels conglomerate **HNA Group** Co., is drastically slowing its deal making, suggesting that a government crackdown on debt might be crimping its global ambitions.

HNA has recently told people involved in its deals that it is putting mergers-and-acqui-

sitions activity on hold for now, said some people familiar with the discussions. The group is looking at fewer targets and engaging in fewer discussions about potential acquisitions, another person familiar with HNA's plans said.

The people said, however, that HNA is still discussing investments in asset-management firms and financial institutions—a high priority for the group—and that there are deals in the pipeline that could be ready to go when HNA wants to execute them. The deals HNA has announced are likely to go through, some of the people said.

The conglomerate didn't immediately respond to a request for comment.

HNA's deals hiatus sidelines one of the last big Chinese companies that was still aggressively pursuing deals overseas this year, after a push by the country's regulators to curb a massive flow of money abroad in 2016. Outbound investments by Chinese companies, which hit a record last year, had already fallen sharply this year after mainland officials tightened scrutiny of big purchases abroad.

Then in June, China's banking regulator began examining leverage at several highflying

Chinese conglomerates, including HNA—in an extension of a regulatory campaign to rein in ballooning debt levels.

One of those conglomerates, Anbang Insurance Group Co.—which caught global attention with the purchase of New York's Waldorf Astoria for nearly \$2 billion—had already reined in the pace of its deal making. Another, Dalian Wanda Group—which bought Hollywood producer Legendary Entertainment for \$3.5 billion—said earlier this week that it was selling most of its domestic theme parks and hotels, in a deal that would slash its debt levels.

Among its recent investments, HNA spent \$6.5 billion to acquire a stake in Hilton Worldwide Holdings Inc.

The group is trying to expand in the financial-services sector, hoping to capitalize on changes the industry is undergoing, Guang Yang, a top executive, told The Wall Street Journal earlier.

China's nonfinancial outbound direct investment dropped 45.8% to \$48.19 billion in the first half of the year from the same period a year earlier, according to state-run Xinhua News Agency, which cited data from the Ministry of Commerce.

Riding the Wave

The Hang Seng hit a two-year intraday high on Thursday.

Daily highs



Source: Thomson Reuters

THE WALL STREET JOURNAL.

Storied Duo Is Behind Surge

By STEVEN RUSSOLILLO

HONG KONG—One is a British bank founded in the 19th century colonial era. The other is a millennial Chinese technology giant barely two decades old. Together, they are driving Hong Kong's stock market to its highest level in two years.

A 20% rise in the shares of **HSBC Holdings** PLC this year and a 50% jump in **Tencent Holdings** Ltd.—the two biggest stocks by weighting in the benchmark Hang Seng Index—helped push it through the 26000 barrier Thursday to its highest level on an intraday basis since July 2015. The index's 1.2% rise added to a surge in global equities after U.S. Federal Reserve Chairwoman Janet Yellen overnight said the central bank is ready to adjust policy if the recent slowdown in inflation persists.

Other Asian markets benefited as well. South Korea's Kospi index jumped more than 1% Thursday after the Bank of Korea kept interest rates unchanged and raised its growth forecast. The Kospi has surged 19% this year to all-time highs despite the accelerating nuclear threat from North Korea.

And overall, the MSCI AC Asia ex-Japan index has risen steadily, up 23% this year. The index's worst pullback this year has been just 2%, the smallest intra-year decline in at least 30 years and far below the average pullback of 20% in a given year, according to J.P. Morgan Asset Management.

"I've been asking this same question since March about when we're going to get consolidation or a market correction [in Asia]," said Tai Hui, chief market strategist Asia at J.P. Morgan Asset Management in Hong Kong. "Just because we're overdue doesn't mean it has to happen."

The irony, in Hong Kong at least, is the market's two main

Please see SHARES page B2



Driverless cars line up for test runs in Zhejiang province last year. China's mapping policies pose a problem for self-driving-car makers.

Roadblock: Beijing's Grip on Maps

As auto makers such as **General Motors** Co. and **Ford Motor** Co. along with tech companies including Google and **Apple** Inc. rush to develop

factories in China, but some are skeptical they will be able to find a way to operate their autonomous-car software in China because of the mapping restrictions.

Brian McClendon, an industry pioneer who helped created Google Maps and later led Uber Technologies Inc.'s self-driving effort, said he doubted U.S. software would ever be adopted for self-driving cars in China.

"We're going to have a bifurcated market for self-driving—China will do China and the U.S. will do U.S. and the rest of the world will quickly choose and do one or the other," said Mr. McClendon, now a research professor at the University of Kansas.

Global car makers already need to form a partnership with a local company to open

ping companies. But auto makers and tech companies might have reasons to hesitate before working with a third-party map provider in China on the high-definition maps needed by autonomous cars.

James Wu, co-founder of U.S. mapping startup DeepMap Inc., who formerly worked at **Alphabet** Inc.'s Google, Apple and China's **Baidu** Inc., said ownership of mapping data is crucial in self-driving cars.

"If a non-Chinese company works with a Chinese local map company with a license, then who owns the data? Who would be responsible for safety issues, privacy issues, security issues associated with the map data? It is a pretty messy problem to sort out," Mr. Wu said.

GM, Apple and Ford declined to comment on the is-

sue of mapping data in China. Alphabet's autonomous-driving unit, Waymo, didn't reply to an email seeking comment.

Earlier this year, Li Shufu, founder of **Geely**, the Chinese auto maker that owns Volvo, urged the National Committee of the People's Political Consultative Conference to relax the mapping barriers, which he cautioned could hurt the country's development of self-driving vehicles.

Unless his call is heeded, foreign tech and car companies will need to work with one of 13 Chinese companies licensed by the government for surveying and mapping.

The three largest are Baidu, the AutoNavi unit of **Alibaba Group Holding** Ltd., and NavInfo Co., which is backed by **Tencent Holdings** Ltd.

Please see MAP page B2

Russian Arms Maker Finds Success Despite U.S. Ban

By JAMES MARSON
AND THOMAS GROVE

IZHEVSK, Russia—Russian arms manufacturer Kalashnikov Concern once had America in its sights: The iconic rifle designer aimed to open a U.S. production facility to meet demand in the world's largest civilian gun market.

Sanctions imposed by the U.S. against the company in 2014 ended those plans. But after a quick pivot, sales are booming as the company looks to governments in Asia, Africa and elsewhere that want to upgrade their militaries' equipment at an affordable price and seal closer ties with the Kremlin.

"The sanctions turned a civilian-focused company into a military one," said Alexey Krivoruchko, chief executive of Kalashnikov Concern.

Revenues at Kalashnikov more than doubled last year to the equivalent of \$300 million and are forecast to increase a further twofold this year.

Kalashnikov no longer produces its renowned AK-47—the rugged assault rifle that became the symbol of the global reach of the Soviet Union's arms industry—but executives and analysts say its latest assault rifles retain the same selling points: simplicity and reliability even in the most unforgiving environments, and at a cheaper price than competitors. The company, which also offers a variety of hunting and sporting weapons, is expanding: it recently acquired a drone manufacturer and a shipbuilder.

The company's turnaround represents a rare bright spot in Russia's stagnant economy, which remains dominated by

the state a quarter-century after the fall of the Soviet Union. Over a decade and a half in power, Russian President Vladimir Putin has promoted a brand of state-led capitalism that has strengthened the Kremlin's sway over

key sectors of the economy.

In a first for Russia's tightly controlled arms industry, Ka-

Please see GUNS page B2



Inside Kalashnikov factory in Izhevsk, Russia. The company reported \$300 million in 2016 revenue.

SERGEY MAMONTOV/ASSOCIATED PRESS

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	Global Logistic Properties.....B3
Activision Blizzard.....A2	H
Advanced Micro Devices.....B8	Heckler & Koch Beteiligungs.....B2
Alibaba Group.....B1	HNA Group.....B1
Alphabet.....B1,B3	HP.....B4
Amazon.com.....A1,B1	HSBC.....B1
American Airlines.....B5	Hyundai Motor.....B2
Apple.....B1,B2	I
AstraZeneca.....B3	Infosys.....B7
B	Intel.....B8
Baidu.....B1	J
Bingobox.....B2	JD.com.....B1
Blackstone Group.....B3	K
BMW.....B2	Kohl's.....A1
D	L
DryShips.....A1	Lenovo Group.....B4
F	M
F5 Future Store.....B1	Macy's.....A1
Facebook.....A1	N
FN Herstal.....B2	Nordstrom.....A1,A2
Ford Motor.....B1	P
G	Novartis.....B3
Geely Automobile Holdings.....B1	Pfizer.....B3

INDEX TO PEOPLE

B	K	Soriot, Pascal.....B3
Bogliolo, Alessandro....B3	Karpel, Vlad.....A2	W
C	Mancini, Eric.....A2	Wu, James.....B1
Coughlin, Ron.....B4	Mei, Ming.....B3	Y
Cumenai, Frederic.....B3	P	Yang, Guang.....B1
D	Phelan, John.....B8	Z
Desheh, Eyal.....B3	S	Zhang Ying.....B1
G	Shufu, Li.....B1	Zuckerberg, Mark.....A1

GUNS

Continued from the prior page
lashnikov was revived by a partnership of state and private investors that invested around 12 billion rubles over the last three years.

Five years ago, the factory in Izhevsk was all but shot. Creditors were circling; orders had dried up; workers toiled on Soviet-era machines under a leaking roof. The investors installed new managers who overhauled equipment and working practices, increasing staff to 7,000 from 4,000 and are hiring hundreds more to keep production going around the clock to meet demand.

"Processes had degraded: There was old technology, old equipment, and poor results," said Dmitry Tarasov, managing director of Kalashnikov Concern. "New machines, new processes appeared; structures were simplified; we digitized, we cut down on paper bureaucracy."

The town of Izhevsk, which lies 600 miles east of Moscow, has been at the heart of the country's weapons industry since it started manufacturing arms for the war against Napoleon at the start of the 19th century. In the Soviet era, it pumped out millions of AK-47s, which became a symbol of revolutionary and insurgent movements around the globe.

The breakup of the U.S.S.R. in 1991 also hit the Kalashnikov company hard, as state orders and investment halted. By the start of the 2010s, the company appeared headed toward insolvency; four CEOs had come and gone in as many years.

Rostec set about restructuring the business in 2011. A 49% stake in the heavily indebted company was sold to Mr. Krivoruchko and his partner in 2014 for 1.3 billion rubles, or \$36 million, along with a pledge to invest millions more to turn the company around.



Alexey Krivoruchko, CEO of Kalashnikov, says U.S. sanctions changed the company's focus to military customers.

ADVERTISEMENT

The Mart

TRAVEL

Save Up To 60%
First & Business
INTERNATIONAL
Major Airlines, Corporate Travel
Never Fly Coach Again!
www.cooktravel.net
(800) 435-8776



Businesses For Sale

Call (852) 2831-2553,
(65) 6415-4279
or (813) 6269-2701

THE WALL STREET JOURNAL.

BUSINESS & FINANCE

Germany Presses Siemens

The German government on Wednesday called on **Siemens AG**, one of the country's biggest corporations, to explain

By William Boston in London and William Wilkes in Frankfurt

how gas turbines it sold for use at a Russian power plant got diverted to Crimea, possibly violating European Union sanctions tied to Russia's annexation of the Black Sea peninsula from Ukraine.

Siemens filed a lawsuit in Moscow earlier this week against Technopromexport, a subsidiary of Russia's state-owned **Rostec State Corp.**, after learning that two turbines it had sold to Technopromexport for a power plant to be built in Taman, southern Russia, ended up in Russian-occupied Crimea.

The EU imposed sanctions

on Russia after its annexation of Crimea in March 2014.

The German government, which under EU law is responsible for determining whether the shipment violated sanctions, said it was monitoring efforts to determine what happened and said it expected answers from the company. "It is above all now up to Siemens," government spokesman Steffen Seibert told reporters on Wednesday. He said the government was discussing how to respond to the "completely unacceptable" actions.

"The transaction itself is not in violation of any sanctions," a Siemens spokesman said, adding that the terms of the contract with Technopromexport included clauses prohibiting delivery of the turbines to any third parties without the express permission of Siemens, a standard provision to prevent circum-

venting sanctions. Siemens declined to comment on Mr. Seibert's remarks.

The company said it received the contract for four turbines in March 2015 for use in a power station to be built in Taman. The turbines were delivered as agreed with the buyer to a warehouse in St. Petersburg in June 2016, it said.

Weeks later, Siemens began to doubt that Technopromexport was abiding by the contract, a spokesman said. By September, Siemens had indications that the turbines had not arrived in Taman. Evidence cited by the company included a lack of activity at the site where the power plant was supposedly under construction. Siemens says it believes the turbines were delivered instead to the port of Sebastopol.

Media reports first raised suspicions two years ago that

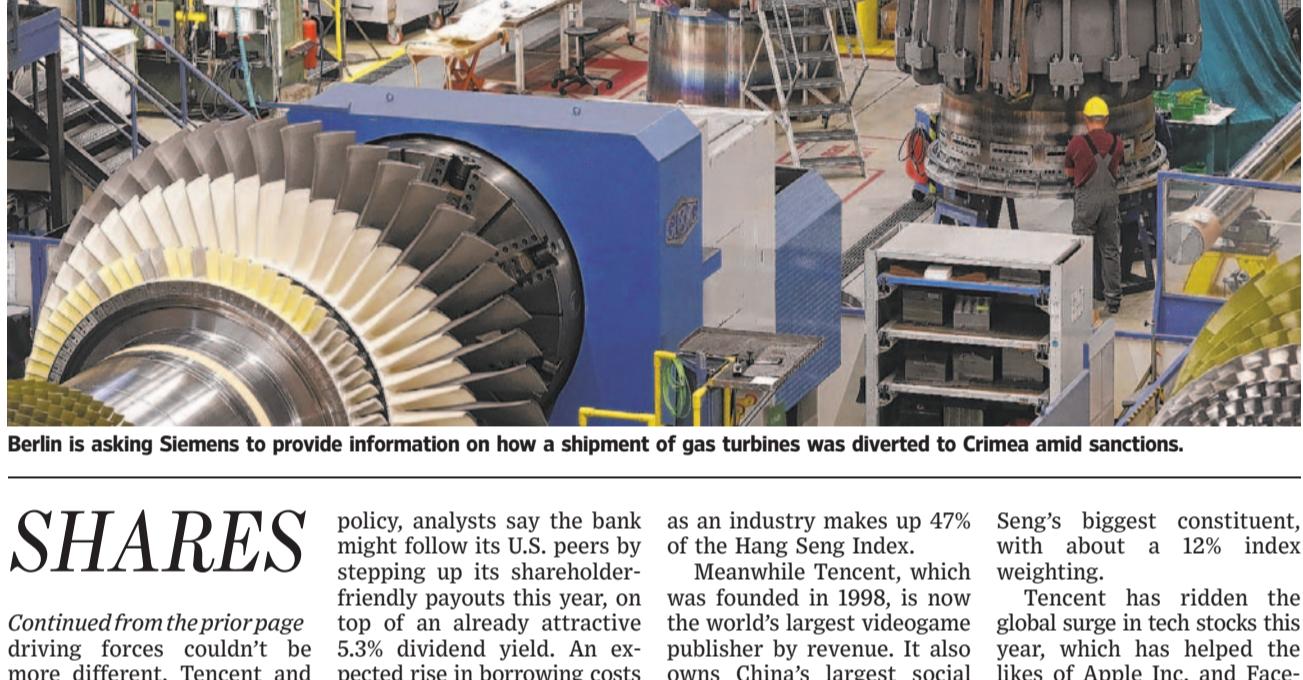
the Russian buyer, a contractor with close ties to the Kremlin, might have other plans for the turbines. But at the time Siemens said: "We have no reason to believe that the gas turbines mentioned in the news articles are destined for Crimea."

Siemens said it had repeatedly sought assurances from Technopromexport that the turbines would be installed as agreed. On Monday, Siemens said it believed that the equipment had been diverted.

Technopromexport didn't respond to a request for comment.

After Siemen's statement on Monday, Kremlin spokesman Dmitry Peskov declined to comment, saying, "We do not deal with turbines in the presidential administration," the news agency TASS reported.

German firms have opposed economic sanctions against Russia for its annexation of Crimea.



Berlin is asking Siemens to provide information on how a shipment of gas turbines was diverted to Crimea amid sanctions.

SHARES

Continued from the prior page
driving forces couldn't be more different. Tencent and HSBC have helped the index surge about 4% this week, on pace for its best weekly performance in a year.

Roughly half of the rise in banking giant HSBC's shares this year have come since the end of June. Major global banks with operations in the U.S. have performed strongly since then, after the Fed's annual stress tests gave most a clean bill of health, paving the way for more buybacks and dividends.

While the Fed doesn't have a say over HSBC's dividend

policy, analysts say the bank might follow its U.S. peers by stepping up its shareholder-friendly payouts this year, on top of an already attractive 5.3% dividend yield. An expected rise in borrowing costs worldwide has also helped global banks including HSBC, as it should improve their profit margins.

HSBC was already one of the Hang Seng's biggest companies 20 years ago when China regained control of Hong Kong. Despite its British heritage, it is the only company that remains among the Hang Seng's top 10 largest stocks by market cap in the same form as it was in back then. HSBC is today the largest company among Hong Kong-listed financials, which

as an industry makes up 47% of the Hang Seng Index.

Meanwhile Tencent, which was founded in 1998, is now the world's largest videogame publisher by revenue. It also owns China's largest social network, WeChat, where people use it for everything from communicating with friends and family to ordering and paying for meals to booking vacations.

In nearly two decades, Tencent has already catapulted to become one of China's most valuable companies by market capitalization, flip-flopping with fellow tech giant, New York Stock Exchange-listed Alibaba Group Holding Ltd., for the top spot.

And Tencent's rally this year has made it the Hang

Seng's biggest constituent, with about a 12% index weighting.

Tencent has ridden the global surge in tech stocks this year, which has helped the likes of Apple Inc. and Facebook Inc. also record strong gains. Its shares suffered a rare blip last week, when the company imposed a curfew and daily playing-time limits on children who play its top-grossing mobile game, Honor of Kings. Analysts worry the new policies, which were implemented as a way to prevent gaming addiction, could hurt Tencent's overall revenue, of which 30% comes from mobile gaming. But the stock this week nearly recovered those losses, a sign that momentum is still in its favor.

MAP

Continued from the prior page

German auto supplier **Robert Bosch GmbH**, for example, announced a partnership this spring with Chinese mapping firms including Baidu and AutoNavi to cooperate on high-definition maps there. "The market with regards to maps in China is quite strongly regulated, which is different from other countries," said Renaud Bonhomme, director of advanced innovation and system engineering with a Robert Bosch unit in China.

Hyundai Motor Co. of South Korea said recently it would use Baidu maps in its

vehicles sold in China, and said it is exploring joint efforts in autonomous driving technologies with the Beijing-based company. Baidu says its high-definition maps have collected data from 300,000 kilometers of highway in China.

The Chinese companies are considered to be far behind Waymo, which was launched in 2009 and has chalked up more than three million miles of autonomous driving on public roads in the U.S. Baidu started its autonomous-driving research in 2014 and claims its high-definition maps have collected data from just 300,000 kilometers of China's nearly 5 million kilometers of roads.

German mapping provider HERE, owned by automakers

Audi, **BMW AG** and **Daimler AG**, will bring its maps to China after forming a 50-50 joint venture with Navinfo last December.

Mapping restrictions play

Google's services, including Google Maps, are restricted by China regulators.

out in a small scale today with Google's connected car platform Android Auto. Despite a rollout in 31 markets worldwide, Google's platform, which connects smartphone applica-

tions to a car's dashboard, isn't available in China.

Google's services, including Google Maps, are restricted by China regulators, resulting in a bad user experience for Chinese consumers, said Colin Bird, a senior analyst at IHS Automotive.

The California-based technology giant currently has only a local partnership to provide maps for desktop computers in China, and gaining permission to expand that to smartphones, cars and other uses could be problematic given the company's departure in 2010 over censorship of its search engine.

—Mike Colias in Detroit and Wang Fanfan in Beijing contributed to this article.

YUAN

Continued from the prior page
three years, from double-digit growth only five years earlier, according to the official China National Commercial Information Center.

Chinese also have rapidly taken to using their smartphones to make payments and to scanning QR codes, those waffle-patterned bar codes that can be affixed to goods or store shelves.

Roughly 67% of China's 731 million internet users used mobile-payment technology in 2016, according to government data, and half did so in physical stores.

True, the e-commerce companies are going offline because they need to. As big as China's e-commerce industry is, sales of online merchandise made up only 13% of the total last year.

And the growth of online merchandise sales has

slowed from 50% in 2014 to 33% in 2015 and 26% last year.

Companies and investors say that the more data retailers collect on online and offline spending, the more accurate their customer profiles can be—and the more targeted their offerings.

For venture capitalists, the hottest retail experiment is the cashierless convenience store. In recent

weeks, GGV Capital announced an investment in startup **Bingobox** and Sinovention did so in F5. Alibaba unveiled a cashierless convenience-store concept last weekend. Amazon's version, Amazon Go, has been delayed by technical glitches.

While the Chinese ones are in testing mode, too, they are still being rolled out, fixing bugs as they go. Bingobox shut a store in Shanghai this month because the indoor temperature was so high the doughnuts melted.

The attraction for investors is scale. Convenience stores are the fastest-growing category of retail. The consumer-profile data, says Sinovention's Mr. Zhang, could be more valuable than the food and drink sales.

At an F5 in Guangzhou recently, 24-year-old Carson Zhang ordered a bowl of hot noodles with minced fish for 10 yuan (\$1.47) by clicking an image on a screen. He paid by scanning his smartphone, waited for the food to be delivered by a robotic arm to a pickup point and ate at a counter. "I came to the convenience store for convenience, not human interaction," the pharmaceutical salesman said.

Follow Li Yuan on Twitter @LiYuan6 or write to li.yuan@wsj.com.



WANG GANG/IMAGINECHINA/ASSOCIATED PRESS

REUTERS

Alexey Krivoruchko, CEO of Kalashnikov, says U.S. sanctions changed the company's focus to military customers.

ADVERTISEMENT

The Mart

TRAVEL

Save Up To 60%
First & Business
INTERNATIONAL
Major Airlines, Corporate Travel
Never Fly Coach Again!
www.cooktravel.net
(800) 435-8776

Businesses For Sale

Call (852) 2831-2553,
(65) 6415-4279
or (813) 6269-2701

THE WALL STREET JOURNAL.

BUSINESS NEWS

Astra CEO's Future Stirs Concern

Israeli report fuels speculation on whether Pascal Soriot is leaving for Teva

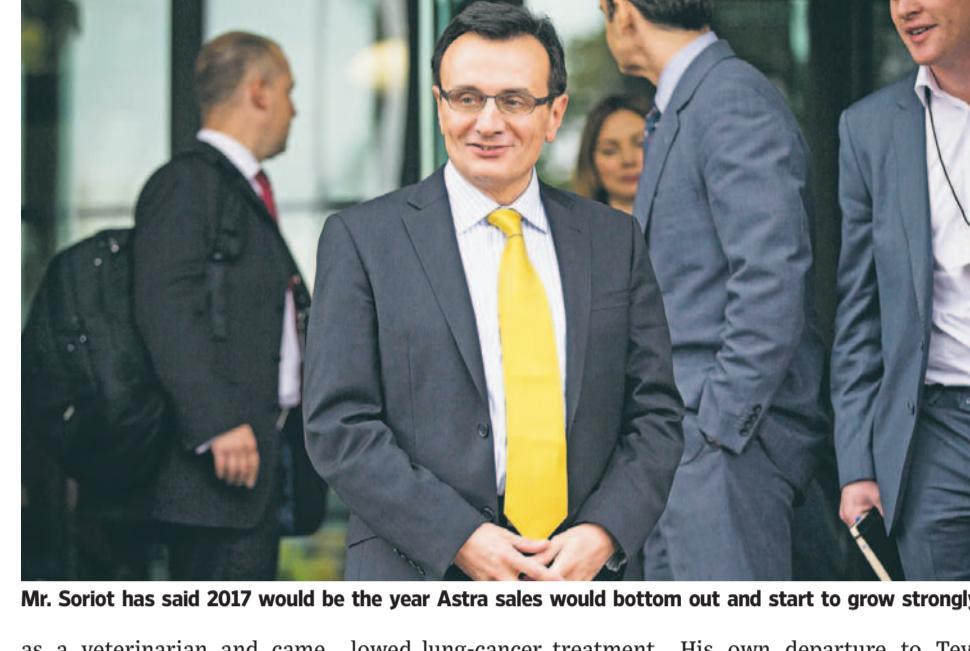
BY DENISE ROLAND

LONDON—Is AstraZeneca PLC Chief Executive Pascal Soriot staying or going?

Shares in the U.K.-based drug giant fell Thursday after a news outlet in Israel reported late Wednesday he was moving to lead Teva Pharmaceuticals Ltd., an Israeli generics drugmaker that has been looking for a new chief for months.

AstraZeneca has declined to comment on the report, calling it “speculation”—but it stopped short of a denial, rattling investors. Shares in AstraZeneca closed down 3.5% Thursday in London. Teva shares were up 6.8% in Tel Aviv. In midday trading in New York, however, AstraZeneca and Teva shares were both trading slightly higher.

Dr. Soriot has led AstraZeneca since 2012. He played a leading role fighting off an unsolicited takeover approach by U.S. giant Pfizer Inc. two years later. As part of that defense, Dr. Soriot, who trained



is expected to announce the outcome of a key clinical trial, dubbed Mystic, that will signal whether one of its biggest bets—on a new class of cancer drugs—is likely to pan out. Given that timing, “the most positive interpretation would be that he thinks he has effected a major corporate transformation during five years at AstraZeneca,” said UBS analyst Jack Scannell in a note to clients. “A bearish interpretation could be that he has less confidence in the path that Astra has transformed itself to pursue.”

For Teva, appointing Dr. Soriot would be the latest effort to bring about its own overhaul. Like other generic-drug makers, it faces a tough pricing environment and intensifying competition for copycat medicines that is squeezing the industry’s margins. The company must also deal with \$32 billion in debt and a sprawling supply chain accumulated through acquisitions.

The Israeli company has been searching for a new chief executive since February, when former boss Erez Vigodman departed the company for undisclosed reasons. Teva’s longtime Chief Financial Officer Eyal Desheh exited last month.

Mr. Soriot has said 2017 would be the year Astra sales would bottom out and start to grow strongly.

as a veterinarian and came over from rival Roche Holding AG, pledged AstraZeneca’s reinvigorated research and development pipeline would surpass revenue over the next 10 years.

Three years into that commitment, Dr. Soriot is facing a crucial milestone this year. He had said 2017 would be the year sales would bottom out and start to grow strongly. Early results for a closely fol-

lowed lung-cancer treatment are also expected within weeks. Those results could either bolster investor confidence in that turnaround or sow further worry.

Investors this year have given Dr. Soriot a big vote of confidence. Shares have risen more than 20% in the year to date as of Wednesday’s closing price. He has presided over a series of high-level executive departures during his tenure.

His own departure to Teva could be another big disruption.

Late Wednesday, Israel’s Calcalist business news website reported Dr. Soriot had agreed to lead Teva. An AstraZeneca spokeswoman said it wouldn’t comment on “market rumors and speculation.” A Teva spokesman also said it doesn’t comment on “market rumors.”

Within weeks, AstraZeneca

the matter.

Mr. Farr, 59 year old, has served under four CEOs and through a recent period of uneven performance. Both the company and Mr. Farr declined to comment on the matter, a Mattel spokesman said.

Ms. Georgiadis has been shaking up the leadership team since she joined the embattled toy maker from Alphabet Inc.’s Google in February. She dismissed the company’s human resources chief in May and more recently replaced the

company’s chief information officer.

Ms. Georgiadis took over after Mattel reported a surprising setback in sales during the key holiday season. Mattel shares, which closed Wednesday at \$20.88, have lost about a third of their value since the holiday shortfall was announced.

In her early diagnosis of Mattel, Ms. Georgiadis has focused on some management missteps, including an excessive focus on short-term financial metrics and cost cuts that

still left Mattel bloated and overly complicated.

Ms. Georgiadis also reduced Mattel’s annual dividend by 60%, a payout that Mr. Farr’s team helped to preserve during recent turmoil.

Ms. Georgiadis’ plan for Mattel includes developing more digital options for children to interact with its brands like Barbie and Hot Wheels, expanding further into emerging markets and shortening development cycles for new products.

Mr. Farr’s long service in the top finance role is an exception among the largest companies. Just 86 finance chiefs at the biggest U.S. companies have held their roles for a decade or more, according to an analysis by Crist/Kolder Associates, a search firm that isn’t involved in Mattel’s CFO hunt. The average tenure of CFOs for Fortune 500 companies was just 5.7 years in 2016, according to a report by the executive search firm Spencer Stuart.

BY PAUL ZIOBRO
AND JOANN S. LUBLIN

Mattel Inc. is looking to replace its long-serving finance chief as new Chief Executive Margo Georgiadis begins to reshape the toy maker’s senior management team.

The El Segundo, Calif., company has retained an executive-search firm to find a successor to Chief Financial Officer Kevin Farr, who has held the role for 17 years, according to people familiar with

New Mattel Chief Pushes Overhaul at Top

the matter.

Mr. Farr, 59 year old, has served under four CEOs and through a recent period of uneven performance. Both the company and Mr. Farr declined to comment on the matter, a Mattel spokesman said.

Ms. Georgiadis has been shaking up the leadership team since she joined the embattled toy maker from Alphabet Inc.’s Google in February. She dismissed the company’s human resources chief in May and more recently replaced the

company’s chief information officer.

Ms. Georgiadis took over after Mattel reported a surprising setback in sales during the key holiday season. Mattel shares, which closed Wednesday at \$20.88, have lost about a third of their value since the holiday shortfall was announced.

In her early diagnosis of Mattel, Ms. Georgiadis has focused on some management missteps, including an excessive focus on short-term financial metrics and cost cuts that

still left Mattel bloated and overly complicated.

Ms. Georgiadis also reduced Mattel’s annual dividend by 60%, a payout that Mr. Farr’s team helped to preserve during recent turmoil.

Ms. Georgiadis’ plan for Mattel includes developing more digital options for children to interact with its brands like Barbie and Hot Wheels, expanding further into emerging markets and shortening development cycles for new products.

Mr. Farr’s long service in the top finance role is an exception among the largest companies. Just 86 finance chiefs at the biggest U.S. companies have held their roles for a decade or more, according to an analysis by Crist/Kolder Associates, a search firm that isn’t involved in Mattel’s CFO hunt. The average tenure of CFOs for Fortune 500 companies was just 5.7 years in 2016, according to a report by the executive search firm Spencer Stuart.

BY SAM SCHECHNER

PARIS—Alphabet Inc.’s Google won a reprieve from one of its biggest legal battles in Europe when a Paris court threw out a €1.11 billion (\$1.27 billion) bill that France’s tax authority pinned on the search giant for five years of back taxes.

In a decision issued Wednesday, Paris’s administrative tribunal ruled that Google’s lucrative advertising-sales business had no taxable presence in France—absolving it of income or sales taxes on advertising income from French clients.

The decision, covering the years 2005 to 2010, backs Google’s position in a dispute that has dragged on for more than six years, and could have implications for other tax battles in Europe and elsewhere.

Though the decision concerns only France, and is subject to appeal, it is welcome news for Google and other Silicon Valley firms as they face multiple regulatory battles on such matters as taxes, competition and privacy.

The European Union two weeks ago fined Google €2.4 billion (\$2.7 billion) for abusing the dominance of its search engine to promote one of its own businesses, one of three antitrust cases in which the EU filed formal charges against Google.

Multiple European regulators are investigating Facebook Inc. over its use of personal data, and tech companies are also clashing with authorities over how to best remove hate speech and terrorist propaganda from their platforms.

Last month, Germany passed a law threatening fines of up to

\$57 million for companies that don’t deal with such content quickly enough.

Taxes have been a particular pressure point.

Politicians in countries such as France and the U.K. have said tech giants

declare too little profit in their

countries and then manage to

reduce whatever profit they do

declare elsewhere in Europe by

paying huge untaxed royalty

fees that often end up in tax

havens.

Several European countries

besides France have pursued

Google for back taxes.

Spain raided Google offices in Madrid

last year, and the company ear-

lier this year agreed to pay Ital-

ian tax authorities €306 million

(\$349 million) in back taxes.

The EU last year demanded

that Ireland recoup as much as

€13 billion (\$14.8 billion)

in back taxes from Apple Inc.

stemming from profits the EU

said Apple should have de-

clared as taxable in Ireland, and

it is investigating whether Am-

azon.com Inc. owes back taxes

to Luxembourg. Apple is ap-

pealing, and Amazon has said it

pays all the tax it owes.

The threat of legal action—

coupled with new tax rules pro-

posed by the Organization for

Economic Cooperation and De-

velopment, and a new “diverted

profits tax” in the U.K.—has

led companies to make struc-

tural changes. The French case

indicates, however, that there

may be limits to tax authorities’

efforts to make significant

clawbacks of taxes under exist-

ing laws.

Similar to how Google oper-

ates in other large EU coun-

tries, its French unit doesn’t

sell ads to French customers,

but rather offers only logistical

and marketing support to the

Google unit in Ireland that

closes the advertising deals.

Google Ireland pays the French

unit for that support service,

leaving a smaller profit in

France than if the sales were

booked in the country.

The French tax authority ar-

gued that the structure is ficti-

tious and that it believed

French employees were actu-

ally selling ads in France. The

authority said that meant the

Google’s Irish unit should have

paid income and sales taxes as

if it had a “permanent estab-

lishment” in France.

Deal Is Near for Logistics Company

BY P.R. VENKAT
AND PHRED DVORAK

A consortium fronted by two Chinese investment funds has been tapped as the preferred bidder to buy Singapore’s Global Logistic Properties Ltd., in a closely watched contest for control of one of the world’s largest warehousing companies.

The bidders are led by Hillhouse Capital Group, known for its early and savvy bets on Chinese internet champions like Tencent Holdings Ltd. and Hopu Investment Management Co., which helped lead a \$2.5 billion investment in GLP’s China assets in 2014, according to people familiar with the deal. Hopu founder Fang Fenglei sits on GLP’s board. There was a competing bid from U.S. private-equity giants Warburg Pincus LLC and Blackstone Group LP.

The group is offering about 3 Singapore dollars (US\$2.18) a share, one of the people familiar with the deal said. GLP shares last traded at S\$2.70 on Wednesday, prior to a trading halt Thursday. The offer would value the company at around S\$14 billion (US\$10.2 billion), based on the number of shares outstanding.

The Hillhouse-Hopu group also includes GLP Chief Executive Ming Mei, as well as developer China Vanke Co. and Bank of China Ltd., the people said.

GLP has said Messrs. Fang and Mei have recused themselves from all board decisions relating to the bids.

The consortium is likely to get a pledge from GLP’s largest shareholder, Singapore sovereign-wealth fund GIC Pte Ltd., to sell its shares to the group, the people familiar with the deal said, which would effectively clinch the deal. GLP is likely to make an announcement on the deal by the end of the week, the people said.

GLP, which has a current market capitalization of around US\$9 billion, is a major player in the booming business of storing and moving goods from suppliers to consumers.

The company manages nearly US\$40 billion in logistics assets—a bit more than half the amount for No. 1 warehouse owner Prologis Inc. of the U.S. But GLP says it is the biggest owner of warehouses in many of the world’s most important markets, including China, Japan and Brazil, and is the second largest in the U.S. after Prologis.

It has grown rapidly through acquisitions, including the US\$8.1 billion purchase, with GIC, of U.S. industrial property owner IndCor from Blackstone.

Earlier this year, GIC, which owns 37% of GLP, asked for a strategic review of the company’s options, kicking off the process that led to the potential sale.

BUSINESS WATCH

NOVARTIS

FDA Panel Backs Leukemia Treatment

A group of cancer experts voted unanimously to support U.S. regulatory approval for a first-of-its kind gene therapy targeting an aggressive form of leukemia that occurs in children and young adults.

The treatment, called CTL019 and developed by Swiss drug company Novartis AG, works by modifying a patient’s own immune cells to make them more effective at hunting down and killing tumor cells.

It involves removing some of the patient’s blood and genetically modifying the T-cells, a type of immune cell, before re-infusion.

A Food and Drug Administration advisory committee, which comprises a group of cancer experts from across the U.S., on Wednesday voted 10 to 0 that the therapy had a favorable risk-benefit balance, meaning that its

positive effects outweigh its safety risks. The question of risk-benefit balance is widely seen as a proxy for whether the FDA should approve the treatment.

The FDA isn’t required to follow the advice of such advisory panels, but it generally does so. Analysts expect the FDA to issue a final decision by the end of September.

TECHNOLOGY

HP Takes Back PC Crown From Rival Lenovo

BY RACHAEL KING

HP Inc. has taken back the crown from rival **Lenovo Group Ltd.** as the top seller of personal computers, ending the Chinese company's four-year reign, according to data from research firm Gartner.

World-wide PC shipments overall continued their descent in the second quarter, falling 4.3% from a year earlier as shortages of certain components drove up prices and hurt sales, according to Gartner.

But HP managed to increase its shipments faster than competitors—rising 3.3% to 12.7 million units—and achieve its fifth straight quarter of year-over-year growth. With 20.8% of the market, according to Gartner, HP reclaimed the top position from Lenovo, whose share moved down to 19.9%.

"Becoming number one in market share was not an explicit objective," said Ron Coughlin, president of HP Inc.'s global personal systems business.

He said rather than try to gain market share at the expense of profit, HP has focused on the profitable segments of the market, such as gaming and convertible laptops.

Lenovo's shipments fell 8.4% in the quarter, suggesting the company is passing along higher component costs in the form of price increases, Gartner said in its report. Last quarter, Lenovo and HP effectively tied in market share.

A Lenovo spokesman said its PC business continues to deliver healthy profits and stable market share. Lenovo is focusing on fast-growing segments such as gaming and detachable devices, he said.

Dell Inc. remained a distant third in market share, according to Gartner, with 14.7% share, while Apple Inc. passed

AsusTek Computer Inc. with a nearly 7% share.

The PC market has faced pressure in recent years as consumers have generally shifted money to smartphones and tablets, and away from desktop computers. The second quarter was the 11th straight quarter that shipments fell, according to Gartner.

A rival research firm, International Data Corp., also released data Wednesday, putting HP's shipment growth at 6.2% for a top market share of 22.8%. IDC's data differ from Gartner's in that it includes laptops called Chromebooks that run operating software from Google Inc.

HP managed to increase its PC shipments faster than competitors.

It is still too early to claim certain victory for HP in the PC market, but the company started regaining market share in the second half of last year, said Gartner analyst Mikako Kitagawa. That may be a result of its investment in sales and marketing to expand the PC business, she said.

In the second quarter ended in April, HP posted 10% revenue growth in personal systems from the year-earlier period. HP's notebook computers showed the most strength with 17% growth, the biggest jump since the company's separation from Hewlett Packard Enterprise Co., five quarters ago. Workstations grew 7% during the quarter while desktops edged down 1% from the year-earlier period.

PERSONAL TECHNOLOGY | By Geoffrey A. Fowler

An Oven That Cooks by Itself



Attention, people too tuckered out to make dinner and anyone who eats way too much Chipotle: There's now an oven that will cook you a fresh meal—pretty much on its own.

Tovala, launching this week, aims to reinvent the TV dinner. Instead of lurking in the freezer aisle, these \$12-a-person meals are shipped to your door, chilled in ready-to-cook packs. Instead of a microwave, the meals cook in a special \$400 steam oven. And since this is 2017, of course that oven connects to the internet.

The verdict, after two weeks of cuisine à la robochef: Tovala turns out superfast, consistent restaurant-quality meals, making it the first connected kitchen device with real mass appeal. But before I buy in, Tovala has to prove it can turn its razor-and-blades model into a sustainable business.

Ever since a colleague and I began testing two Tovala ovens, our insta-meals have been the subject of fascination, and considerable ribbing, by family and colleagues. Some couldn't believe mankind had slipped to this new level of laziness. The rest wanted to know where they could buy one.

Internet food shopping still hasn't gone mainstream, but millions of Americans are going online for "meal kits." They remove the hassle of planning and shopping by shipping selected recipes' necessary ingredients to your doorstep—right down to that tablespoon of Sriracha. Meal-kit pioneer Blue Apron, which listed on the stock market last month, faces dozens of competitors, with prices that range as high as \$18 a person. There's even a Tom Brady meal kit.



Tovala's prepared meals are cooked in a special \$400 steam oven that connects to the internet.

Tovala's subscription kits, with meals costing \$2 a person more than Blue Apron's, arrive mostly oven-ready. For a smoky mesquite chicken dish, I peeled plastic off the top of two foil containers and poured the included sauce over the raw chicken. That took 10 seconds.

You put the containers in the oven, and the oven scans a QR code on the leftover cardboard wrappers to know what's cooking. Press a big button to start. An alert pops up on your phone when dinner's ready—usually in 15 to 20 minutes. Just promise me you'll use all this newfound free time to call your mom, OK?

The oven is big enough to cook up to four meals at once, depending on their size. You're still responsible for taking the hot meal out of the oven and putting the elements onto your own plate.

Tovala's founders, graduates of the Y Combinator startup program, say the meal kits are for people who tried others but gave up because they were too much work. On some nights, that includes me. I've subscribed to Blue Apron for nearly two

years, but there are plenty of times when I just couldn't be bothered with 30 to 45 minutes of chopping, mixing and cooking—leaving some ingredients to go to waste.

Tovala promises that, unlike takeout, its meals contain healthy and "clean" ingredients; they range from 450 to 650 calories, not counting toppings like Parmesan cheese. Of the more than 10 meals we tried, all were at least diner-quality and most better than that.

What you give up, even versus other meal kits, is control over salt, sugar and fat in your food—and a sense of accomplishment. When a machine does all the work, can you still call it "home cooking"?

And for many budgets, \$12 a person is a lot for dinner. But it's less than the \$17.50 a person it typically costs to go to a full-service restaurant, including tax, tip and parking, says Bob Goldin, partner at research firm Pentallect.

The Tovala oven, sold separately from the meal kits, is both the key to its magic and likely the biggest hurdle to mass adoption. It's a steam oven—a cooking technology

that hasn't made it into many homes because it requires some expertise to operate. Restaurants use steam ovens to bake, cook and reheat food faster, more evenly and (most important) without drying things out. Instead of "cook at 325 degrees for 20 minutes," the Tovala oven runs a program that might involve cycles of steaming, convection baking and broiling.

Tovala's internet connection and companion app are what make it accessible: You don't have to know anything about food science to make a tasty dish. Increasingly, kitchen gear is building in smarts. A pricier oven, called June, uses machine learning to identify and cook dishes to perfection.

Will you be an early adopter in hopes that Tovala catches on? Or do you wait to make sure you don't get stuck with a \$400 steam oven but no ready-to-eat meals, should the startup fail? I want Tovala to succeed, because I like their product—but it's a chicken-or-egg situation, and there's no guarantee it will turn into a delicious quiche.

THE WALL STREET JOURNAL. GLOBAL FOOD FORUM

OCTOBER 10, 2017 | PARK HYATT NEW YORK

Explore Opportunities in the Evolving Business of Food

This fall, the editors of The Wall Street Journal will focus on the intersection of food and technology—
how tech and innovation are transforming the agricultural economy and food sector.

2017 SPEAKERS INCLUDE:

Carlos J. Barroso
SVP, Global R&D and Quality
Campbell Soup Company

Dave Gebhardt
Global Director of Strategic Partnerships
GEOSYS Intl, Inc.

Mehmood Khan
Vice Chairman and Chief Scientific Officer,
Global R&D, PepsiCo, Inc.

Irene Rosenfeld
Chairman and CEO
Mondelēz International

Ethan Brown
Founder and CEO,
Beyond Meat

Hugh Grant
Chairman and CEO
Monsanto Company

Juan R. Luciano
Chairman, President and CEO
Archer Daniels Midland Company

Joe Stone
Chief Risk Officer
Cargill, Incorporated

Jennifer Carr-Smith
President and GM, Peapod
Ahold USA

John Haugen
VP and General Manager, 301 Inc.
General Mills, Inc.

Amy Novogratz
Co-Founder and Managing Partner
Aqua-Spark

Tj Tate
Director, Sustainable Seafood
Program, National Aquarium

James C. Collins, Jr.
EVP
Dupont

Tom Hayes
President and CEO
Tyson Foods, Inc.

Nancy E. Pfund
Founder and Managing Partner
DBL Partners

Uma Valeti, M.D.
CEO and Co-Founder
Memphis Meats

Craig Finke
Owner
Finke Farms

A.G. Kawamura
Owner, Orange County Produce
Secretary (2003-2010),
California Department of Food and Agriculture

Mark Post, M.D.
Professor, Maastricht University
Founder, Mosa Meat

Mark Young
CTO
The Climate Corporation

REQUEST YOUR INVITATION: GLOBALFOOD.WSJ.COM

Proudly supported by:



Good Food, Good Life

FINANCE & MARKETS

Stocks Rise, Led by Tech Sector

U.S. activity is light as investors look toward earnings reports; Treasury prices fall

BY AKANE OTANI AND MIKE BIRD

U.S. stock indexes edged higher Thursday, buoyed by gains in shares of technology companies.

The Dow Jones Industrial Average rose **THURSDAY'S** 21 points, or 0.1%, to 21553 around mid-day after climbing to a record the previous session. The S&P 500 added 0.2%, and the Nasdaq Composite rose 0.2%.

Major indexes stuck to a narrow range Thursday, with

some traders attributing listless activity to investors holding back on bets ahead of a string of earnings reports from large banks expected Friday.

Companies in the S&P 500 are expected to post another quarter of earnings growth, according to analysts polled by FactSet. While growth is expected to slow slightly from the first quarter, when companies posted their best results since 2011, signs of broad strength across sectors should help stocks keep climbing in the second half of the year, investors say.

"Earnings are the single greatest support for this market," said David Donabedian, chief investment officer at CIBC Atlantic Trust Private Wealth Management. "Expect-

ing to get bailed out by massive fiscal stimulus isn't a good strategy. It's all about the earnings now."

Technology stocks, the best-performing sector in the S&P 500 this year, were up 0.6% on Thursday, with eBay and Nvidia gaining roughly 1% each.

The S&P 500 telecommunications services sector fell 0.6%, weighed down by declines in AT&T. Shares of the company fell 1.3% after Bank of America cut its rating for the stock to neutral from buy.

Elsewhere, the Stoxx Europe 600 added 0.3%, led by gains in the shares of banks and insurance companies.

Stocks in Asia mostly rose, with the Hong Kong's Hang Seng Index climbing 1.2% and South Korea's Kopsi up 0.7%.

Japan's Nikkei Stock Average closed little changed, up less than 0.1%.

Government-bond prices edged lower after three consecutive sessions of gains, with the yield on the 10-year U.S. Treasury note rising to 2.357%, according to Tradeweb, from 2.325% Wednesday. Yields rise as bond prices fall.

Bond yields have swung in recent weeks as central banks around the world have signaled they plan to dial back the ultra-accommodative monetary policy put in place after the financial crisis. Some traders attributed Thursday's moves to a Wall Street Journal report that European Central Bank President Mario Draghi is scheduled to address a high-profile central bank forum in August.

Mr. Draghi is scheduled to address the Federal Reserve's Jackson Hole conference in August in a speech that is expected to give a further sign of the ECB's growing confidence in the eurozone economy and its reduced dependence on monetary stimulus, the Journal reported, citing a person familiar with the matter.

Hawkish comments from the ECB chief on June 27 kick-started the recent global government bond market sell-off.

The bond market stabilized earlier this week. It had rallied Wednesday after Federal Reserve Chairwoman Janet Yellen's semiannual testimony to Congress bolstered market expectation that the Fed would be very slow in tightening monetary policy.

U.K. Mulls IPO Shift As Aramco Looms

BY BEN DUMMETT

The U.K. securities regulator is considering a plan that would make it easier for state-owned companies to list on the London Stock Exchange, a move that could give the LSE an edge in its continuing battle with the New York Stock Exchange to woo the listing of oil giant **Saudi Arabian Oil Co.**

The Financial Conduct Authority proposes a new listing category that addresses the desire of sovereign-owned companies to access public markets without necessarily adopting key rules that are meant to protect public minority investors. Typically, public companies are answerable to their shareholders. But state-owned firms are also answerable to the sometimes conflicting needs of their governments.

"Sovereign owners are different from private-sector individuals or companies—both in their motivations and in their nature," Andrew Bailey, FCA's chief executive, said. The FCA didn't mention Saudi Aramco's expected initial public offering and listing as part of the reasoning behind its proposals.

The proposals come amid recent concerns from some U.K. institutional investors that adoption of any concessions to attract the listing could undermine the integrity of the country's equity market.

The LSE and NYSE are considered front-runners for the international listing of Saudi Aramco's shares.

Saudi Aramco declined to comment on the FCA proposals. The NYSE declined to comment.

The proposed rule changes for sovereign-owned companies include a waiver to the requirement that prevents an LSE-listed company from conducting related party transactions with the controlling shareholder, its directors or associates without first gaining approval from independent shareholders.

It also proposes to waive controlling shareholder rules that are meant to protect the rights of minority shareholders in companies where one group owns 30% or more of the voting shares.

Saudi Aramco is expected to float no more than 5% of its shares in the IPO.

The LSE said it supported the effort. "Providing discretionary access for investors to a broad range of U.K. and global companies is fundamental to the effectiveness and competitiveness of U.K. primary markets," the exchange said.

Recent 401(k) Lawsuits Yield Mixed Results

BY ANNE TERGESEN

As 401(k) fee lawsuits have proliferated over the past year, a wider array of retirement-industry practices have come under fire. Now the results are starting to come in—with some big settlements and some big losses for plaintiffs.

Many of the recent cases involve firms that furnish their 401(k) plans with their own investments or allegedly profit from their retirement-plan arrangements. Several suits have been filed by plaintiffs' firms that are relatively new to 401(k) litigation.

"The plaintiffs' bar has definitely gotten more aggressive," said Susan Mangiero, an economist and managing director of Fiduciary Leadership LLC in Trumbull, Conn., who serves as an expert witness in 401(k) cases. "New competitors see it as a very big business. The allegations have expanded in scope."

Fueling the litigation boom, experts said, is a handful of multimillion-dollar settlements by companies including **American Airlines** Group Inc.—which disclosed a \$22 million settlement earlier this month—as well as a 2015 Supreme Court victory for plaintiffs in *Tibble v. Edison*, which put retirement plans on notice that they have a duty to monitor plan investments, including fees.

Since 2006, plaintiffs' firms have filed more than 90 lawsuits against employers and other parties alleging excessive fees in 401(k)-style retirement plans, according to Groom Law Group in Washington. Last year alone, firms representing 401(k) participants filed more than 25 such cases—a record annual number.

High-Stakes Settlements

Some of the largest settlements of 401(k) fee cases as of Wednesday

CASE	SETTLEMENT AMOUNT, IN MILLIONS
Haddock vs. Nationwide	\$140
Abbott vs. Lockheed Martin	62
Spano vs. Boeing	57
Diebold vs. Northern Trust Investments	36
Nolte vs. Cigna	35
Kruger vs. Novant Health	32
Gordan vs. Massachusetts Mutual Life Insurance	31
Beesley vs. International Paper	30
Krueger vs. Ameriprise Financial	27.5
Franklin vs. First Union	26.0
Fernandez vs. Merrill Lynch	25.0
Hamby vs. Morgan Asset Management	22.5
Kanawi vs. Bechtel	18.5
Figas vs. Wells Fargo	17.5
Waldbuesser vs. Northrop Grumman	16.8
Martin vs. Caterpillar	16.5
Will vs. General Dynamics	15.2

Sources: Schlichter Bogard & Denton LLP; Groom Law Group THE WALL STREET JOURNAL.

Many of the latest suits target companies—including a number of financial-services firms—for using their own investments in their retirement plans. The suits allege that by selecting proprietary mutual funds, the companies acted in their own interests, rather than exclusively in the interests of the employees in their 401(k) plans.

American Airlines settled allegations that it had breached its fiduciary duty by offering high-cost mutual funds from an affiliated investment company called American Beacon Advisors Inc.—an arrangement that plaintiffs said allowed American to profit at the expense of its 401(k) participants. American has since removed the American Beacon funds from

its 401(k) plan. The airline admitted no wrongdoing in its settlement.

In recent months, companies including TIAA and New York Life Insurance Co. have settled such suits without admitting wrongdoing.

In other decisions, the defendants have prevailed. Last month, Judge William G. Young of the U.S. District Court in the District of Massachusetts dismissed a suit against Putnam Investments following a trial.

While Putnam's "review of the Plan lineup was no paragon of diligence," the judge wrote, the plaintiffs "failed to point to specific circumstances in which" Putnam put its own interests ahead of those its 401(k) participants.

Stephen Rosenberg, a part-

ner at the Wagner Law Group, which specializes in retirement plans, said the "plaintiffs may have been thinking that it was enough to show that using Putnam funds was good for Putnam. But the judge said, 'You have to prove Putnam deliberately put itself ahead of its 401(k) participants.'"

"This is just one District Court judge's interpretation," Mr. Rosenberg said. But "it's going to create a standard that everybody is going to have to deal with." Plaintiffs' attorney Carl Engstrom, at Nichols Kaster in Minneapolis, said the plaintiffs plan to appeal.

The decision follows the dismissal of a similar case against Wells Fargo in May. In that case, the plaintiffs alleged that Wells Fargo breached its fiduciary duty by using its

own target-date funds, rather than cheaper alternatives from Fidelity Investments and Vanguard Group. The plaintiff recently filed an appeal. Wells Fargo said it expects the ruling to be upheld on appeal.

The first generation of 401(k) fee cases—many filed in 2006 and 2007—typically allege that billion-dollar 401(k) plans using retail mutual funds have a duty to use their size to bargain for cheaper institution-share classes.

Fred Reish, a lawyer who specializes in employee benefits and compensation, said that after the courts dismissed some of those cases, fee litigation pioneer Schlichter Bogard & Denton LLP refined its arguments and "became more targeted and sophisticated and very successful."

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

Advertisement **INTERNATIONAL INVESTMENT FUNDS** [Search by company, category or country at asia.wsj.com/funds]

MORNİNGSTAR®

Data as shown is for information purposes only. No offer is being made by Morningstar, Ltd. or this publication. Funds shown aren't registered with the U.S. Securities and Exchange Commission and aren't available for sale to United States citizens and/or residents except as noted. Prices are in local currencies. All performance figures are calculated using the most recent prices available.

Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866

Fax No: 65-6835-8865, Website: www.cam.com.sg, Email: cam@cam.com.sg

CAM-GF Limited OT 07/12 USD 302100.35 0.0 3.6 -1.1

FUND NAME GF AT LB DATE CR NAV YTD %RETURN- 12-MO 2-YR

AS EQ HKG 07/12 USD 145.89 27.3 29.8 4.7

AS EQ HKG 07/12 USD 10.38 27.2 29.4 4.4

AS EQ HKG 07/12 AUD 15.11 26.5 29.0 4.7

AS EQ HKG 07/12 CAD 14.62 26.3 27.2 3.8

AS EQ HKG 07/12 HKD 12.39 25.8 27.9 4.5

AS EQ HKG 07/12 NZD 14.99 24.3 27.4 4.2

AS EQ HKG 07/12 CNY 12.02 15.4 22.0 NS

AS EQ HKG 07/12 GBP 10.29 28.9 32.2 NS

AS EQ HKG 07/12 USD 10.45 8.6 NS NS

AS EQ HKG 07/12 USD 10.53 7.8 6.1 NS

AS EQ CYM 07/12 USD 19.74 17.9 22.0 13.0

STEVE PARSONS/WIREZUMA PRESS

An American Airlines plane over London. The company settled with retirement-plan participants for \$22 million earlier in July.

Oil Demand Set to Accelerate Through Next Year, IEA Says

BY CHRISTOPHER ALESSI

The world's appetite for oil is rebounding this year and should increase through 2018, the International Energy Agency said Thursday.

In its closely watched monthly oil market report, the IEA said it expects global demand to grow by 1.5% this year to 98 million barrels a day, driven in part by rising consumption in Germany and the U.S. during the second quarter.

The Paris-based adviser to governments and companies raised its 2017 demand forecast by 100,000 barrels a day, compared with a previous estimate last month, while predicting "similarly paced" growth for next year.

Global demand growth hit a three-year low of 1 million barrels a day during the first three months of the year, with overall demand rising to 96.5 million barrels a day. Demand accelerated in the second quarter, growing to 97.4 million barrels a day faster than in the second quarter of 2016.

Oil prices rose on Thursday after the IEA report was released, though they initially declined as investors stayed focused on rising production in June from the Organization of the Petroleum Exporting

Countries. OPEC crude output hit its highest level in 2017 at 32.6 million barrels a day.

Brent, the international crude-price benchmark, was up 1.2% at \$48.29 a barrel in midday New York trade, while West Texas Intermediate used to price oil in the U.S.—

gained 1.2% to \$46.02 a barrel.

The more robust demand outlook has yet to help OPEC in its efforts to manage a global oil glut that has weighed heavily on the market.

Large amounts of oil in storage have kept prices between \$45 and \$55 a barrel for much of the past year.



LISI NIESNER/EUROPEAN PRESSPHOTO AGENCY

In addition to unexpected demand in Germany and the U.S., a recovery in demand growth in India continued into

Value Partners

Investing through discipline

Website: www.valuepartners-group.com Tel: 852-2143 0688

GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 9.58 5.1 11.9 9.7

GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 9.52 4.4 14.8 12.3

GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 10.65 24.0 27.2 1.8

GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 10.36 23.9 26.3 0.9

GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 10.91 23.7 27.5 2.5

GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 10.36 23.0 25.9 1.0

GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 11.31 23.1 25.8 1.1

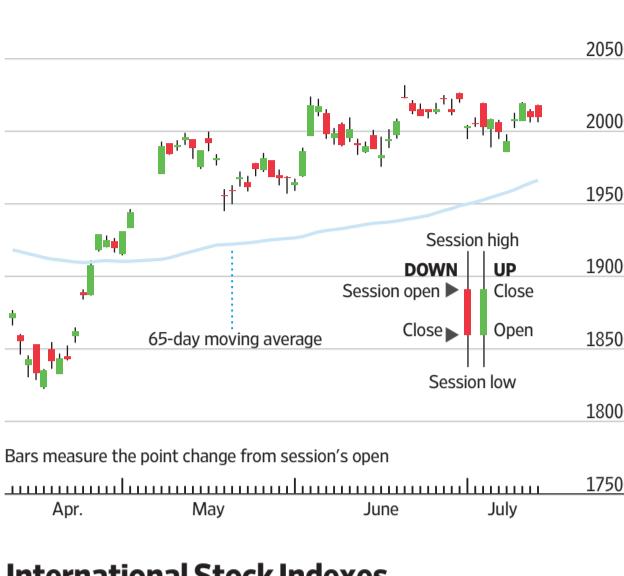
GC HI Yield Inc-C1 MDLS GBP H OT CYM 07/12 GBP 9.24 5.4 14.8 12.

MARKETS DIGEST

Nikkei 225 Index

20099.81 ▲ 1.43, or 0.01%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Apr. May June July

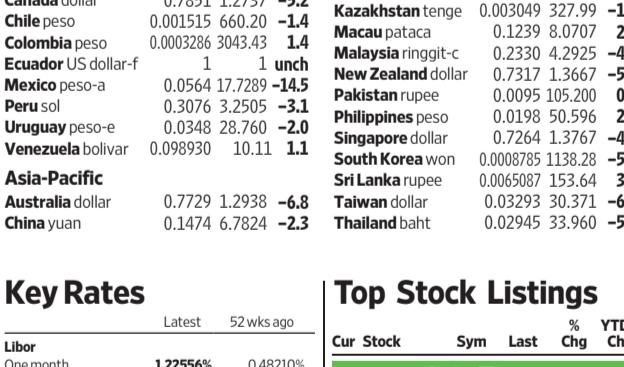
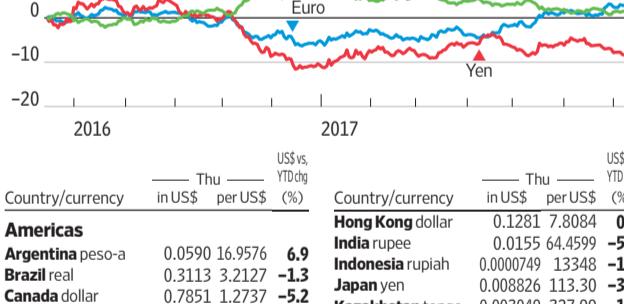
International Stock Indexes

Region/Country	Index	Data as of 12 p.m. New York time					
		Close	NetChg	% chg	52-Week Range	Close	YTD % chg
World	The Global Dow	2810.92	3.96	▲ 0.14	2383.44	2815.20	11.2
	MSCI EAFE	1903.46	2.58	▲ 0.14	1471.88	1956.39	10.9
	MSCI EM USD	1040.13	10.23	▲ 0.99	691.21	1044.05	31.0
Americas	DJ Americas	588.74	0.97	▲ 0.17	503.44	588.95	8.9
Brazil	Sao Paulo Bovespa	65181.46	345.90	▲ 0.53	54600.82	69487.58	8.2
Canada	S&P/TSX Comp	15128.97	-15.02	-0.10	14319.11	15943.09	-1.0
Mexico	IPC All-Share	50720.54	-89.23	-0.18	43998.98	51103.85	11.1
Chile	Santiago IPSA	3778.15	12.03	▲ 0.32	3120.87	3786.05	17.2
U.S.	DJIA	21557.65	25.51	▲ 0.12	17883.56	21580.79	9.1
	Nasdaq Composite	6268.69	7.52	▲ 0.12	5018.52	6341.70	16.5
	S&P 500	2447.34	4.09	▲ 0.17	2083.79	2453.82	9.3
	CBOE Volatility	9.99	-0.31	-3.01	9.37	9.37	28.8
EMEA	Stoxx Europe 600	386.14	1.24	▲ 0.32	328.80	396.45	6.8
	Stoxx Europe 50	3163.91	4.85	▲ 0.15	2720.66	3279.71	5.1
France	CAC 40	5235.40	13.27	▲ 0.25	4293.34	5442.10	7.7
Germany	DAX	12641.33	14.75	▲ 0.12	9923.64	12951.54	10.1
Israel	Tel Aviv	1456.12	14.00	▲ 0.97	1372.23	1490.23	-1.0
Italy	FTSE MIB	21521.91	89.36	▲ 0.42	15923.11	21828.77	11.9
Netherlands	AEX	519.11	2.52	▲ 0.49	436.28	537.84	7.4
Russia	RTS Index	1029.89	4.21	▲ 0.41	898.05	1196.99	-10.6
Spain	IBEX 35	10658.30	97.90	▲ 0.93	8229.40	11184.40	14.0
Switzerland	Swiss Market	9003.57	-12.03	-0.13	7585.56	9148.61	9.5
South Africa	Johannesburg All Share	53300.96	394.98	▲ 0.75	48935.90	54716.53	5.2
Turkey	BIST 100	104210.22	400.44	▲ 0.39	70426.16	104915.14	33.4
U.K.	FTSE 100	7413.44	-3.49	-0.05	6615.83	7598.99	3.8
Asia-Pacific	DJ Asia-Pacific TSM	1638.61	8.92	▲ 0.55	1405.52	1643.59	15.2
Australia	S&P/ASX 200	5736.80	63.00	▲ 1.11	5156.60	5956.50	1.3
China	Shanghai Composite	3218.16	20.62	▲ 0.64	2953.39	3288.97	3.7
Hong Kong	Hang Seng	26346.17	302.53	▲ 1.16	21561.06	26346.17	19.8
India	S&P BSE Sensex	32037.38	232.56	▲ 0.73	25765.14	32037.38	20.3
Indonesia	Jakarta Composite	5830.04	10.91	▲ 0.19	5027.70	5910.24	10.1
Japan	Nikkei Stock Avg	20099.81	1.43	▲ 0.01	16083.11	20230.41	5.2
Malaysia	Kuala Lumpur Composite	1753.78	-3.46	-0.20	1616.64	1792.35	6.8
New Zealand	S&P/NZX 50	7610.89	24.87	▲ 0.33	6664.21	7685.45	10.6
Pakistan	KSE 100	43783.55	-8.64	-0.02	39017.32	52876.46	-8.4
Philippines	PSEI	7936.85	-1.52	-0.02	6563.67	8102.30	16.0
Singapore	Straits Times	3235.67	26.76	▲ 0.83	2787.27	3271.11	12.3
South Korea	Kospi	2409.49	17.72	▲ 0.74	1958.38	2409.49	18.9
Taiwan	Weighted	10460.15	39.47	▲ 0.38	8866.36	10513.96	13.0
Thailand	SET	1579.41	4.48	▲ 0.28	1406.18	1591.00	2.4

Source: SIX Financial Information/WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Source: Tullett Prebon, WSJ Market Data Group

STOXX 600 Index

386.14 ▲ 1.24, or 0.32%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Apr. May June July

S&P 500 Index

2447.34 ▲ 4.09, or 0.17%

High, low, open and close for each trading day of the past three months.



2450

2420

2390

2360

2330

2300

2270

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds around the world. Data as of 12 p.m. ET

Country/Coupon	Maturity, in years	Yield	Spread Over Treasuries, in basis points					Yield	Month ago	Year ago
			Latest	Previous	Month Ago	Year ago	Previous			
2.750	Australia 2	1.834	47.1	51.9	25.1	97.4	1.866	1.619	1.643	
2.750	10	2.696	33.9	40.9	19.8	51.0	2.730	2.410	1.984	
3.000	Belgium 2	-0.491	-185.5	-184.8	-193.9	-125.4	-0.501	-0.572	-0.585	
0.800	10	0.880	-147.8	-145.9	-162.7	-143.9	0.863	0.586	0.035	
0.000	France 2	-0.380	-174.3	-173.6	-187.3	-122.4	-0.389	-0.505	-0.555	
1.000	10	0.883	-147.4	-145.3	-160.4	-133.4	0.869	0.609	0.141	
0.000	Germany 2	-0.613	-197.6	-196.6	-208.4	-133.8	-0.619	-0.717	-0.669	
0.250	10	0.537	-182.1	-181.0	-194.4	-161.2	0.511	0.269	0.138	
0.050	Italy 2	0.103	-126.0	-128.0	-164.6	-75.3	0.067	-0.279	-0.084	
2.200	10	2.321	-3.6	-6.2	-23.6	-34.1	2.260	1.977	1.133	
0.100	Japan 2	-0.110	-147.4	-145.3	-147.9	-102.3	-0.106	-0.112	-0.354	
0.100	10	0.081	-227.6	-223.2	-214.8	-175.6</td				

FINANCE & MARKETS

India Hedge Funds Shine

Managers—mostly long-only—bet on the country's rising wealth and beat the indexes

BY GREGOR STUART HUNTER

Hedge funds investing in India are having their best year ever, outpacing those in other emerging markets and generating above-market returns, a feat eluding many of their global peers.

India-focused hedge funds were up 24% in the first half, according to Hedge Fund Research Inc., better than funds focused on any other single strategy or country. They also beat the 16% gain of India's benchmark S&P BSE Sensex index and 14% gain of the MSCI India index.

Globally, hedge funds are facing criticism for failing to justify the high fees they charge. They have gained an average 3.7% this year, well behind the S&P 500's total return of 9.3%, Hedge Fund Research data show.

India-oriented hedge funds, which are mostly stock-focused, have outperformed mainly by trading in small-cap and midcap stocks, which have been on a tear this year. The benchmarks they are beating are dominated by large-cap companies like Infosys Ltd. and Tata Motors Ltd., whose performance has been relatively muted.

Some relative newcomers are gaining prominence. Take London-based Habrok India Fund, spun out of Habrok Capital Management's global hedge fund just over 18 months ago: It returned 24.5% through May 31, fourth-best among 473 global hedge funds ranked for clients by HSBC.

Habrok, which manages \$50 million in assets and generated a 15% return last year, attributes these gains to bets on stocks in the consumer-discretionary, building-materials and insurance sectors—which it expects to benefit as economic



A ticker displays stock prices in Mumbai. India-focused hedge funds were up 24% in the first half.

reforms increase private wealth. The fund may use leverage to fuel its market bets and sell stocks short, though like most India-focused hedge funds it has mostly pursued a "long-only" strategy.

"We think the country is going to transform over the next decade or two," said Raul Khanna, the fund's London-based portfolio manager.

India's stock market has been among the world's fastest-rising this year, despite a bumpy ride for some measures Prime Minister Narendra Modi has introduced in recent months—notably withdrawing most of the country's currency from circulation in November.

Interest-rate cuts since 2015 have helped push India's growth rate past China's. The pace could hit 7.2% this year, the International Monetary Fund estimates.

The optimistic outlook has drawn in foreign institutional investors, who plowed a net \$8.4 billion into Indian stocks in the 12 months through July, according to data from the Securities and Exchange Board of

India, as domestic Indian mutual funds funneled in a net \$12.1 billion.

"Liquidity is just gushing in," said Andrew Holland, chief executive of Avendus Capital Public Markets Alternate Strategies LLP, one of a handful of India's onshore-based hedge funds. "Interest rates have fallen and traditional real estate and gold as an option isn't really there, so you're getting more money in equities than before."

Mr. Holland said large-cap information-technology and pharmaceutical stocks that have outperformed over the past decade might struggle to maintain their pace and justify their valuations. Others say small and midsize companies are better placed to capture changes in the types of products that consumers demand as India becomes richer.

India's domestic hedge-fund industry owes its existence to regulations issued in 2012. Before that, several funds set up in places like Singapore and Mauritius, where they enjoyed favorable tax treatment, al-

though the loopholes have recently been closed.

The universe of India-oriented hedge funds remains relatively small. Those with a mandate to invest in India alone total just 42 and manage \$4.58 billion in assets, according to data from Eurekahedge. Contrast that with 156 funds and \$26.94 billion for funds that invest in China, Hong Kong and Taiwan.

Some say Indian hedge funds' performance is unconvincing. Their returns seem less exceptional set against those of the small-cap stocks they invest in, said Peter Laurelli, global head of research at eVestment, which collects data on the asset-management industry. The MSCI India Small Cap Index gained 29% in the first half, slightly more than India-focused hedge funds. Hedge funds invested in India don't consistently outperform wider benchmarks. HFR's index of India-focused hedge funds fell 0.1% last year, when the Sensex gained 2%, and gained 4.4% in 2015, short of the Sensex's 5%.

Investors Pull Money From Einhorn's Fund

By ROB COPELAND

Nearly half a billion dollars is out the door at David Einhorn's hedge fund.

Clients of Mr. Einhorn's Greenlight Capital hedge fund withdrew more than \$400 million at midyear as more than 15% of eligible investors chose to redeem their money, people close to the firm said. Greenlight, a U.S.-stock specialist, was down 2% in the first half, while the S&P 500 gained 9%, including dividends.

Mr. Einhorn is famed for his call against Lehman Brothers Holdings Inc. just before the bank's collapse. He subsequently made highly public bets against companies such as Green Mountain Coffee Roasters Inc. Greenlight manages about \$7 billion overall.

Recently, the 48-year-old Mr. Einhorn has been humbled. His repeated predictions of a swoon for some highflying technology companies are so far unrealized, while a recent push to split General Motors Co. stock was rejected by his fellow shareholders.

Greenlight is just two years removed from its worst year ever, double-digit losses in 2015 that led Mr. Einhorn to confess at an investor dinner that he had "failed miserably."

Mr. Einhorn isn't alone, as hedge funds of all stripes are under sustained pressure.

Some other high-profile funds, such as Eton Park Capital Management, have shut down. Many of those that remain are lowering their high fees to appease disappointed backers or retooling their strategies to be more closely resemble mutual funds or private equity. Investors have yanked money from hedge funds for a record six consecutive quarters, according to researcher HFR.

Mr. Einhorn's representatives have told investors that the billionaire plans to continue his longstanding practice of seizing on perceived mispricing in stocks.

He has declined requests from backers to alter his relatively high fees. Greenlight collects a performance fee even when it hasn't made back its historical losses, a rare practice in the industry.

The fund made back some of its losses last year but has slipped again in 2017. Some of the firm's short positions, or wagers against, in-vogue stocks such as Tesla Inc. have backfired as the stocks continued to climb, investors said. Meanwhile Greenlight's portfolio has included a relatively low proportion of bets on rising stocks overall, making it a laggard as U.S. stocks recorded their strongest first half since 2013.

The average stock-picking hedge fund was up 6% in the first half, HFR says.

Greenlight has relatively strict withdrawal rules, protecting it from an outright run on the firm at any given point. Only half its investors are allowed to take out money at midyear, while the remainder are permitted at year-end. The fund also has substantial long-term backing from Mr. Einhorn's personal fortune, an arm that invests money with other hedge-fund managers, and a reinsurance vehicle that feeds permanent capital to the main fund.

The fund has been closed to new investment since late 2014, people familiar with the matter said.



CHRISTOPHER GOODMAN/BLOOMBERG NEWS

David Einhorn stays the course.

The Face of Real News

Jon Hilsenrath's investigation into the economic workings of America's heartland uncovered the brewing dissatisfaction that led to the election of Donald Trump.

Real journalists and real news from America's most trusted newspaper.

WATCH HIS STORY AT WSJ.COM/JON

#TheFaceOfRealNews

THE WALL STREET JOURNAL.

Read ambitiously

MARKETS

Beijing Farm Overhauls Set to Lift Imports

Drop in local output after price supports end is likely to benefit farmers globally

By LUCY CRAYMER

A string of agricultural overhauls has set up China to import more grains and other commodities, with significant consequences for global markets.

Over the past three years, China has abolished guaranteed minimum prices for cotton, soybeans, corn and sugar, hurting domestic production of those staples. Grain production fell in 2016 for the first time in 13 years, and production of sugar and cotton has fallen by more than a quarter in the past three years.

The impact of those declines has been masked by sales from China's strategic stockpiles. But those will eventually run out, triggering a rise in demand for imports from the world's second-largest economy. That could be a boon to farmers from Brazil to the U.S. and Thailand.

Growth in domestic production is likely to lag behind demand, said Andrzej Kwiecinski, senior agricultural-policy analyst at the Organization for Economic Cooperation and Development. The country would import more feed grains, then more livestock and, eventually, more fruits and vegetables, as increasing labor costs make China less competitive, he said.

The price supports and stockpiling that China is rolling back were introduced starting in the early 2000s to improve the well-being of its farmers, ensure production of key commodities and provide a degree of food security. The floors were raised annually to stimulate production even when global prices fell. The government added to demand by building strategic stock-

piles.

But by 2014, the government was facing challenges. Warehouses and silos were overflowing, and local prices were running well above those prevailing in global markets. Even so, China wasn't able to meet its domestic needs.

With around a fifth of the world's population and 10% of the world's arable land, self-sufficiency in feeding China's people remains a priority for Beijing, particularly for staples such as rice and wheat. But the country shifted course for other products with an agriculture-policy statement in 2014. It said China needed to make rational use of international agricultural markets and establish stable and reliable trade relations, welcoming more imports.

"Moderate imports officially forms part of the national food-security strategy," said Zhang Hongzhou, a research fellow at S. Rajaratnam School of International Studies in Singapore, in a 2016 report.

The first price supports to go were for soybeans and cotton on a trial basis in 2014. The impact was immediate. Local futures prices for cotton fell 30% in 2014, and production fell 8% in the 2014-15 planting season. Wholesale soybean prices fell 11%, and production dropped by 1.5% over the next two years as farmers shifted to corn, which still had a price floor.

China's foreign purchases of soybeans have risen 29% since the country removed the price floor. Global prices for soybeans rose 5% in 2016, as demand remained strong amid a glut in other grains.

Government stockpiling of sugar disappeared in the same season. Domestic prices fell around 9%, causing production to drop by nearly a fifth in the following season. At the same time, the U.S. Agriculture Department estimates, imports, both legal and illegal, rose 18% to fill the gap.

Betting the Farm

China removed government-mandated price floors for soybeans and cotton in 2014 and began selling off its stockpiles, causing prices to fall. Cotton production declined and imports slid as stockpiles were sold, but soybean imports rose on strong demand as production stalled.

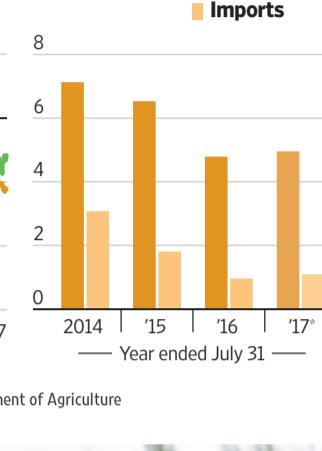
Performance on front-month contract prices



*Forecast
Sources: FutureSource (prices); U.S. Department of Agriculture

Cotton

In millions of metric tons



Soybean

In millions of metric tons



*Forecast
Year ended Sept. 30
THE WALL STREET JOURNAL.



LIAO ZHENG/XINHUA/ZUMA PRESS

Corn prices plunged after China said it would stop price guarantees. A Chinese corn field last month.

Last year, the government said it would stop guaranteeing the price of corn. Domestic prices plunged to 44% below their 2015 peak. China's Ministry of Agriculture forecasts that corn production will fall

more than 2.3% for the season ending Sept. 30 and expects it to fall a further 3.6% the following year.

"This cascaded through commodities—first cotton, soybeans and sugar; then

rapeseed, now corn," said Fred Gale, senior economist specializing in China and international trade at the USDA. "China's efforts to stabilize their domestic markets have spilled over to contribute to

volatility in the international market."

The market effects could grow as China works through its stockpiles and turns to imports to fill the gap. China is sitting on 54% of the world's cotton stocks, 45% of the world's corn and 22% of the world's sugar reserves, the USDA estimates. Analysts think much of that product is deteriorating after years in storage.

Sugar reserves could be quickly depleted given the 4.2 million-ton total shortfall between the country's production and imports and what China's Ministry of Agriculture has forecast it will consume this year and next. Corn could take longer because the country's production and consumption are largely in balance.

China still spends a lot to support its farmers. In 2016, the country plowed \$246.9 billion into the agricultural sector, equivalent to 2.2% of gross domestic product, according to the most recent OECD data. That is down from 2.5% in 2015 but remains about four times the average in OECD countries. Much of that goes toward price supports for wheat and rice, but a growing share is going to land consolidation, mechanization, and research and development to improve productivity.

The country could also tap the brakes on imports, as it did with sugar and cotton, or roll back changes that prove too painful. Still, many China watchers think there has been a shift toward accepting more global supply.

"I don't think it's actually possible for China to be self-sufficient in the initial range of products they targeted. I think that's what they've acknowledged," said John Phelan, chief economist at agricultural news and analysis service Agrimoney. "They are just going to have to rely on overseas suppliers for some of these things."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Email: heard@wsj.com

For Intel, It Is Lonely at the Top

Reset Button

Share-price performance



Sources: FactSet; Reuters (photo)

THE WALL STREET JOURNAL.



use of graphics chips from Nvidia that are better-suited to many artificial-intelligence applications. Not coincidentally, Nvidia and AMD have been the best-performing chip stocks of late, having gained 207% and 179% over the past 12 months, respectively.

Intel relies on its data-center business to fuel growth as PC sales continue to slip, so it isn't taking the matter lying down. The company rolled out its newest line of Xeon server chips this

week. That came just a few weeks after AMD launched a new line of server chips called Epyc. Neither is likely to factor much into earnings results for the June quarter to be reported in the next few weeks, but Intel noted that it has already sold more than 500,000 units of the new Xeon family since November under an "early ship" program.

AMD, with annual revenue that equates to about one-third of just Intel's R&D budget, simply doesn't have the

scale to overtake its much larger rival. It can put a wrinkle in its growth prospects at an inopportune time, though: AMD is expected to grow its computing and graphics segment revenue by 34% this year. Intel's far larger data-center business is expected to grow by 7%, its slowest year on record. And while Intel's stock is cheap at 12 times forward earnings—12% below its three-year average—any disappointment in data-center sales over the next few quarters will likely pressure the shares further.

AMD, meanwhile, has the advantage of starting from zero in servers. That means the sales it does get will likely be at Intel's expense.

In fairness, AMD will have to keep delivering strong sales into next year to show its gains have true staying power. That is far from certain now, but investors haven't been giving Intel the benefit of the doubt.

This column is part of a series on what is next for the booming semiconductor industry.

—Dan Gallagher

OVERHEARD

Central bankers can't avoid dealing with numbers. But numbers can be tricky things.

So it is with the U.K., where the unemployment rate has fallen to 4.5%. Remarkably, that is the lowest since 1975, says the U.K. Office for National Statistics.

But for the Bank of England, it raises questions: It was only in February that the central bank cut its estimate of the unemployment rate that increases wage-inflation pressures, the so-called equilibrium rate, to 4.5% from 5%. It thought unemployment would remain around 4.75%, keeping rate increases off the agenda. Wage growth, however, is still weak, although the latest data was slightly better than expected.

In 2013, with unemployment at 7.8%, the central bank said it wouldn't even think about raising interest rates until joblessness fell to 7%. When it made that pledge, it thought that might not happen for three years. It took just eight months; unemployment hit 6.9% in February 2014. Some moving targets are easy to hit.

U.S.-China Trade Poised To Get Tense

Question: When political leaders get into trouble at home, what is their favorite strategy for deflecting attention? Answer: Blame the foreigners.

That is where China's latest trade data could come in. Chinese exports to the U.S. surged 19.8% in June, the fastest pace since 2015, while its overall exports only rose 11.3%. That has driven a 23% year-over-year rise in the U.S.-China trade deficit to its widest level since late 2015.

All this is a bullish signal for U.S. growth. But an embattled President Donald Trump may now refocus on the rebounding deficit given lack of progress on other areas in the Sino-U.S. relationship, particularly North Korea. Investors should prepare themselves for trade tensions to re-emerge as a major risk to global growth.

For a while, it looked like things didn't have to be that way. After a rocky start, U.S.-China relations warmed after the Mar-a-Lago summit between Mr. Trump and China's President Xi Jinping in April.

China has since waived restrictions on U.S. beef imports and curbed coal purchases from North Korea, but other progress has been sparse. And with North Korea having successfully tested its first intercontinental ballistic missile, pressure on Mr. Trump to get tough with China on trade is resurfacing.

There are some hopeful signs: China has begun importing significant volumes of U.S. crude. At current trends, China could buy \$1 billion of U.S. oil this year.

Still, the overall trade deficit is once again marching higher. Tariffs on steel and other measures aimed at addressing the balance could follow.

—Nathaniel Taplin

Warnings Flash on Stocks as Earnings Season Draws Near

One of the best times to buy stocks is when interest rates are falling and profit growth is accelerating. As earnings season kicks off, interest rates and earnings are doing the opposite, and that tends to be a bad time to own shares.

Analysts estimate that companies in the S&P 500 will log a second-quarter earnings rise of 7.9% from a year earlier, according to Thomson Reuters I/B/E/S. Exclude the substantial boost from the recovery in the energy sector, and earnings will still be up an estimated 4.8%. So, not bad. But not as

good as the first quarter, when overall earnings were up 15.3% from a year earlier, and earnings excluding the energy sector were up 11%. Over the fourth quarter, when overall earnings were up 8%, and earnings excluding energy were up 8.1%.

For profits, it is the growth that matters, and when profit growth slips, stocks can struggle. Things could get tougher from here. Companies are cycling past the easy comparisons from the first half of 2016 and are facing rising labor costs, both of which weigh on earnings growth.

S&P 500 earnings growth last peaked in the third quarter of 2014 at 10.3% on the year, and by the first quarter last year contracted by 5%. Over that period, the index advanced just 4.4%. It might have fared worse if not for falling interest rates.

The yield on the 10-year Treasury fell from 2.52% at the end of the third quarter of 2014 to 1.78% in the first quarter last year as faltering global growth and low inflation led the Federal Reserve to rethink its rate-increase plans. So even though earnings were flagging, stocks looked like a better value

Over the Hump

Earnings per share, change from a year earlier



*2Q 2017 figures reflect analyst estimates

Source: Thomson Reuters I/B/E/S

THE WALL STREET JOURNAL.

than bonds.

While earnings growth is likely to be softer in the quarters ahead, it doesn't

seem likely to weaken as much as it did through early 2016. The global economy is on better footing and the oil bust is unlikely to repeat itself. But those factors have cleared the way for the Fed to raise interest rates.

Stock-market data from the past 50 years show that shares tend to do poorly when rates are rising and earnings growth is slowing. Add high valuations to the mix and the environment gets more challenging. Stocks can always go higher, of course, but history says any gains will be modest and hard-fought.

—Justin Lahart

A simple way
to show off?
Bake a lattice-
crust pie
W4



OFF DUTY



The best reason
to reconsider
Riesling: It's not
all sweet
WS

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

© 2017 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday - Sunday, July 14 - 16, 2017 | **W1**



TAKE MONDAY OFF

Max Out Montreal

Want a foolproof long summer weekend in the French-Canadian metropolis? Pack this don't-waste-a-minute guide



GUILLAUME SIMONEAU FOR THE WALL STREET JOURNAL

ACCENTS WILL HAPPEN Clockwise from top: A floating cafe on the Lachine Canal; the George-Étienne Cartier monument in Mount Royal Park; Patrice Patissier, a pastry 'boutique' and brunch spot in the Little Burgundy neighborhood; the garden at Joe Beef, the restaurant that got people talking about Little Burgundy.

BY GABRIELLA GERSHENSON

MUCH HAS BEEN made about the duality of Montreal—a major North American city with a staunchly Francophone identity—and its antiquity, too. While Canada marks its 150th birthday this year, Montreal, an early French-colonial fur-trade town, is turning 375. But far from a quaint Gallic relic, the country's second-most-populous city has a restlessly creative spirit, with homegrown and immigrant influences driving its food, art and music scenes. Locals, who scuttle down frozen streets during infamously harsh winters, treat summertime with euphoric reverence: riding miles along riverside bike paths, insisting on picnics and hopping from one festival to the next. You'll still see remnants of June's public mural fest (including a 9-story likeness of native son Leonard Cohen) in July and August, which usher in music performances as varied as the riffs on poutine, Quebec's peculiar French-fry delicacy. Here, a three-day guide to help you seize summer too.

DAY ONE // FRIDAY

6 p.m. Arrive at Pierre Elliott Trudeau International Airport, named for Canada's four-term prime minister and father of the current prime minister. Cab it to **Hotel William Gray**, an upscale boutique hotel on the old port of the St. Lawrence River (*from about \$320 a night in summer, hotelwilliamgray.com*) or to **Casa Bianca**, a stylish B&B in the bohemian Plateau neighborhood (*from \$130 a night, casabianca.ca*).

7:30 p.m. Every traveler who arrives in Montreal armed with a list of must-eat restaurants invariably

seeks out **Joe Beef**, the inventive restaurant that put the working-class Little Burgundy neighborhood on the map. At the risk of being predictable, hit it up first but order an aperitivo at the bar instead of dinner. Try the plateau de mer with oysters, Quebec snow crab and cold-smoked scallops in maple syrup (*You'll need a reservation, even at the bar; 2491-2501 Notre-Dame St. W., joebeef.ca*).

9 p.m. Walk a few doors down to Joe Beef's veggie-focused sister restaurant **Le Vin Papillon**. Sit in the garden and round out your evening repast with hyper-seasonal tempura-fried

ramps with shrimp taramasalata and blackcurrant soft serve (*2519 Notre-Dame St. W., vinpapillon.com*).

DAY TWO // SATURDAY

9:30 a.m. Start with breakfast at **Patrice Patissier**, back in Little Burgundy, where the kouign amann and other pastries are reliably excellent. Starting at 11 a.m., brunch is served; the savory dishes, such as baked eggs with homemade sausage and juicy cherry tomatoes, are as finely honed as the sweets (*2360 Notre-Dame St. W., patricepatissier.ca*).

11:30 a.m. Browse the

other shops and cafes along Rue Notre Dame Ouest. **Beige** offers tasteful housewares, like bottle-green tumblers (*2480 Notre-Dame St. W., beige-style.com*), while **Stock-Markt** (*2664 Notre-Dame St. W., boutiquestock-markt.com*) is a discount outlet disguised as a chic boutique (think James Perse and Maison Kitsuné). At **Marché Atwater**, a sprawling art-deco-era market, choose provisions for an al fresco snack (*138 Atwater Ave., www.marche-atwater.com*). **Fromagerie Hamel** is a good one-stop shop for bread, fresh Please see page W2

Please see page W2

OFF DUTY

A LONG WEEKEND, S'IL VOUS PLAIT



Continued from page W1

cheese curds, and Palette de Bine chocolate made in nearby Mount Tremblant (138 Atwater Ave., fromageriehamel.com).

1:30 p.m. Pick up a bike from the Bixi bike-share terminal at Charlevoix and Duvernay Streets, and take Charlevoix into Lachine Canal Park, a rehabilitated industrial canal with a leafy bike path. Ride about 20 minutes to Old Montreal, stopping along the way to refuel with your market spoils.

3 p.m. Dock your bike at Place Jacques Cartier and walk five minutes to **Scandinave Les Bains**, a spa in Old Montreal that promotes relaxation the Scandinavian way—by alternating between hot and cold pools, steam rooms and saunas and with excellent massages (*71 de la Commune W*, scandinave.com).

8:30 p.m. For dinner, go to **Moishe's**, a Jewish-Romanian steakhouse that's been in business since 1938, and was a local haunt of Leonard Cohen's. Order the chopped liver and the grilled rib steak (3961 St. Laurent Blvd., moishe.ca).

11 p.m. Walk five minutes up St. Laurent to **Divan Orange**, a funky venue for national and local music, with acts ranging from DJs spinning vintage Afro-Caribbean vinyl to quirky Québécois folk. The vibe is relaxed (kombucha plus vodka equals a cocktail) and dancing is encouraged (4234 St Laurent Blvd., divanorange.org).

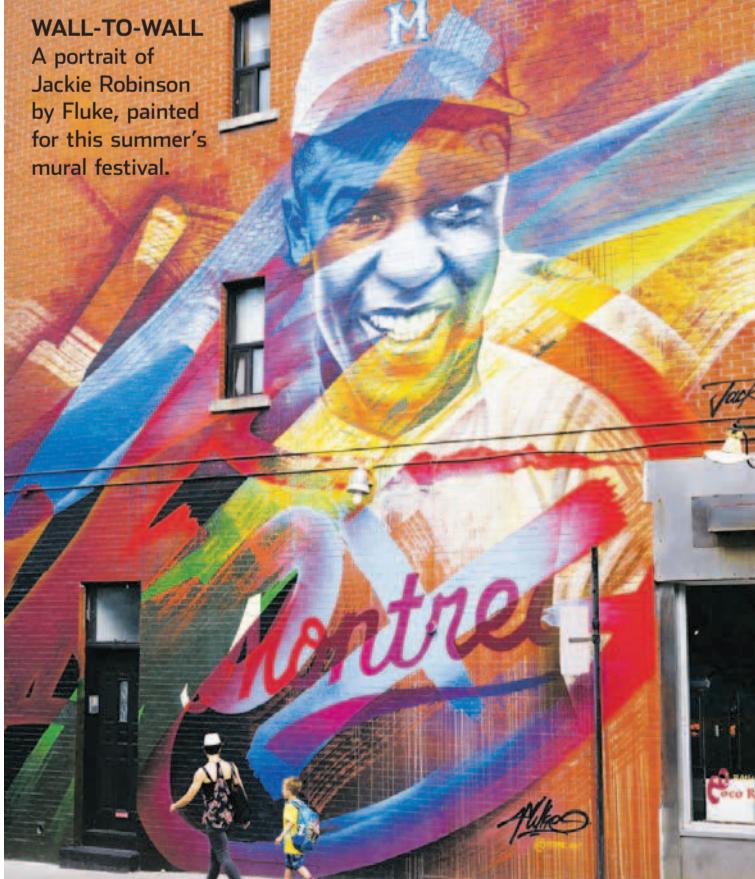
DAY THREE // SUNDAY

10 a.m. Brunch at **Hof Kelsten**, a casual bakery-cafe opened by a fine-dining veteran in the Plateau neighborhood. Order the merguez sausage shakshuka, or go light with the vegetarian sandwich—labneh, pickled vegetables and cilantro, served open-face on pumpernickel (4524 St Laurent Blvd., hofkelsten.com).

11:30 a.m. Walk 10 minutes to the corner of Mont Royal and Parc Avenues and enter Mount Royal Park, a nearly 500-acre urban sanctuary designed by Frederick Law Olmsted. Hike uphill to **Chalet du Mont Royal** (about a 40-minute trek), a 1932 villa with spectacular views of downtown Montreal, the St. Lawrence River and on a clear day, the Quebec countryside (1196 Voie Camille-Houde).

WALL-TO-WALL

A portrait of Jackie Robinson by Fluke, painted for this summer's mural festival.



THE GREAT BITE NORTH Clockwise from top left: Atwater Market; Hotel William Gray; a beer with cassis and cherries at Brasserie Harricana.

2 p.m. Exit the park and take a cab 10 minutes to **Jean Talon Market**, located in Petite Italie (7070 Henri-Julien Ave.; marches-publics-mtl.com). Snack your way through roughly six city blocks of seasonal bounty, prepared foods, charcuterie and cheeses, with a stop at the incomparable spice shop Épices de Cru for a nonperishable memento of Montreal steak seasoning (C-II, 7070 Henri Julien Ave., 514-273-1118).

3 p.m. Explore the rest of Little Italy. **Caffè Italia**, a frozen-in-time espresso bar that's been open since 1956, guarantees prime people watching day and night (6840 St Laurent Blvd.). Nearby is **Quincaillerie Dante**, a family-run kitchenware and hunting store where you can buy a butter curler or a rifle (6851 St Dominique St., quincailleriedante.com). Since this is Quebec, great poutine—the French-Canadian fries, gravy and cheese curd specialty—is just a few minutes away at **Chez Tousignant**, a retro-style snack bar. Have a late lunch of poutine and a hot dog, whose bun and sausage are made from scratch (6956 Drolet St., cheztousignant.com). After that you'll welcome the 10-minute walk to **Brasserie Harricana**, a brewpub for beer obsessives; it boasts the city's sole Flux Capacitor draft system, which regulates each beer's gas composition, gas pressure and temperature (95 Jean-Talon St. W., brasserieharricana.com).

7 p.m. Though many restaurants in Montreal are closed on Sundays,

you still have some desirable dinner options. **Lémeac**, a destination French bistro on elegant Avenue Laurier in Outremont, is the place to order classics, like an exemplary kir royale and steak tartare with matchstick frites (1045 Avenue Laurier W., restaurantlemeac.com).

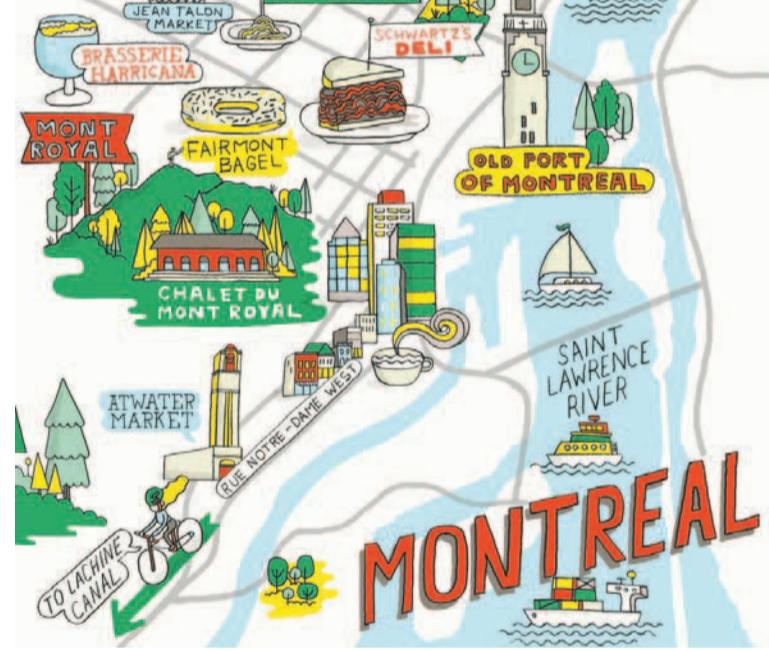
10 p.m. End the night at **La Sala Rossa**, a performance space in a former Spanish social center—in the heart of a historically Jewish neighborhood. The venue pays homage to the area's multiculturalism with eclectic programming that, on any given night, could feature folk, spoken word or breakdance. Cover is about \$15 (4848 St. Laurent Blvd., lasalarossa.com).

DAY FOUR // MONDAY

10:30 a.m. Check out of the hotel but leave your bags to pick up later. Take a 15-minute taxi to **Mile End**, a former Jewish enclave, and setting of the 1959 novel, "The Apprenticeship of Duddy Kravitz," written by notable Montrealer Mordecai Richler. Now it's one of the city's coolest neighborhoods. Eat breakfast at the hip all-day restaurant **Larry's**. Order a flaky scone or the breakfast sandwich with house-made sausage and egg (9 Fairmount Ave. E., larrys.website).

12 p.m. Indulge in last-minute souvenir shopping in and around Mile End. Grab a bag of Montreal-style bagels (skinny, sweet, covered in sesame seeds) at 98-year-old **Fairmount Bagels** (74 Avenue Fairmount W., fairmountbagel.com). For a piece of Montreal cool, stop at **La Montréalaise**, a women's boutique that sells tees and sweatshirts with slogans like "Je Parle Feministe" (65 Rue St. Viateur E., lamontrealaiseatelier.com), or chic high-end apparel at **Les Étoffes** (5253 St. Laurent Blvd.) For the boys, men's outfitters **Frank + Oak** is a block away, with a barber shop on premises for emergency beard trims (160 St. Viateur St. E., frankandoak.com). One avenue up is the singular **Librairie Drawn & Quarterly**, an indie bookstore devoted entirely to graphic novels (211 Bernard St. W., drawnandquarterly.com).

2:30 p.m. On your way back to the hotel, stop at **Schwartz's**, purveyor of the Montreal smoked meat sandwich, a cross between pastrami and corned beef. Order two for the flight home, specify lean, medium, or fatty, and don't forget the pickle (3895 St. Laurent Blvd., schwartzsdeli.com).



RAW AMBITION A plateau de mer at Joe Beef, a foodie pilgrimage site known for its raw bar offerings.

OFF DUTY

Poetry in Motion

Two centuries after Keats's tragicomic pilgrimage to Scotland, a literary tourist recreates his walking tour, pitfalls and all



BY ANNA RUSSELL

AN HOUR'S drive from Glasgow, on the banks of Scotland's misty Loch Fyne, the Cairnadow Stagecoach Inn makes an unlikely home for poets. At the tartan-carpeted bar, locals gather for themed dances, complete with fog machines and pulsing laser lights. It's easy to miss a small frame on the wall, which carries a quote from the poet John Keats, who spent a weary night at the roadside stop-off in 1818.

In a letter to his younger brother Tom, Keats wrote of the stay: "We were up at 4 this morning and have walked to breakfast 15 miles through two tremendous Glens." He described taking a bath in the salt-water lake, opposite the Inn's windows. "Quite pat and fresh but for the cursed Gad flies," he wrote.

One thing or another had dogged the 22-year-old Keats since leaving London that summer on an epic walking-tour which would stretch over 600 miles. From June through August, he and his friend Charles Brown wound their way through the Lake District up to Scotland, where they trekked the muddy Isle of Mull and climbed the U.K.'s highest peak, Ben Nevis. They began in Lancaster, England, and parted at Scotland's tip, Inverness, where Keats felt too sick to go on.

It was partly a fanboy trip. Scotland in the 1800s—the land of rural poets—was the hottest thing in literary tourism. William Wordsworth and his sister, Dorothy, James Boswell and Samuel Johnson, and the poet Robert Burns had all made well-documented treks through the countryside. Keats, in poor health and poor shoes, wanted to make a pilgrimage of his own. He set out to visit the homes of his poet-heroes, Wordsworth (in England) and Burns (in Scotland).

That summer of 1818, Keats was in dire need of a vacation. Already an orphan, he was exhausted from nursing Tom, who was dying of tuberculosis. He had just finished a long poem, "Endymion," and was steeling himself for harsh reviews (one critic called him an "infatuated bardling"). "His world was really breaking up," Susan Wolfson, a professor of English at Princeton University, later told me. A trip would



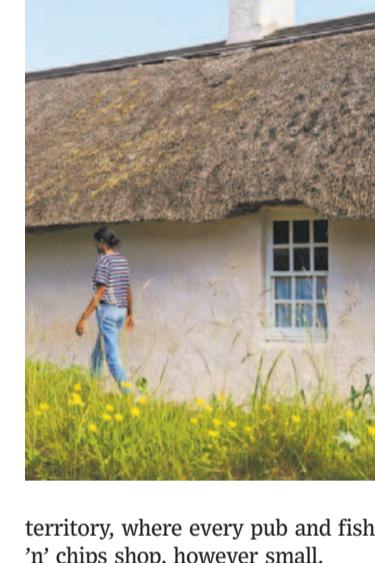
LOCH AND ODE Clockwise from top: Glen More on the Isle of Mull; Inveraray on the shores of Loch Fyne; on the Isle of Iona facing the Isle of Mull; the Burns Cottage in Alloway.

shake things up, Keats decided. "I purpose within a Month to put my knapsack at my back and make a pedestrian tour through the North of England, and part of Scotland—to make a sort of Prologue to the Life I intend to pursue," he wrote excitedly in the spring. "I intend to straddle ben Lomond—with my Soul!"

Keats lost two brothers and a mother to tuberculosis. He believed himself such a failure at the time of his death (also of tuberculosis), at age 25, that he had engraved on his tombstone the words: "Here lies one whose name was writ in water." Yet the letters he sent home from Scotland aren't those of the doomed Romantic he's come to represent. They're ironic, self-aware and surprisingly funny about the realities of travel. The weather was bad, the gadflies were annoying and the food consisted almost entirely of oatcakes and eggs. Keats was determined to find on his trip a template for his life going forward.

My plans weren't as grand (nor my circumstances as dire), but I was, like Keats, a keen literary tourist. I, too, wanted to see the birthplace of Robert Burns, and the Scottish landscape that inspired Wordsworth. And I wanted to know what Keats made of it all, at a crossroads in his life, with his best work to come. Plus, there was Scotch to be sampled.

Since we couldn't do the whole tour, my friend and I flew to Glasgow, where we rented a car and drove an hour to Alloway, on Scotland's western coast. This is Burns

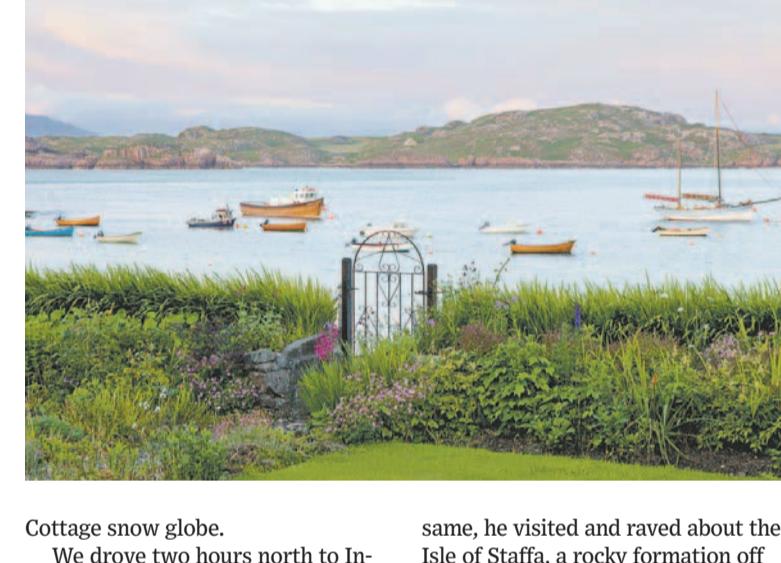


territory, where every pub and fish 'n' chips shop, however small, seems to have a portrait of the bard tucked away somewhere. We parked at the Robert Burns Birthplace Museum, near a sign that read "Birthplace of a Genius."

By the time Keats made it this far, he had already encountered the first of many roadblocks his trip would offer up. At Wordsworth's home in England's Lake District, he arrived to find the poet out, indefinitely. "He was not at home nor was any Member of his family," Keats wrote. "I was much disappointed." He left a note on the poet's mantle.

At Burns's Cottage, he planned to write a sonnet in honor of the Scottish poet, who had died 22 years earlier. But when he arrived, he found the home converted into a pub, its door guarded by a drunk old man eager to share long-winded anecdotes. "He is a mahogany faced old Jackass who knew Burns," Keats complained. "He ought to be kicked for having spoken to him." He wrote his tribute anyway, "for the mere sake of writing some lines under the roof." But he wasn't pleased. "They are so bad I cannot transcribe them," he wrote. "The flat dog made me write a flat sonnet."

When we arrived, the museum's director at the time, David Hopes, showed me the room where Keats likely stood, fuming. Burns only lived in the house until the age of 7, but the museum possesses the largest collection of Burns manuscripts, and a "Burns Jukebox," with categories like "Power Ballads" and "Tear-jerkers." We stood on the medieval stone bridge known as Brig o' Doon where a drunken Tam o' Shanter, from Burns's poem, narrowly escapes with his life. We left by way of an oversized granite sculpture of Haggis, the national dish, and the gift shop, where I bought a Burns



Cottage snow globe.

We drove two hours north to Inveraray Castle, which Keats described as "modern magnificent." Just inland from Loch Fyne and open to public tours, the turreted castle is the ancestral home of the Duke of Argyll. The extravagant state dining room featured French tapestry upholstery from the 1780s, a Waterford chandelier and a gaggle of tourists delighted by photos of the 2012 "Downton" Christmas Special, several scenes of which were filmed there.

'Nothing could stifle the horrors of a solo on the Bag-pipe,' wrote Keats.

Keats and Brown made good progress, often walking over 20 miles a day. By the time they reached Inveraray, Brown's feet were blistered, "knock'd up from new shoes," and Keats ventured into the tiny town (population still under 1,000) on his own to see a play. He found the lake, Loch Fyne, at the edge of town, beautiful, but he disliked the show and the music that came with it. "Nothing could stifle the horrors of a solo on the Bag-pipe," he wrote to Tom. To his sister, Fanny, he sent a goofy poem of simple rhymes with the lines, "There was a naughty boy / And a naughty boy was he / For nothing would he do / But scribble poetry."

But by the Isle of Mull, in the Inner Hebrides, the letters betray the first signs of the illness that he never fully shook. He picked up a "slight sore throat" on "a most wretched walk of 37 Miles" across the remote island, where he carried his stockings in his hands and slept in a smoky shepherd's hut. All the

same, he visited and raved about the Isle of Staffa, a rocky formation off Mull. He stopped at Iona, another nearby island, and wandered the Benedictine Abbey and Nunnery founded there before 1200.

We skipped the treacherous walk and drove an hour across Mull, which we reached by ferry from the small town of Oban. Keats called this landscape "most dreary," but from the windows of our car the desolate rolling hills, punctuated by waterfalls, were breathtaking. Like Keats, we were not prepared for the area's remoteness. The only passengers on a small ferry to Iona, we arrived tired and hungry, in total darkness, to find the only food available came from a vending machine.

Keats was willful. His cold didn't improve—Brown described it as "violent"—but he was determined to climb Ben Nevis. At 5 a.m., they began their ascent, following a guide in "Tartan and Cap." "After much fag and tug and a rest and a glass of whiskey apiece we gained the top of the first rise," he wrote. They stumbled their way, sometimes on all fours, 4,400 feet above sea level. At the top, he found deep chasms and an all-encompassing mist. "Read me a lesson, Muse, and speak it loud / Upon the top of Nevis, blind in mist!" he wrote at the summit.

When we reached the peak, we also found a blanket of white mist, until the clouds cleared suddenly and the valley below revealed itself. In 1819, after his return to London, Keats would have the most productive year of his life, penning his six great odes, including "Ode to a Nightingale" and "Ode on a Grecian Urn," and his unfinished epic, "Hyperion." Shoes soaking from the mist, we could see all the way down the mountain to the rolling hills beyond, the land where Keats proposed to "clamber through the clouds and exist."

THE LOWDOWN // KICKING AROUND KEATS'S SCOTLAND

STAYING THERE In Alloway, near Burns's Cottage, the Brig o' Doon House Hotel features tartan-on-tartan lounge areas and a view of the bridge where Tam o' Shanter's mare loses her tail (*from about \$155 a night; brigodoon-house.com*). The Inveraray Inn, on Loch Fyne, is one of the oldest hotels in town and features an annual Burns supper (*from about \$130 a night; Inveraray-inn.co.uk*).

EATING THERE Recover from a chilly Iona beach walk with tea and locally



sourced seafood at the Argyll Hotel (*argyllhotelsonline.co.uk*). Celebrate your summit of Ben Nevis with a whiskey or craft beer and vegetarian haggis (or the real deal) at the Ben Nevis Inn & Bunkhouse, at the base of the trail (*ben-nevisinn.co.uk*).

READING THERE Keats's poignant letters home to his friends and family, collected in "Selected Letters," form a remarkable document of his journey. Carol Kyros Walker documented his trip in photographs in "Walking North with Keats."

OFF DUTY

IN MY KITCHEN

Martín Berasategui

The Basque chef gained fame as a father of modernist cuisine. But he does his best cooking as a father, husband and son, at home

FOR MARTÍN Berasategui, the Basque chef who bagged his eighth Michelin star last year—the most of any chef in Spain—a recent revelation came in the form of a mud-caked beet. “It was a local variety I’d never seen before, called arróspide,” he said. “Absolutely magnificent, bright fuchsia and sweet like candy.”

At his namesake restaurant in the small town of Lasarte-Oria, in the Basque Country of northern Spain, he coaxes a beet into six different preparations that could pass as sculptural art.

One of the originators of Basque modernist cuisine—the movement that shook up fine dining with its centrifuged sauces and foams—Mr. Berasategui, 57, came up at Bodegón Alejandro, the unfussy and dependable restaurant in San Sebastián owned by his mother’s family. Today, though he has restaurants as far afield as Mexico and the Dominican Republic, he’s happiest at home, where he lives with his wife, Oneka, and daughter, Ane—his organization’s floor manager and PR and communications director, respectively—in a loft above their flagship restaurant. In 2004, when his father-in-law was diagnosed with Alzheimer’s, Mr. Berasategui sought out foods he hoped would slow the progress of the disease. His latest cookbook, “Salsa para tu coco” (“Brain Food”), a collaboration with a neurologist and a Parkinson’s foundation, represents yet another version of cooking for family.

The best feature of my kitchen is: the view. When I look up from a pot I’m stirring, I see evergreen forests and white farmhouses out the window. You get the feeling you’re a part of the landscape. Inside my kitchen, you won’t find any crazy futuristic gadgets. I err on the side of simplicity. But I do love my Gaggenau appliances and Gemini espresso maker.

The kitchen tools I can’t live without are: sharp knives. I’m a sucker for hand-forged Japanese blades by Sugimoto and Misono. They’re light, precise and come in every shape and size.

My cooking mentors were: my parents. My father, a butcher, was a real bon vivant. My mother and aunt, both cooks, were more practical. They sat me down in ’75 and asked me if I



wanted to be a chef. I said yes. The next day I was working a 16-hour shift. “This schedule, day in and day out, is the lifestyle of a chef,” they said. “Know what you’re getting yourself into.”

My pantry is always stocked with: El Rey de la Vera pimentón [smoky paprika] from Extremadura. A garlic soup would be dull without a hit of the spicy picante type. Delicate dishes—seared cod with a pan sauce, say—take better to the milder agríduce and dulce.

My refrigerator is always stocked with: tons of fresh produce, meat and fish. I’m not one of those people whose refrigerator door clanks with dozens of sauces. Basque cooking is about clean, simple flavors. When it comes to condiments, homemade almost always trumps what you can buy. If you have a

whisk and a bowl, you can make mayonnaise with a little practice. There are exceptions, though, like good mustard. I have a French chef friend who sends me jars of moutarde violette de Brive, a tangy purple mustard from Aquitaine.

The pan I reach for most is: my 40-centimeter Bra induction paella pan. Sturdy, non-stick and dramatic enough to double as a serving platter. Beyond paella, I use it for pan-roasting whole fish and oversize cuts of meat.

I also love: earthenware cazuelas, rustic clay pots unbeatable for low-and-slow cooking. You can buy them in the artisan shops on 31 de Agosto Street in the old town of San Sebastián.

The ingredients I’m most excited about right now are: the ones that



HOME FIRES Clockwise from left: the chef at home in his kitchen; walnuts, a favorite ingredient; spices kept close at hand.

come and go in a blink of an eye because of seasonal availability. Right now we have fresh anchovies coming into port from the Bay of Biscay, straight as pencils, so fresh. Ibarra peppers are another luxury. I blister them in hot olive oil and sprinkle them with crunchy salt. They’re equally addictive pickled.

On weeknights, I typically eat: in the restaurant with my staff, which luckily includes my wife and daughter. But if I feel like a late-night snack, Galo Celta eggs from Galicia are my go-to. They’re unreal, the best eggs I’ve ever eaten, especially wonderful when baked en cocotte. I also have a weakness for Iberian pork charcuterie too. I recently discovered the lomo natural [cured pork loin] by SJ, and let me tell you, it’s 10 times better than any Italian salami.

When I entertain: I make things easy. I want my guests to feel comfortable, to talk and laugh their asses off. I’m just the shy screwball chef in the background who provides the food.

—Translated and edited from an interview by Benjamin Kemper

Turbot With Clams in Warm Vinaigrette

Mr. Berasategui favors turbot for its flavor and flakiness, but any flatfish—such as sole or flounder—can be substituted. Simply adjust the cooking time to the weight of the fish, taking it off the heat when the flesh is opaque and the internal temperature registers 145 degrees.

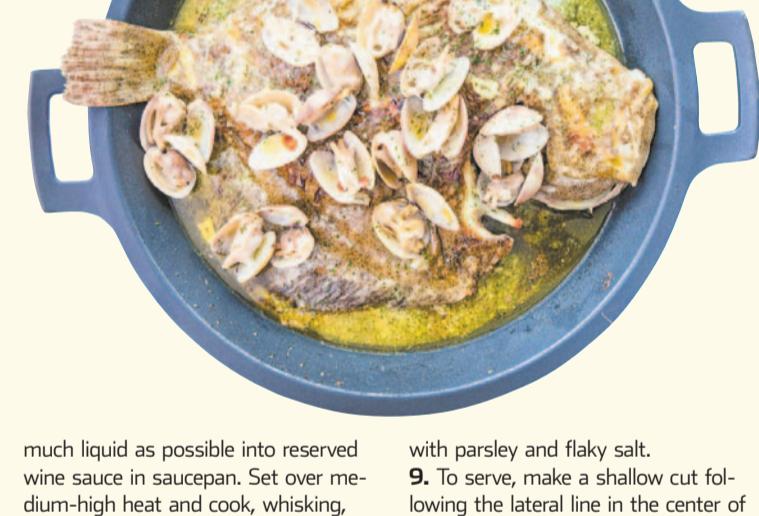
TOTAL TIME: 45 minutes SERVES: 5

**14 ounces fresh clams (15-20), rinsed and scrubbed of any grit
4 tablespoons extra-virgin olive oil, plus more as needed
1 tablespoon all-purpose flour
3 cloves garlic, thinly sliced
½ cup fish stock (or ½ cup clam juice plus ½ cup water)
½ cup txakoli or other dry white wine
2 teaspoons salt
1 whole turbot (approximately 4½ pounds), cleaned and left with head, tail and fins intact
½ bird’s eye chili, minced
2 tablespoons cider vinegar
2 tablespoons minced parsley leaves
Flaky salt**

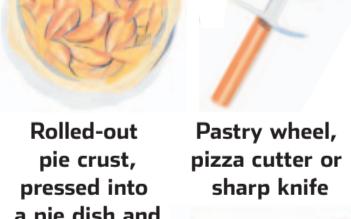
1. Soak clams in fresh water 20 minutes to allow them to purge any sand or impurities. Drain.
2. Meanwhile, place 1 tablespoon oil and half the garlic in a large saucepan. Set over medium heat and cook until garlic softens and becomes fragrant, about 2 minutes. Add flour, increase heat to medium-high, and whisk to prevent any lumps. When mixture begins to bubble, add stock and wine and simmer 2 minutes.
3. Increase heat to high and add clams. As clams open, transfer to a bowl. Discard any clams that remain closed after 5 minutes of cooking. Tent bowl with foil. Set aside saucepan with wine sauce.
4. Dry turbot inside and out with paper towels. Pour 2 tablespoons oil into a 15-inch paella pan or skillet over high heat. Salt both sides of fish and inside the cavity. Once oil is shimmering and you begin to see wisps of smoke, lower fish into pan, skin-side down, and leave undisturbed 9 minutes.
5. Meanwhile, place remaining oil, minced chilies and remaining garlic in a small pan set over medium heat. Cook until garlic softens and begins to turn golden, 2-3 minutes.
6. Using a large spatula, flip fish, adding a little more olive oil if pan looks dry. Lower heat to medium-high, and cook, undisturbed, 5 minutes.
7. Pour garlic-chili mixture over fish, then cider vinegar over top, swirling pan to distribute liquid evenly, and cook to combine, 1 minute more.
8. Tilting pan to one side, spoon as

much liquid as possible into reserved wine sauce in saucepan. Set over medium-high heat and cook, whisking, until sauce begins to bubble. Quickly pour this sauce back over fish. Cook until sauce is bubbling and evenly distributed, 1 minute. Remove from heat, arrange clams atop fish, and sprinkle

with parsley and flaky salt.
9. To serve, make a shallow cut following the lateral line in the center of the fish, then make another incision across the top of the tail. Use a spatula to lift meat from either side of spine onto warmed plates, then remove spine to access remaining fillets.



INGREDIENTS



Rolled-out pie crust, pressed into a pie dish and filled with fruit

Pastry wheel, pizza cutter or sharp knife

Scissors

Rolled-out pie crust

HOW TO

MAKE A LATTICE CRUST

What says summertime like that classic criss-cross crust pattern atop a pie bursting with luscious fruit? Mastering it is easier than you think

YOU CAN TELL a lot about how my life is going from the pie crusts I make. When things are especially hectic, I opt for a quick-and-dirty, pat-into-pan crust of graham cracker, Nilla Wafers or ginger-snaps crumbs. Most days I can just about manage rolling out a crosta or bottom-crust-only pie—though the truth is I crave crust at least as much as I do filling, so give me deep-dish and double-crust, and I’m happier. When I’m living my very best life, I go all out and make a lattice top. Sure, it takes a bit more time, but it’s also way easier than it looks. Just follow the steps below. Go ahead and play with strip width and spacing:

STEPS



1 Use pastry wheel, pizza cutter or sharp knife to cut rolled-out pie crust into ½- to ¾-inch-wide strips.



2 One at a time, gently lay dough strips down on top of filled pie crust, weaving them over and under one another.



3 Continue weaving strips of dough until you cover pie with an overlapping lattice pattern.



4 Trim ends of strips flush with edge of bottom crust. Fold edge of bottom crust over edge of lattice and crimp to secure.

Lattice-Top Peach Pie

Find a recipe for perfect pie crust at wsj.com/food.

Mix $\frac{1}{2}$ cup plus 1 tablespoon sugar with a large pinch of salt. Line a 10-inch pie pan with 1 rolled-out pie crust about 14 inches in diameter, pressing it gently into sides and bottom of the pan. Trim dough with a small knife or scissors, leaving $\frac{1}{2}$ - $\frac{3}{4}$ inch extending beyond pan’s edge. Sprinkle 2 tablespoons sugar mixture evenly over dough and refrigerate until ready to use. // Preheat oven to 425 degrees with rack set in center position. Slice 10 large peaches (optionally peeled) into 8-10 wedges each and discard pits. Arrange peaches evenly in sugared pie shell. Sprinkle with all but 2 tablespoons of remaining sugar mixture. Follow illustrated steps at left to weave a dough lattice over peaches, trim and crimp. Evenly sprinkle remaining sugar mixture over lattice. // Place pie on a baking sheet and place in oven. Reduce temperature to 375 degrees and bake until crust is deep gold and fruit juices are bubbling, 45-60 minutes. If crust is dark before peaches are tender, lay a piece of aluminum foil lightly over pie for remainder of baking. Let cool at least 30 minutes before serving.

OFF DUTY

ON WINE LETTIE TEAGUE



Hello, Dry Riesling: How Sweet It's Not

SAY "RIESLING" to most wine drinkers and I can practically guarantee their response: "I don't drink sweet wine." "Sweet" and "Riesling" are almost as inextricably linked as New Zealand and Sauvignon Blanc. Yet dry Rieslings are widely produced, all over the world. Why don't more people realize that?

The Germans must shoulder a large share of the blame, thanks to the enormous incursion into the U.S. of cheap, sweet wines from that country a few decades ago. Some were Riesling and some were not, but collectively they left a lasting scar. And while those bad old days are long gone, the unfortunate stereotype lives on.

The many types and styles of Riesling range from extremely dry to extremely sweet; there's sparkling Riesling too. And yet the grape's great versatility may be its biggest downfall. As Ernst Loosen, owner of Dr. Loosen winery in Mosel, Germany, noted in an email, "It seems that the average consumer can only handle one definition of a grape variety. It's too difficult to keep things straight when it can be made in so many different styles."

Mr. Loosen produces both dry and sweet Riesling in Germany and coproduces the Eroica Riesling in Washington State with Bob Bertheau, head winemaker of Chateau Ste. Michelle. Mr. Bertheau's winery claims to be the largest single producer of Riesling in the world, and its offerings are accordingly diverse. Mr. Bertheau, who makes 10 different Rieslings, spends a great deal of time trying to persuade drinkers that Riesling is sweet not by definition "but by the winemaker's choice."

Many Rieslings come labeled with ostensibly helpful designations such as "dry" or "off-dry" or "semi-dry"—or, in German, "trocken" or "halbtrocken" (dry or half-dry). But these terms can cause even greater confusion. Is an off-dry Riesling sweeter than semi-dry Riesling, or is it the reverse? And is semi-dry Riesling really a different way of saying semi-sweet? (Yes, it is.)

Riesling producers in Alsace often indicate the relative dryness of their wines by means of a scale that



MARCUS MARRITT; F. MARTIN RAMIN/THE WALL STREET JOURNAL

ranges from 1 to 5 with wines rated "1" as the driest. Not all producers, however, choose to rate wines according to this scale on their labels.

The Germans have two official classification systems for quality Rieslings. The VDP was specifically created for dry wines. In this system, the single-vineyard Grosses Gewächs Rieslings (known as GGs) rate as the best-quality wines. The long-established Prädikat system classifies Rieslings in ascending order of ripeness—from Kabinett (fully ripened light wines) to Spätlese (later picked grapes, riper wines) to Auslese (select grapes, even later harvest), and so on. The riper the grape, the higher the sugar and, generally speaking, the sweeter the wine.

In the EU a dry wine must meet a set of criteria regarding the levels of both acidity and residual sugar; there is no such rule in the U.S. The winemaker alone decides

what is considered dry. Some American winemakers adopt a belt-and-suspenders approach: labeling their wines dry on the front label and adding a notation on the back as to where their wine falls on the International Riesling Foundation scale (IRF). This scale, created by an international consortium of Riesling producers, is a different one than the one used by the winemakers of Alsace. It's not a perfect solution, said Mr. Bertheau, "but it's better than nothing."

Oskar Bynke of Hermann J. Wiemer Vineyard in the Finger Lakes region of New York uses no such scale on his bottles. He thinks wine drinkers take it too literally. "They only wanted to drink wines on a certain end of the scale without even tasting the wines," he said. Mr. Bynke is more interested in making a well balanced Riesling with a "perception" of dryness than one that is totally dry.

Many Riesling labels offer no information at all regarding relative sweetness or dryness. A tip: Check the alcohol level. If it's below 11% there's a good chance the wine will taste somewhat sweet.

The good news: There are more excellent dry Rieslings on the market now than ever before. According to Terry Theise, a Boston-based importer of German and Austrian Riesling, he's selling more dry Riesling. Evan Spingarn, German portfolio manager of New York-based wine importer David Bowler Wine, estimated his sales of dry German Riesling rose 75% between 2013 and 2016.

Almost all the friends with whom I recently tasted 20 or so Rieslings came to the tasting thinking Rieslings were strictly sweet. I bought bottles from Australia, Austria, Alsace and Germany, as well as a few from Washington State and New York. The

cheapest was the 2015 Chateau Ste. Michelle Dry Riesling (\$9), a simple but attractive wine, and the most expensive was the 2014 Weiser-Künstler Steffensberg Riesling (\$34), an impressively full-bodied, very dry wine—though most were in the \$18-\$25 range. They ranged from bone dry to the fruity side of dry, though all were denoted as dry in some fashion.

A few of the wines were both very dry and very high in acidity—almost shrill—proving the point many winemakers have made, that

While those bad old days are long gone, the sweet stereotype lives on.

a bit of sugar is often needed to balance out the high-acid Riesling grape. Some of the fruitier favorites included the 2014 Bott-Geyl Riesling "Les Éléments" (\$19), a big, rich Riesling from Alsace, as well as the 2016 Hermann J. Wiemer Dry Riesling (\$18) and the soft, full-bodied 2016 Boundary Breaks 239 Riesling (\$17), both from New York's Finger Lakes.

The dry-wine diehards among the tasters were particularly keen on the two wines from Kamptal, Austria: the citrusy 2015 Hieder Urgestein (\$26) and the delicious 2015 Schloss Gobelsburg, which was deemed a terrific buy at \$15. (2015 was an outstanding vintage in Germany.) The sprightly 2015 Clemens Busch Vom Roten Schiefer Riesling Trocken (\$29) from the Mosel region of Germany was a big hit thanks to a penetratingly mineral finish and the 2015 Jochen Beurer Riesling Kieselsandstein (\$28) from the little-known Baden-Württemberg region in Germany also stood out as a favorite among the very dry Rieslings.

The world of dry Riesling is large and often confusing. But enormous enjoyment, even excitement, awaits those willing to risk buying a few bottles and pulling some corks.

► Email Lettie at wine@wsj.com

OENOFOLIE // THE DRY SIDE OF RIESLING



2014 Bott-Geyl Les Éléments Riesling Alsace France (\$19)

Alsace Rieslings tend to be bigger and richer than their German counterparts. Case in point: this lush wine with beguiling floral aromas from a top producer and vintage.



2015 Clemens Busch Vom Roten Schiefer Riesling Trocken Mosel-Saar-Ruwer (\$29)

From Clemens Busch, an acknowledged master of dry German Riesling, this is a thrillingly mineral, very dry wine with a bracing, almost electric acidity.



2015 Schloss Gobelsburg Riesling Kamptal Austria (\$15)

Schloss Gobelsburg produces a wide range of well-made wines. This one is a well-priced introduction to Austrian Riesling—crisp and dry with a pleasant citrus note.



2015 Jochen Beurer Riesling Kieselsandstein (\$28)

Produced in the little-known Baden-Württemberg region from 35-year-old Riesling vines, this full-bodied wine is a bit fruity, with aromas of peach and a long mineral finish.

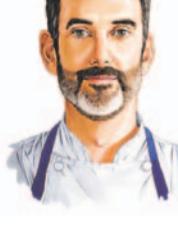


2016 Boundary Breaks Dry Riesling 239 Finger Lakes New York (\$17)

Boundary Breaks owner Bruce Murray aims to produce Rieslings to match those from Alsace and Germany. This is a lovely, well-balanced wine on the fruitier side of dry.

SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Sea Bass With Summer Squash and Fennel



The Chef
Steven Satterfield

His Restaurant
Miller Union in Atlanta, Ga.

What He's Known For
A deep affinity for vegetable cookery, from root to stem. Inventive dishes that seem timeless

MILD, SUCCULENT and gently sweet when cooked, summer squash is too often overlooked at this time of year, when other, bolder, brighter vegetables are also coming into season. But it makes a great base on which to layer other ingredients and flavors.

"In the South, we cook it with onions and butter," said Atlanta chef Steven Satterfield. In this simple recipe, he adds fennel and a handful of herbs to a sauté of squash, onions and butter, and then lays pan-seared sea-bass fillets on top.

Mr. Satterfield begins by working

herbs, shallots, lemon zest and juice, and garlic into the butter, which lends flavor to both the vegetables and the fish. The fennel brings a decidedly Provençal anise accent to the dish. Low, slow stewing concentrates the squash's delicate flavor. A splash of white wine and a final pat of herb butter make a simple, scrumptious sauce.

A little bit south-of-France, a little bit south-of-the-Mason-Dixon, this fresh and flavorful dish will change the mind of anyone who's underestimated the low-key appeal of summer squash. —Kitty Greenwald

TOTAL TIME: 35 minutes SERVES: 4

1 bulb fennel, stalk and fronds attached

½ stick unsalted butter

1 tablespoon minced dill

1 tablespoon minced chives

1 tablespoon sliced tarragon

½ clove garlic, minced

½ shallot, minced

Zest and juice of 1 lemon

Kosher salt and freshly ground black pepper

1 yellow onion, minced

2 pounds summer squash, cut into ½-inch dice

2 tablespoons olive oil

4 six-ounce sea bass fillets

2 tablespoons dry white wine

butter mixture and season with salt. Remove squash from heat and cover to keep warm.

3. Set a second large skillet over medium heat. Swirl in oil and season fish with salt and pepper on both sides. Once pan is very hot, carefully lay in fillets. (If necessary, cook in batches to avoid crowding.) Cook fish until golden brown on underside, about 3 minutes. Carefully flip fish and pour in wine to deglaze pan. Add remaining herb-butter mixture and cook until butter melts and fish flakes when pressed, 1-2 minutes more.

4. To serve, divide squash among 4 plates and lay fillets on top. Garnish with additional herbs, if you like.



FRONDS FOREVER This recipe makes use of every part of the fennel—not just the bulb—to build multiple layers of flavor and fragrance.

OFF DUTY



Magda Butrym

Based in Warsaw, Magda Butrym merges the street-wise feel of Vetements with a feminine sensibility. Look to her for dresses with on-trend silhouettes—asymmetric hemlines, cut-outs—that won't make you feel like a fashion victim. She tempers the edge with floral motifs. "Her feminine prints really resonate with our customers," said Shopbop's Ms. Maguire. Ms. Butrym said she wants to imbue her clothes with "soul" and taps the talents of Polish artisans to do so.

Dress, \$1,997,
magdabutrym.com



Anna October

The Ukrainian designer makes sweet dresses using methods rooted in her region's cultural history. Her spring collection was detailed delicately with ricrac while her line for fall, pictured here, focuses more on prints and nattily cool tailoring.

Jacket, \$707,
Sweater, \$551, and
Trousers, \$431,
annaoctober.com

The Eastern Parade

Designers from Ukraine, Poland and Russia are a stylish woman's secret weapon. Six key names to know

BY HAYLEY PHELAN

OVER THE PAST few years, Eastern European talents like Demna Gvasalia, the rabble-rousing co-founder of Vetements who became artistic director of Balenciaga, and menswear designer Gosha Rubchinskiy, who has staged his recent shows way off-piste in Kaliningrad and St. Petersburg, have pushed the frontiers of luxury fashion.

It's ironic that those who grew up behind the Iron Curtain, cut off from western fashion, are now the people redefining it. Then again, the fashion industry loves an outsider—and creativity is often born out of constraint. Under Soviet rule, uniforms were obligatory and western clothes a rarity. "There was no space left for individuality," said Russian fashion and tech entrepreneur Miroslava Duma.

But now the region is undergoing a bona fide designer boom. Messrs. Gvasalia and Rubchinskiy have paved the way for under-the-radar labels like Petar Petrov and Yuliya Magdych, names you may have come across on Instagram or e-commerce sites like Matches Fashion and Moda Operandi.

These labels are catnip for retailers—and shoppers—seeking something they haven't seen before. "I'm constantly looking for emerging designers," said Caroline Maguire, fashion director at e-commerce site Shopbop, which stocks Russian designer Vika Gazinskaya, Polish designer Magda Butrym and Ukraine-based Anna October. Ms. Maguire said she's discovered these brands via word-of-mouth, Instagram and paying attention to influencers.

Aesthetically, these designers are diverse. Some mine their heritage and employ traditional craft, while others take their cues from the streets with edgy silhouettes and logos. The one thing they share? "They set their own rules," said Shopbop's Ms. Maguire. Many also make wearable clothes with the sort of smart twists that can quickly wake up your wardrobe. Here, a guide to the best Eastern European designers to consider now.

F. MARTIN RAMIREZ/THE WALL STREET JOURNAL STYLING BY GABRIEL RIVERA (CLOTHING)

Yuliya Magdych

History and tradition are the driving force for Ukraine designer Yuliya Magdych. Her colorful and feminine dresses and coats use embroidery techniques that have been passed down for generations. The result: beautiful bohemian dresses with an Instagram-friendly aesthetic (think: bold hues and plenty of volume).

Robe, \$2,175, yuliamagdych.com



Vilshenko

The work of Russian talent Olga Vilshenko, available on Net-a-Porter and Matches Fashion, is known for its fairy-tale quality. Fans of dreamy, bohemian brands like Valentino and Chloé will find a kindred sartorial spirit here.

Vilshenko Jacket,
\$970, *Capitol*,
704-366-0388;
Trousers, \$1,080,
matchesfashion.com



Petar Petrov

Born in the Ukraine, raised in Bulgaria and now based in Vienna, Petar Petrov designs an eponymous women's wear line steeped in the distinctive modernism of his adopted home. His attention to immaculate tailoring and focus on high-quality fabrics have made him a hit with the luxury set.

Petar Petrov Dress, \$1,590, and
Jacket, \$1,790, net-a-porter.com



Litkovskaya

Don't expect to find cheery, folksy embroideries in the collection of Kiev-based Lilia Litkovskaya. Her forte is a refined take on contemporary dressing that will attract professional women in need of non-generic office-wear. Think of it as a cross between Dries Van Noten and Céline.



Litkovskaya Skirt,
\$900, *H. Lorenzo*,
310-659-1432

FRESH PICK



ONE HEARTY KNIT

WHEN DESIGNER Raf Simons relocated from Antwerp to Manhattan last year, the "I *Heart* NY" logo resonated with him immediately. "It's not just about how it looks graphically, it's about what it says," said Mr. Simons, now Calvin Klein's creative director, of Milton Glaser's classic graphic. And so as a love letter to his new home, Mr. Simons created sweaters for his fall 2017 men's collection that riff on the familiar logo—showing it spliced, as if seen from a taxi window.

The drop-shouldered knits, made in partnership with Woolmark, the Australian company that promotes merino wool, are drapier and softer than Mr. Simons's previous slightly itchy, stiffer shetland designs. And of course, they make for a far more stylish souvenir than a coffee mug. Raf Simons Sweater, \$487, *Dover Street Market*, 646-837-7750

—Jacob Gallagher

FÊTE ACCOMPLI A GOOD-LOOKS GUIDE TO RECENT EVENTS

Dior Opens Its Archive Doors

OLD FRIENDS OFTEN catch up at parties. However, at a Paris cocktail bash last week celebrating the opening of Dior's new retrospective at the Musée des Arts Décoratifs, actress Jennifer Lawrence reunited with the ballet-pink gown she wore to the 2013 Academy Awards, one of the dresses on display. (Though she famously tripped on the garment en route to accepting her Oscar, she seemed to bear it no ill will.)

The exhibition, called "Christian Dior: Designer of Dreams," triggered many such memories. How could it not, with more than 300 haute couture gowns—the work of seven designers over the course of 70 years—on view?

"There are many moments that are very inspiring," said Maria Grazia Chiuri, of the exhibit. Ms. Chiuri, Dior's current artistic director, had showed her couture collection earlier that day. But it was those pieces designed by Mr. Dior himself, whom she credited with establishing the company's powerful

DNA, that she found most influential, even if his tenure lasted only a decade, from 1947 to 1957.

Guests like Natalie Portman and Robert Pattinson toured the exhibition, open until January 7, 2018, with a group that included LVMH CEO Bernard Arnault.

Other attendees stopped in more briefly, such as actress Elizabeth Olsen, on her way to a dinner hosted by her sisters, Mary-Kate and Ashley, for their label the Row. Dressed casually in a T-shirt and printed pants, Ms. Olsen had changed from the Dior raffia tunic and trousers she wore to the brand's runway show. "I've never worn a straw suit," she said. "I loved it."

Many of the women invitees wore Dior looks designed by Ms. Chiuri. "I love how she combines the masculine and the feminine," said actress Gemma Arterton, in a black dress that juxtaposed a prim white collar with more mischievous sheer sleeves—the kind of dress you'd be happy to run into a few years later. —Ann Bimlot



TOWN AND GOWN A few of the more than 300 haute couture dresses in Dior's Paris retrospective.



F. MARTIN RAMIREZ/THE WALL STREET JOURNAL (SWEATER); GETTY IMAGES (DIOR GUESTS); ADRIEN DIBARD (EXHIBITION)

OFF DUTY

MY FAVORITE ROOM

A Man Cave Writ Romantic

Interior designer Frank de Biasi finds inspiration in the cobbled-together refuge of exiled French author Victor Hugo

BY TIM GAVAN

MOST OF US have to give up tree houses, pillow forts and "keep out" signs once we exit puberty. Our homes get outfitted for entertaining, cooking, paying bills—the tasks that come with adulthood. "Keep out" evolves into the self-directed command to "keep up," infinitely more complicated. Few of us get the opportunity to go back.

A notable exception: Victor Hugo. In 1851, the poet and author of "The Hunchback of Notre-Dame" was forced to flee France for opposing the burgeoning au-

The so-called red room has the magpie spirit of a childhood sanctuary.

thoritarianism of Napoleon III. Finding asylum on the small English Channel island of Guernsey in 1855, Hugo transformed an abandoned seaside villa known as Hauteville House—boxy, white, and unremarkable from the outside—into a brooding, baroque, haphazardly lavish refuge for himself. Colored glass bottles in the entry evoked the stained glass of Notre-Dame de Paris, and a converted attic served as a window-walled observatory for writing. He remained here for 15 years—completing his massive, intricate novel, "Les Misérables"—even af-



DRAMATIC LICENSE On the English Channel Island of Guernsey, French author Victor Hugo shrouded his study in crimson damask.

ter political circumstances made returning to France possible.

"There's a sense of freedom here," observed New York interior designer Frank de Biasi of the largely intact home, now a museum.

"He's decorating for himself."

The so-called red room, in particular, has the magpie spirit of a childhood sanctuary, though Hugo elevated the chamber to a sophisticated study. He arranged the space

like a stage to make meaningful trinkets and secondhand furniture appear curated rather than hoarded; upholstered every wall (and the ceiling) in textured damask to achieve a hushed privacy; and

simplified matters with a limited palette of ruby, sapphire and gold. Here, Mr. de Biasi shows how to create an expressive but adult sanctum of your own—more epic hideaway than comic-book lair.



Animate Negative Space

A gaping, black fireplace can pull focus, especially when it's adjacent to gaze-grabbing characters like Hugo's humanoid torchieres. The lovely but unobtrusive scenery of his Louis XIV screen covered the distracting darkness during the day and softened firelight at night. Pay homage with this Chippendale Period Mahogany and Wool Fireplace Screen, circa 1770, \$2,500, windsorhouseantiques.co.uk



Deck the Walls

"Covering the walls in fabric, like the silk damask in Hugo's study, provides texture and sound attenuation," explained Mr. de Biasi, who upholsters walls in nearly all of his projects and likens the result to being inside a cocoon. The damask's richness also ennobles Hugo's less-precious finds, elevating the room from junk shop to gallery. An approximation: Pierre Frey Mona Lisa Brocatelle, price upon request, D&D Building, 212-421-0534

Play Up Voluptuous Forms

Hugo's decision to upholster the Louis XV duchesse brisée in the same fabric as the walls lets the eye focus on its sumptuous frame, said Mr. de Biasi. "You can imagine a woman in a gorgeous silk dress lounging on this, reading," he said of the piece, one that seems rarefied today but would have been relatively inexpensive at the local antique store in Hugo's time. Invest more heavily in your own: Louis XVI Duchesse Brisée, \$11,500, embreeandlake.com



Weave a Story

Hugo, whom friends suspected exaggerated his possessions' provenance, claimed the room's beaded tapestries hailed from the apartment of Queen Christina of Sweden at the Chateau de Fontainebleau. Mr. de Biasi believes they're Italian. In any case, they add shimmer to this grown-up's hideout, as would this Beaded Altar Frontal from Melissa Levinson Antiques. \$16,000. 1stdibs.com



Hit the Highs and Lows

"I always tell my clients to furnish rooms with a mix of short, medium, and tall," Mr. de Biasi said. Carved crimson pedestals of various heights (probably repurposed from discarded furniture Hugo found around the island and brought home, as was his habit) help fill the room vertically rather than horizontally, making it appear more grand, less cluttered. This weathered lacquer cabinet (left) has a similarly timeworn look with plenty of potential for displaying objects. Qing Dynasty Petite Lacquer Cabinet, circa 1850, \$1,880, pagodared.com



Set the Stage

Pairs of Venetian figurative torchieres flank the fireplace (only one set is visible in the photo above). They're "like players on a stage, with a proscenium of a valence behind them," Mr. de Biasi said. Their symmetry gives the room's complex contents order. Get a similar effect in your own space with these Bronze Maidens on Pedestals, 91 inches, \$6,795 for both, bronzewestimports.com

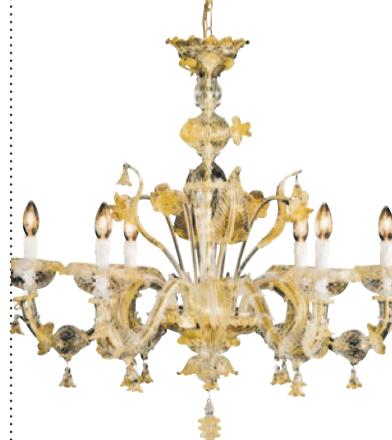


Top It Off

"I'm sure when Hugo lived here, [the table] was a proper center table with books and statues and other things like that [on it]," Mr. de Biasi said. While the Italian piece with a carved base and inlaid bone top is beautiful enough to shine when bare, its position in the room's center with a clear path around the perimeter made it ideal for showcasing special items. A worthy stand-in: English Library Desk, circa 1890, \$3,545, geauxvintage.com

Look Up

"This chandelier is really over-the-top, in a good way, with little chains underneath like vines and colorful glass flowers around the candle arms," said Mr. de Biasi. The lush, almost overgrown light fixture represents one of the room's more elaborate elements, but because it's high and out of the way, it doesn't add to the potential chaos below. Make the most of your own headroom with a Murano-style Glass and Gold Chandelier, from \$1,181, sognidicristallo.it



Lay It On Thick

"For me, whether it's parquet or carpet, the floor is just the floor and then your personality goes on top," said Mr. de Biasi of the evocative arabesques on Hugo's Mamluk rug, which the writer layered over wall-to-wall cherry carpeting. A colorful print also has the benefit of adding a whole lot of character without taking up physical space, the way furniture and objects would. For visual interest without crowding, try this Mamluk Rug, 6 feet by about 9 feet, \$3,995, nomadrugs.com



Humble Brag

"I'm not entirely sure what this is," admitted Mr. de Biasi of the bell-like object near Hugo's fireplace. "It's in the shape of a Buddhist stupa, but it's pierced like a brûleur à encens for emanating incense." It might be one of many references to Hugo's life and work throughout Hauteville House, perhaps a nod to his famous hunchbacked bell-ringer. Though we searched strenuously for a comparable piece, this is the closest we came: Bronze Burmese Guardian Lion Bell, circa 1800, from FEA Home, \$4,500, 1stdibs.com



BIO IN BRIEF // FRANK DE BIASI



His Résumé Six years at Christie's in the estates and appraisals department honed Mr. de Biasi's knowledge of art and design history. A member of the Sir John Soane Museum Foundation and the Institute for Classical Architecture and Art, he acted as director of interiors for architect and designer Peter Marino for 12 years before starting his own design firm in 2006.

His Clients Mr. de Biasi prefers his clients brave. He recently completed a modern waterfront house in Miami filled with a boggling collection of contemporary art along with jeweled bed frames, golden-alligator-backed chairs and a staircase that includes 37 gradations of marble. He is currently building a house in Tangier for himself and his partner, fashion designer

Gene Meyer, that he said will be "fun and fearless and full of color."

His Style A frequent, often-long-distance traveler, Mr. de Biasi is familiar with the global design market. His style ranges from the traditional to the contemporary—with an experimental edge—and his projects tend to be layered and rich, opulent but not off-puttingly so.

OFF DUTY

ALIEN ENCOUNTER The 2018 McLaren 720S's hollow headlamp assemblies gather air to cool the car's auxiliary systems. Enter and exit via the swan-wing doors.



MCLAREN

RUMBLE SEAT DAN NEIL



McLaren 720S: Blazingly, Pragmatically Fast

FITTINGLY, the new McLaren 720S super-sports car looks like the tip of the thing cardiologists use to unplug arteries: frictionless, streamlined, soft-shouldered and organic, needling its way into your heart.

Come to think of it, my time in a midnight-blue 720S—a 24-hour, 500-mile rally from Heathrow to the Welsh seaside village of Fairbourne and back again—was some of the most intense driving of my career, EKG-wise. Nothing focuses the mind like aiming a \$35-million borrowed car down what is essentially half a road, hemmed in stone walls, the ivy snapping fiendishly at the mirrors, in a proper Welsh downpour. Oh, man, does it know how to rain there. The sheep are like, *What? Again?*

Replacing the 650S in McLaren's Super Series lineup, the 720S marks a turning point for the luxury sports-car manufacturer, based in Woking, Surrey, England. The company's first design director, Frank Stephenson, left the company this spring, replaced by his chief designer, Rob Melville, who is credited with the 720S.

This changing of the guard is signaled by the 720S's remarkable reimaging of house aesthetics. Compared to the smooth, cool presentation of past cars, the 720S's design surfaces are organic, even biomimetic, a tensed moment of muscle, tendon and ligament. It's pretty fabulous.

In the front office, chief executive and F1 mega-boss Ron Dennis, CBE, has recently retired, selling

his stake in both McLaren road-car and racing operations to his Bahraini financial partners. The 720S is the first of 15 new models coming in the next five years, part of the \$1.4 billion "Track22" investment plan.

This entire portfolio—including rumored, all-electric beasts—will rely on the latest version of McLaren's carbon-fiber main structure, called Monocage II, which debuts on the 720S. This car is very much a preview of coming attractions.

Crazy-light and stiffer than steel, the Monocage II structure is the primary enabler of the car's edge-of-space dynamics. With a dry weight of just 2,829 pounds against the 710-hp V8 amidships, the McLaren has the lowest weight-to-power ratio (3.98 pounds per horsepower) in its class, which includes heavy-hitting flyweights like the Ferrari 488 GTB, Lamborghini Huracán and Ford GT.

Weather cooperating, the 720S is as quick as the quickest, ever: 0-to-60 mph in 2.8 seconds; 0-to-124 mph in a thoroughly berserk 9.8 seconds. Should you jam on the brakes at that speed—stupid sheep!—the car will cease movement in a mere 400 feet.

Under the tapering transparency of the rear deck, bathed in its own red accent lighting like a brothel, is a twin-turbo, dry-sump, 90-degree V8, displacing 4.0 liters and generating a properly indecent 710 hp at 7,250 rpm, backed up by a seven-speed dual-clutch transaxle. This edition of the all-aluminum V8 is equipped with electrically spooling twin-scroll turbochargers, designed to zero out any latency in throttle response. Honey, if the 720S has a latency issue, it isn't with the throttle.

Heading up a relatively dry M4 dual carriageway from London, I threw all of the car's dynamics switches—powertrain, active aero

and chassis—into Track mode. The car's curvaceous, full-width rear wing stood up on its hydraulic struts. I downshifted into 2nd and gave the milled-aluminum accelerator pedal a good kick. Blimey. The next moment, the Pirelli 305/30 rear tires spun madly, convulsed with horsepower, and the rear-end jumped a foot to the left. Whoa! There apparently is such a thing as too much leg in Track mode.

I was a couple tenths of a second late on the upshift, leaving the V8 hung up on the rev limiter, howling like an NFL lineman getting his area waxed. The 3rd gear upshift crumpled like artillery.

I would have preferred a bone-dry racetrack in Portugal, followed by a dinner of salt-baked sardines, but that wasn't to be. Still, this drive allowed me to consider the 720S's other charms, mostly the robust traction and stability control. This was an especial gift

tremis around a racetrack, can hold a car almost dead level in 1g cornering—also serves up a pretty plummy ride on the roads of Penrhyneddraeth. Of course, the tires are loud and prophylactic-thin, so the ride can be only so smooth.

The livability quotient surprised me, starting with the car's outward visibility. The airy, teardrop-shaped canopy, nearly all transparent, is supported by elegantly thin roof pillars, possible only because they are part of the Monocage II superstructure.

I regard the 720S as a landmark automobile in the field of what you may call functional aesthetics. It's such a fluid and ferocious shape—sculpture, really—so seemingly untroubled by technical demands of extreme speed. The 720S defies you to understand how it cools, breathes or stays on the ground. It seems built to fly in a different wind.

Note that there are no obvious air ducts in the upper bodywork. The computer-modeled skin features sinuous grooves around the canopy where air gets inhaled through ducts concealed in the bodywork. It also gathers air in its headlight assemblies.

I arrived in Fairbourne, at the mouth of the River Mawddach, feeling triumphant and eager to mingle with the locals. At the corner store I playfully ventured the only Welsh I know: *Mae fy hofreniad yn llawn llyswenod*, which means "My hovercraft is full of eels." You know, from the old Monty Python skit? Nothing.

Unbeknownst to me, the British government had recently declared that the village of Fairbourne would be "decommissioned" due to rising sea levels caused by climate change.

Out there on the Marches, they don't see too many UFOs so you can imagine the impression this car makes. Bloody 'ell, says everyone.



2018 MCLAREN 720S

Type Two-seat, mid-engine coupe, carbon-fiber structure and body

Base price \$287,745

Price, as tested \$354,115

Powertrain Twin-turbocharged, dry-sump 4.0-liter DOHC 90-degree V8, with electrically actuated twin-scroll turbochargers; seven-speed dual-clutch transaxle; rear-wheel drive with open differential and brake-based torque vectoring.

Horsepower/torque 710 hp at 7,250 rpm/568 lb-ft at 6,500 rpm

Length/width/height 178.9/76.0 inches/47.1 inches

Weight 2,829 pounds (dry)

Wheelbase 105.1 inches

Suspension double-wishbone type, adaptive dampers, proactive chassis control

EPA fuel economy 15/22/18 mpg, city/highway/combined

Luggage space 13 cubic feet

The 720S's design surfaces are organic, even biomimetic, a tensed moment of muscle, tendon and ligament.

since the Pirelli P Zero Corsa summer tires that work so admirably in sunny Lisbon were cold, hard and hydroplaning luridly in Wales.

Given its capacity for summary violence, the 720S is surreally tractable at low speeds, happy to burble around town in 1st and 2nd gear, the powertrain mode-selector on Comfort, its silencers on maximum. You can lift the nose hydraulically if you need to clear a sleeping policeman. To go with the raked windshield and low scuttle, there are great big windshield wipers that go like hell.

McLaren's hydraulics-based active suspension—which, in ex-

THE FIXER MICHAEL HSU



A Stress-Free Way to Backup Smartphone Pics

Q My iPhone is constantly telling me that I'm out of storage, mainly because all my photos and videos take up room. What's the easiest way to back them up so I can safely delete them from my phone?

A The best backup system is one you don't have to think about, which is why I use apps that automatically upload my media to the cloud. After you set these up, photos and videos appear in the cloud without your having to do a thing.

If you're an iPhone owner and don't mind paying a monthly fee, Apple's iPhoto app coupled with an iCloud subscription is handy. The service automatically puts every photo in the cloud and manages space on your device in the background, no deleting necessary. Plans start at \$1 per month for 50 GB; a 2 TB plan costs \$10 per month. To enable this, go to the "Photos & Camera" setting, toggle on "iCloud Photo Library" and make sure "Optimize Phone Storage" is checked.

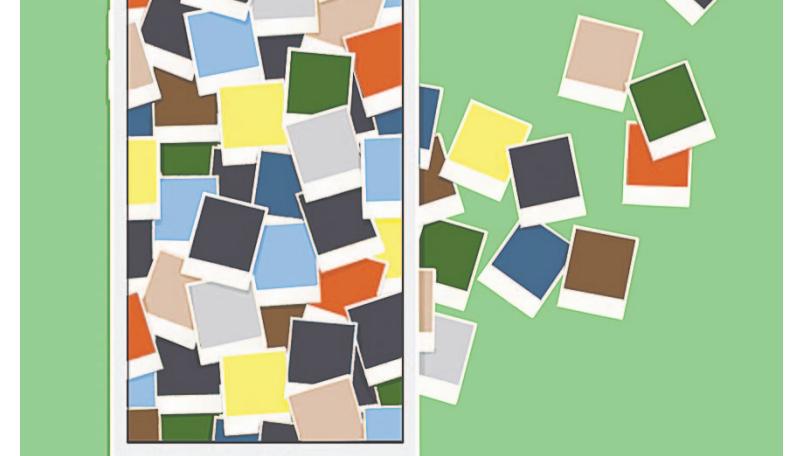
Google Photos, available for iOS and Android, lets you store an unlimited number of photos and videos for free, but photos need to be under 16 megapixels, and video resolution is limited to 1080p (which shouldn't be a problem for smartphone users). To delete photos from your phone that have been safely backed up, tap the

menu and select "Free up space." Flickr, meanwhile, offers a free plan with 1 TB of storage, and places no restrictions on resolution.

To set up these last two apps, open their settings, then select "Backup & sync" in Google Photos or "Auto-Upload" in Flickr and toggle it on. Once you do, the apps will upload files whenever your phone is connected to Wi-Fi.

At some point, you'll probably want to download your backed-up photos to a hard drive. For iCloud, open the Photos app on a computer, choose "Photos" then "Preferences." Then click "Download Originals to this Mac." For Flickr, log in to the site from a desktop browser, select "Albums" under the "You" menu, hover over the album called "Auto Upload," then click the "Download" icon. Google Photos allows you to batch download, too, but the process isn't quite as easy because you can only grab 500 items at a time. Using your computer, log in to photos.google.com, select the most recent photo you want to download, hold the Shift key, then select the oldest photo you want to download. Then press Shift + D to acquire the lot as a zip file.

Have a lifestyle problem that a gadget might solve? Email us: thefixer@wsj.com



KIERSTEN ESENPREIS

MANSION

'O sacred solitude! divine retreat!
Choice of the prudent! envy of
the great...' —Edward Young

HOMES | MARKETS | PEOPLE | UPKEEP | VALUES | NEIGHBORHOODS | REDOS | SALES | FIXTURES | BROKERS

© 2017 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Friday - Sunday, July 14 - 16, 2017 | W9



Bloody Point

STAGNANT PRICES Rich and Gayle Silver built a \$3.4 million, shingle-style home on the ocean in 2005. But when they listed it, fully furnished, for \$3.99 million last year, it didn't sell.



Melrose

FINANCIAL WOES Only about 17 families live full time in Melrose, a decaying former luxury resort owned by a Utah-based developer that filed for chapter 11 bankruptcy protection in March.



Haig Point

ON THE REBOUND Rick Wagoner, former chairman and CEO of General Motors, owns a home here, where members pay a \$20,000 initiation fee and an annual fee of \$23,000 for golf and tennis.

An Idyllic Island's Stormy History

Daufuskie offers golf, nature and history without the crowds of other Southern getaways. But some resorts have struggled financially, worrying potential home buyers.

BY NANCY KEATES

THERE'S NO GROCERY STORE, hospital or police station on Daufuskie, a small island off the coast of South Carolina where the total full-time

population is about 400. People wave to each other as they zip around on golf carts, some on their way to get free eggs at the community farm. Eagles fly overhead, and dolphins arch from the water as if on cue. The social epicenter is a honky-tonk bar and restaurant called Marsh-

side Mama's, where residents come to drink and dance.

On the edges of this near-wilderness are three luxury golf communities—one prospering, one deteriorating and one hanging on. Moving from

Please turn to page W10

PICTURE THE AMERICAN DREAM HOME

The most popular photos on three major home and design websites show what consumers love in home design.

Trending in 2017: statement lighting in the kitchen, daring wallpaper and fabric prints, and colorful front doors.

BY ALINA DIZIK

FORGET GINGHAM curtains and a white-picket fence. The "dream home" of today has come a long way from postwar tract homes with cookie-cutter features. Most Americans now want homes that express their individual style and are loaded with modern, high-end finishes, such as solid-surface countertops, spa-like bathrooms and chic industrial fixtures.

To understand what "dream home" means to today's homeowners, Mansion asked the editors of three home-centric websites—Houzz, BHG.com and HGTV.com—to identify their most popular images from the first half of 2017. These are the photos with the most online clicks, likes and saves.

Defining a dream home can be "an addictive experience, because people can find so many examples that speak to them personally," says Sheila Schmitz, editor at home-design website Houzz. In many cases, "there's a sense of nostalgia at work," she adds.

Please turn to page W11



BRASSY Houzz readers preferred kitchens with statement lighting and brass hardware.

HOUSE OF THE DAY
wsj.com/houseoftheday



Brooklyn, N.Y.
A lovingly renovated historic townhouse



Easton, Md.
A 19th-century 'jewel-box' cottage



San Francisco
A Presidio Heights home asks \$16 million

SARAH ST. AMAND/INTERIOR DESIGN, INC./MIKE CHALECKI

OPEN HOMES PHOTOGRAPHY

KELLI BOYD FOR THE WALL STREET JOURNAL (3)

MANSION

AN IDYLLIC ISLAND'S STORMY HISTORY



SPARSELY POPULATED A house for rent at the Bloody Point Golf Club and Beach Resort, located on the southern tip of the island. Of the 112 buildable lots in Bloody Point, 21 homes have been constructed to date, only five of which are occupied by full-time residents. Although the resort is currently for sale, the golf course, pool, tennis courts, clubhouse and a bed-and-breakfast are still in use.



SOUTHERN HISTORY Chase Allen, above left, is a metal artist who owns a workshop called the Iron Fish Gallery. Above right, the porch of Mr. Allen's home, one of the few remaining Gullah homes built by African-American descendants of former slaves. Mr. Allen also offers tours of the island's ecology and Gullah history.

Continued from page W9

area to area is like entering different planets, populated by homeowners like musician John Mellencamp and former NHL star Mark Messier. The divergent fates of these communities reflect the ups and downs of the market for high-end golf communities in the South.

At one end of the spectrum is a gated, member-owned community called Haig Point, home to wealthy retired business executives and professionals. Its meticulously manicured grounds set it apart from other developments and neighborhoods on the island.

"When you go out our back gate, you enter a different world," says John Tietjen, a 75-year-old former executive at Colgate-Palmolive who lives in a 3,600-square-foot Haig Point home there that he has filled with ancient American Indian artifacts and fossils he has found on the shores. Within the gates, there's a rare combination of warm camaraderie and privacy, says Rick Wagoner, former chairman and CEO of General Motors, who has a second home there.

Haig Point residents, about half of whom live there full time, pay a \$20,000 initiation fee and an annual fee of \$23,000 for golf and

tennis, a stately clubhouse with a wood-paneled bar and formal dining area, a beach club with a heated pool and a restaurant, a fitness center with a lap pool and a sprawling equestrian center with more than a dozen horses.

A fleet of six private boats ferries residents every hour to an embarkation center on the mainland, where they keep their cars. A water taxi can be reserved at any time to go to nearby Hilton Head.

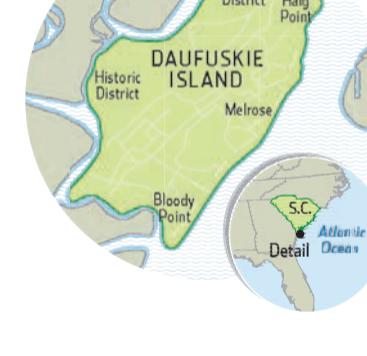
When the real-estate bubble burst in 2008, growth within Haig Point essentially came to a standstill. Since then, management decisions, investments in infrastructure and the steep initiation fees have helped it rebound.

About two years ago, Haig Point hired a chief executive, Doug Egly, whose mission is to expand the current 360-member roster to 500 and add about 35 homes by 2020. (Currently there are 265 houses.) To that end, Mr. Egly brought in more builders, including Osprey Construction, a local company that has built three spec houses that start at about \$600,000 each.

The average home listing price in Haig Point is now \$763,000, nearly double what it was in 2015, according to Haig Point's marketing director Adam Martin. Lots

start at around \$50,000 and homes on the market range from a quaint, three-bedroom cottage listed for \$297,500 to a commanding 5,842-square-foot waterfront mansion listed for \$2.85 million.

Next door to Haig Point is a decaying former luxury resort called



Melrose, with abandoned beach cottages, a shuttered inn and a Jack Nicklaus-designed golf course covered in weeds. Its owner, Utah-based developer Pelorus Group, filed for chapter 11 bankruptcy protection in March, saying it owed creditors about \$35 million. It is currently seeking an investor willing to put up at least \$19 million in cash.

"I've never seen it this bad," says Elizabeth Noonan, 47, a consultant from Lexington, Ky. She and her family spend a week at a time vacationing at a home that her husband and his brothers built on the beach in 2006. Despite the dismal surroundings, the beach remains stunning, and about 17 families live in Melrose full time.

Homes can still be pricey, like the 1,500-square-foot beach cottage that is listed for \$925,000 and described in the real-estate agent's ad as offering "lots of privacy."

Also facing an uncertain fate is the Bloody Point Golf Club and Beach Resort, located on the southern tip of the island that includes a golf course, swimming pool, tennis courts, clubhouse and a bed-and-breakfast. After going bankrupt in 2008, the resort was won in an auction in 2011 by floral-business magnate Brian McCarthy, who restored the golf course and put in a dock and a boat service with six round-trips to Savannah, Ga., a day. Since then Mr. McCarthy has been trying to sell the resort because it is losing money. A group of investors expressed interest, which had islanders hopeful, but the deal fell through in June.

Despite its financial woes,

Bloody Point Club and its facilities are still up and running. Day trippers from Savannah pay to play golf, have lunch and use the swimming pool. Of the 112 buildable lots in Bloody Point, 21 homes have been constructed to date, only five of which are occupied by full-time residents, including a 7,700-square-foot white mansion owned by John Mellencamp, who uses it as a retreat. A five-bedroom house just a couple doors down from Mr. Mellencamp's home is on the market for \$1.75 million.

Rich and Gayle Silver built a \$3.4 million, 5,500-square-foot shingle-style home on the ocean in Bloody Point in 2005, attracted to the area's white-sandy beach and tranquility. Mr. Silver, a 70-year-old retired mutual-fund executive, and Mrs. Silver, an interior designer, moved to Daufuskie from Boston and now live there full time.

The Silvers own two other lots in Bloody Point and want to build a smaller house. But when they put their current home—fully furnished—on the market for \$3.99 million last year, it didn't sell. Mr. Silver says prices in the area have remained stagnant. Recently, they took it off the market and will wait awhile before relisting.

For Sale on Daufuskie Island



\$529,900

Haig Point

Three bedrooms, three bathrooms

This one-story home measures 2,691 square feet. Interiors have hardwood floors and high ceilings. A flex room could be used as an office, craft room or media room. The home has expansive porches and golf-course views.

Agent: Charl Cilliers, Exit Hilton Head Realty



\$795,000

Haig Point

Four bedrooms, four bathrooms, one half-bath

An open floorplan in this 3,250-square-foot home features a custom staircase. A second-floor gallery bridges the main living area with guest quarters. Outside there's a courtyard, with mature trees and water views.

Agent: Andre Cilliers, Exit Hilton Head Realty

MANSION



ISLAND SCENES Things are looking healthier in the historic district along the island's western side. From left to right, a signpost provides directions; inside Daufuskie Island Wine and Woodworks, where some Haig Point residents are building small 'cocktail racer' boats; and a patio at Marshside Mama's, a popular honky-tonk bar and restaurant where residents go to drink and dance.



LOW-KEY HOMES Musician John Mellencamp has a vacation home on the island, above left. John and Carol Tietjen, above right, live in a 3,600-square-foot Haig Point home that Mr. Tietjen has filled with fossils and American Indian artifacts found on the island, top right.

There is some tension over the economic disparity between Haig Point and the rest of the island, residents say. While Haig Point's private ferries run every hour, the public ferry runs only four times a day. Current flood-zone maps mean that Haig Point homeowners qualify for federal flood insurance, whereas residents on most of the rest of the island don't. South Carolina legislators are working on changes to flood-zone maps that would expand the availability of insurance coverage.

Still, things are looking healthier in the historic district along the island's western side. About 65 families live here full time, and new businesses are springing up. There is now a restaurant called Lucy Bell's that serves salads and sandwiches. The island got its first coffee shop, and another outfit combines a small wine shop with a wood shop where a group of Haig Point residents is building small "cocktail racer" boats. Daufuskie Island Rum Co. just came out with its seventh flavor, infused with Kona coffee beans, that owner Tony Chase serves mixed with hazelnut coffee creamer after distillery tours.

Chase Allen, a metal artist who owns a workshop called the Iron Fish Gallery, lives in one of the few remaining homes on the island built by a Gullah, the African-American descendants of former slaves who had once worked on cotton plantations and farmed oysters on the island.

Mr. Allen also owns a company called Tour Daufuskie that specializes in the island's ecology and Gullah history. "There's a massive untapped ecotourism opportunity here," he says.

Tourism on Daufuskie has picked up in the past year, says Chris Haupt, who charges \$45 a head for a 45-minute boat ride to the island from Savannah, Ga. Most of his business is from vacation-home renters and day trippers.

Living on an island with no bridge can make for some desperate situations, Mr. Haupt says. Recently he received a call in the middle of the night from someone craving a pizza—badly enough to pay the \$300 after-hours delivery fee.

PICTURE THE AMERICAN DREAM HOUSE



BRANCHING OUT Images that feature bold wallpaper patterns or colorful tiles are popular with Houzz readers.

Continued from page W9

Right now, the most popular photos on Houzz show transitional interiors, those that mix traditional and contemporary design elements, with daring use of prints, metals and other textures. Glamorous kitchens feature statement lighting, master bathrooms are awash in custom stonework and exteriors show farmhouse-style accented with industrial-inspired fixtures.

Houzz users are also drawn to "high contrast" powder rooms and kitchens, says Ms. Schmitz. The most popular images so far this

year feature daring wallpaper patterns or colorful tiles to create kitchens or powder rooms with a unique feel for entertaining. "It's a place where the homeowner feels they can make a statement with the design," she says.

Bigger isn't always better when it comes to dream spaces. When viewing home-renovation projects, consumers often click on photos of small, well-appointed areas that feel somewhat attainable, says Mariel Clark of Scripps Networks Interactive.

bunk-bed setup in the shape of a small house inside a child's room was one of the top images this year.

"Our audience does gravitate toward homes and spaces that they can identify with," says Ms. Clark. An image of a bathroom with shiplap on the walls, an oversize plant and free-standing bathtub drew in consumers who are eager to add similar details to their own spaces, she explains.

Bigger isn't always better when it comes to dream spaces. When viewing home-renovation projects, consumers often click on photos of small, well-appointed areas that feel somewhat attainable, says Mariel Clark of Scripps Networks Interactive.

In a home's private areas—master baths and bedrooms—serene décor is still in demand, says Amy Panos, home editor at Better Homes & Gardens, a Meredith Corp. magazine and website. Lighter bathroom tiles, shiplap walls and minimal bedroom décor can create a Zen-like atmosphere that's a draw for consumers. "Calm is what people want in terms of their bedrooms," Ms. Panos says.

Still, some are eager to wow guests with dramatic entrances. Photos of oversize planters, fire pits and colorful front doors are the most-clicked images this year, Ms. Panos says, because consumers see renovating outdoor entryways as an easy fix. "People are getting fearless about their front door."

Buyers want a dream home that feels one-of-a-kind and sets the home apart from other homes in a similar price range, says Chad Carroll, an agent with Douglas Elliman in Miami who focuses on homes listed for \$5 million and above. In the past few years, he has seen



BUNKHOUSE A clever bunk bed setup in the shape of a small house inside a child's room has been one of HGTV's top images this year.

homeowners who have invested in a custom-built wood-burning pizza oven off the kitchen, a private spa in the pool house, first-floor wine rooms and a basketball court.

When building out kitchens and baths, he sees increased interest for butler's pantries, additional ovens and refrigeration, and his-and-hers master baths. "There's an increase in demand for double of everything," Mr. Carroll says.

Browsing pictures "adds a realistic element to your aspirations," says Alyssa Croft, an assistant professor of psychology at the University of Arizona in Tucson who fo-

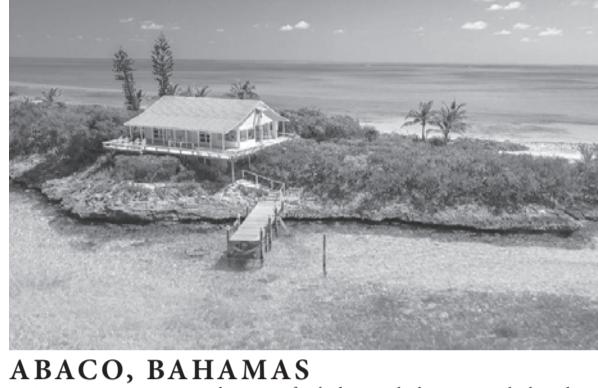
cuses on gender stereotyping and the home.

Psychologically, people building or buying their dream home are eager to have a so-called optimal distinctiveness, which means that the home is different enough to be considered special by outsiders, while allowing the homeowner to fit in socially with their vision, says Prof. Croft. "We like to fit in and make sure that we have these status symbols—but what we really value is individuality," she says.

► For more luxury-home photos and a quiz, go to WSJ.com/RealEstate.

Sotheby's
INTERNATIONAL REALTY

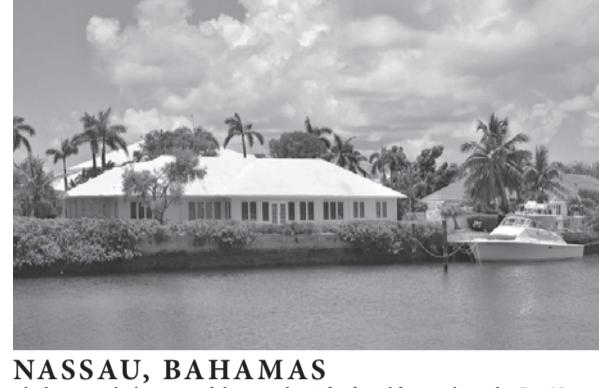
UNIQUE IMPRESSIONS WORLDWIDE SOTHEBYSREALTY.COM



ABACO, BAHAMAS

1.16 acre sea-to-sea property with 1,100 sq. ft. 3 bedroom, 2 bath cottage overlooking the Sea of Abaco. Wraparound porches, unobstructed views, 400 ft. of frontage, deepwater dock with mooring. WEB: T2DPQ2. \$1,200,000 US. Christopher.Albury@SIR.com

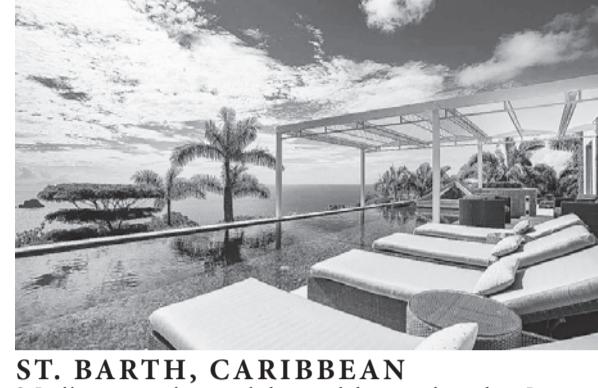
Damianos Sotheby's International Realty
+1 242.359.6885 | SIRbahamas.com



NASSAU, BAHAMAS

4 bedroom, 3.5 bath 3,500 sq. ft. house with 165 ft. of canal frontage located in Port New Providence. Amenities include a private beach, tennis courts, playground and 24 hour security. WEB: B87NHT. \$1,450,000 US. Craig.Pinder@SIR.com

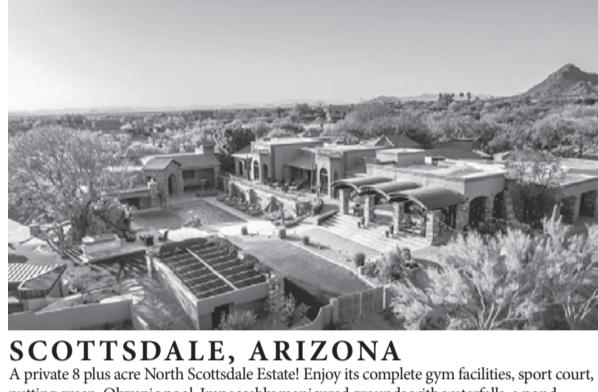
Damianos Sotheby's International Realty
+1 242.457.2282 | SIRbahamas.com



ST. BARTH, CARIBBEAN

St. Barth's most spectacular estate. 9 bedrooms including a caretaker residence. Panoramic views including, the islands of Saba and Statia and year round sunsets. Private five bedroom main residence, two bedroom guest house, and two pools. \$46,000,000. tom@stbarth.com

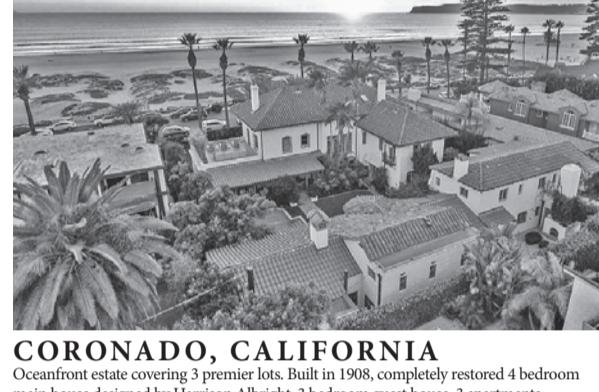
St. Barth Properties Sotheby's International Realty
+1 508.570.4481 | sothebysrealty-stbarth.com



SCOTTSDALE, ARIZONA

A private 8 plus acre North Scottsdale Estate! Enjoy its complete gym facilities, sport court, putting green, Olympic pool. Impeccably manicured grounds with waterfalls, a pond, oversized pool, fire pits and tennis court. Car aficionado's dream. \$7,995,000. Frank Aazami.

Russ Lyon Sotheby's International Realty
+1 480.266.0240 | ScottsdaleLuxuryEstate.com



CORONADO, CALIFORNIA

Oceanfront estate covering 3 premier lots. Built in 1908, completely restored 4 bedroom main house designed by Harrison Albright, 3 bedroom guest house, 3 apartments, 4 car-garage. Pool and lush landscaping. Mills Act Approved. \$13,900,000. Scott@ScottAurich.com

Pacific Sotheby's International Realty
+1 619.987.9797 | 1043oceanblvd.com



PEBBLE BEACH, CALIFORNIA

Iconic 4 bedroom oceanfront estate. Stunning views from every room. Chef's kitchen. Ideal for intimate or large scale entertaining. Ocean side terrace includes outdoor kitchen and infinity pool. Guest house. 17MileEstate.com. \$41,888,000. Michael Dreyfus.

Golden Gate Sotheby's International Realty
+1 650.485.3476 | ggsir.com



SAN DIEGO, CALIFORNIA

Newly constructed, private Mediterranean masterpiece on the bluffs of Del Mar. Extensive patios and spectacular outdoor living spaces take full advantage of the mesmerizing, panoramic views. \$25,900,000. Eric Lantorno, Clinton Selfridge and Lindsay Dunlap.

Pacific Sotheby's International Realty
+1 858.256.7005 | PacificSothebysRealty.com



SAN DIEGO, CALIFORNIA

One of a kind, three building compound overlooking the San Diego harbor offering one of the best views of the city's skyline. Enjoy a charming, resort like feel with elegant finishes and modern conveniences throughout. \$13,900,000. Clinton Selfridge and Eric Lantorno.

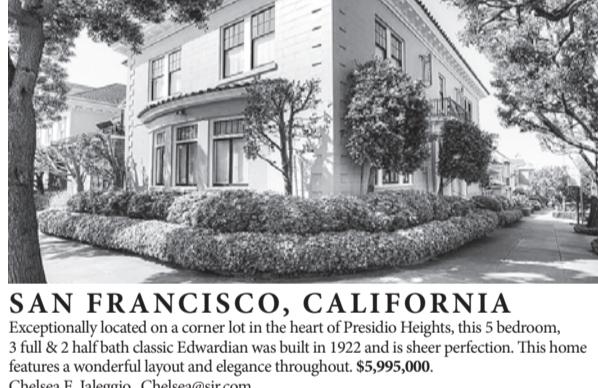
Pacific Sotheby's International Realty
+1 858.256.7005 | PacificSothebysRealty.com



SAN DIEGO, CALIFORNIA

Private seaside paradise boasting huge ocean views from almost every room. With elevator service to all three floors, this spacious, yet intimate waterfront estate is dotted with spectacular details. Quality, brand new construction ready for move in. \$9,495,000. Clinton Selfridge and Eric Lantorno.

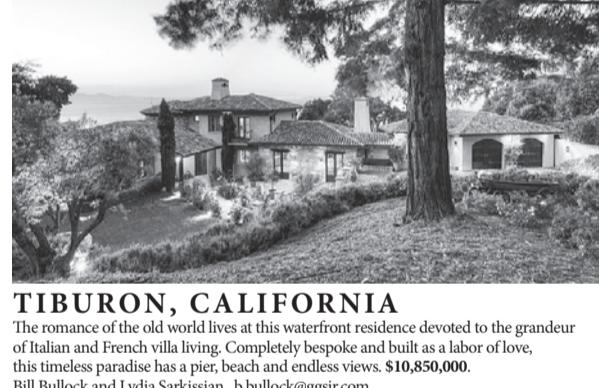
Pacific Sotheby's International Realty
+1 858.256.7005 | PacificSothebysRealty.com



SAN FRANCISCO, CALIFORNIA

Exceptionally located on a corner lot in the heart of Presidio Heights, this 5 bedroom, 3 full & 2 half bath classic Edwardian was built in 1922 and is sheer perfection. This home features a wonderful layout and elegance throughout. \$5,995,000. Chelsea E. Ialeggio. Chelsea@sic.com

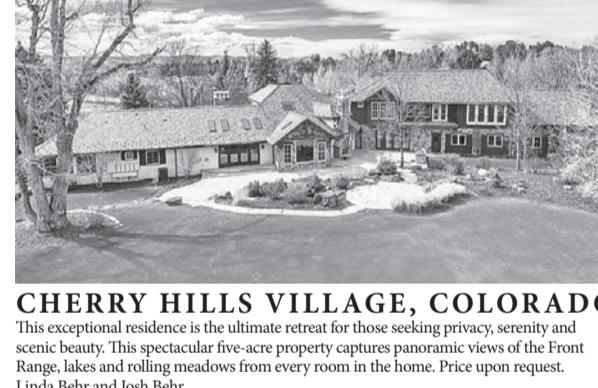
Golden Gate Sotheby's International Realty
+1 415.300.6881 | 3903washington.com



TIBURON, CALIFORNIA

The romance of the old world lives at this waterfront residence devoted to the grandeur of Italian and French villa living. Completely bespoke and built as a labor of love, this timeless paradise has a pier, beach and endless views. \$10,850,000. Bill Bullock and Lydia Sarkissian. b.bullock@ggsir.com

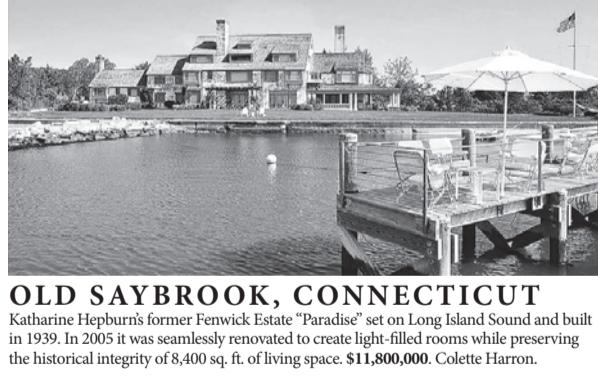
Golden Gate Sotheby's International Realty
+1 415.517.7720 | globalestates.com



CHERRY HILLS VILLAGE, COLORADO

This exceptional residence is the ultimate retreat for those seeking privacy, serenity and scenic beauty. This spectacular five-acre property captures panoramic views of the Front Range, lakes and rolling meadows from every room in the home. Price upon request. Linda Behr and Josh Behr.

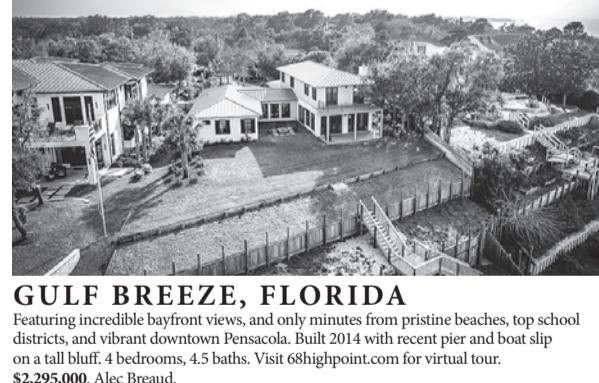
LIV Sotheby's International Realty
+1 303.917.4467 | 1CantitoLane.com



OLD SAYBROOK, CONNECTICUT

Katharine Hepburn's former Fenwick Estate "Paradise" set on Long Island Sound and built in 1939. In 2005 it was seamlessly renovated to create light-filled rooms while preserving the historical integrity of 8,400 sq. ft. of living space. \$11,800,000. Colette Harron.

William Pitt Sotheby's International Realty
+1 860.304.2391 | williampitt.com



GULF BREEZE, FLORIDA

Featuring incredible bayfront views, and only minutes from pristine beaches, top school districts, and vibrant downtown Pensacola. Built 2014 with recent pier and boat slip on a tall bluff. 4 bedrooms, 4.5 baths. Visit 68highpoint.com for virtual tour. \$2,295,000. Alec Bread.

Kaiser Sotheby's International Realty
+1 850.399.1811 | 68highpoint.com



CHICAGO, ILLINOIS

900 West, boutique luxury in Chicago's West Loop. 22 residences. 2-4 bedrooms. 1,695-4,995 sq. ft. Industrial loft design, private elevator entrance, biometric security. Starting at \$1,300,000. Private appointment only. Melanie Giglio. melanie@melaniegiglio.com

Jameson Sotheby's International Realty
+1 312.224.9105 | jamesonsir.com



LAKE FOREST, ILLINOIS

Your California retreat in the Chicago suburbs. First floor master suite overlooks 3 acres with gorgeous pool and spa. Elevator. Grand entertaining spaces, pro-sized home gym, multiple guest suites. Gated home. Darcy Bonner design. \$7,900,000. Eileen Campbell and Tim Salm.

Jameson Sotheby's International Realty
+1 847.757.5181 / 312.929.1564 | jamesonsir.com



BOSTON, MASSACHUSETTS

Award-winning single family residence in Boston's prestigious Beacon Hill. Complete with an elevator, an au pair suite and a charming front garden entrance. Breathtaking views of Boston and the Charles River. \$3,750,000. Michael L. Carucci, Jamie N. Imperato.

Gibson Sotheby's International Realty
+1 617.901.7600 / 917.299.9026 | 125MountVernon.com



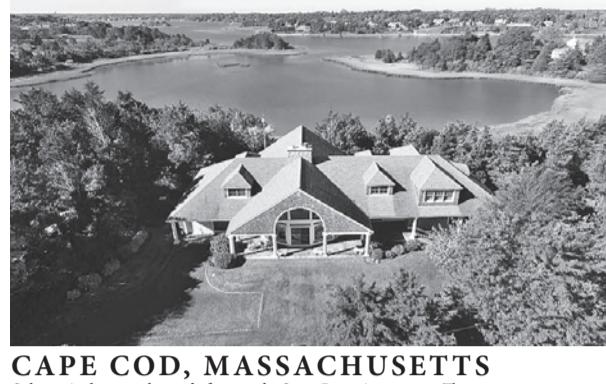
BOSTON, MASSACHUSETTS

Spacious 2 bedroom, 2 bath unit at the Four Seasons Residences. Expansive entertaining area and an oversized master bedroom with a custom walk-in closet and spa bath. 1 valet garage parking space and storage are included. \$3,495,000. Michael L. Carucci.

Gibson Sotheby's International Realty
+1 617.901.7600 | GibsonSothebysRealty.com

Sotheby's
INTERNATIONAL REALTY

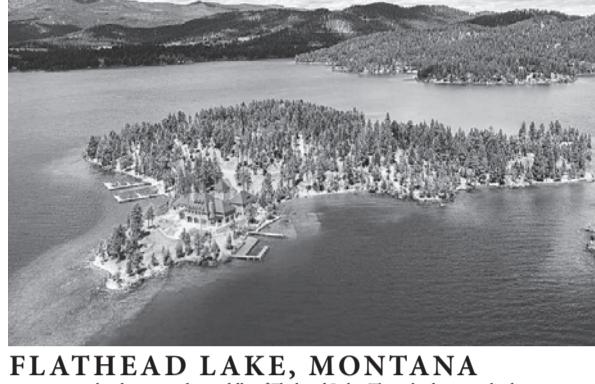
UNIQUE IMPRESSIONS WORLDWIDE SOTHEBYSREALTY.COM



CAPE COD, MASSACHUSETTS

Orleans Architectural tour de force in the Snow Point Association. This unique 1.3+ acre location enjoys saltwater frontage. Enjoy spectacular views and sunrises over the Atlantic, and sunsets over the Cove. This 5,286 sq. ft., 4 bedroom, 4.5 bath residence is unsurpassed. \$4,150,000. Trainor and Ehnstrom.

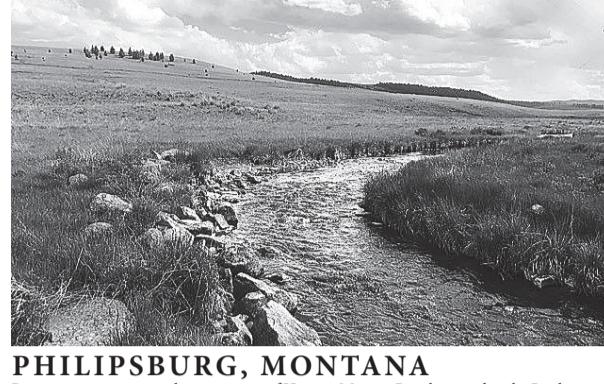
oldCape Sotheby's International Realty
+1 508.274.5599 | oldCape.com



FLATHEAD LAKE, MONTANA

22+ private island acres in the middle of Flathead Lake. This 5 bedroom, 8 bath estate is a luxurious 22,000 sq. ft. with over 4,800 ft. of private, lakefront access. Includes guest/boathouse, exquisite finishes throughout. \$29,000,000. Dawn Maddux.

Glacier Sotheby's International Realty
+1 406.550.4131 | glaciersir.com



PHILIPSBURG, MONTANA

Rare opportunity to purchase a section of Historic Mungas Ranch, nested in the Pintlar Mountain Range. 315± acres with Trout Creek meandering through. Many building sites with sweeping views. Near Georgetown Lake, Discovery Ski and world class fly fishing. \$1,000,000. Dawn Maddux.

Glacier Sotheby's International Realty
+1 406.550.4131 | glaciersir.com



NEW YORK, NEW YORK

The jewel of the illustrious Hotel Des Artistes is a 5,377 sq. ft. penthouse featuring a 55 ft. double-height studio, one of the great rooms in all New York. \$19,000,000. Mark Amadei and Roberta Golubok.

Sotheby's International Realty East Side Manhattan Brokerage
+1 212.431.2449 / 212.606.7704 | sothebyshomes.com/00111610



NEW YORK, NEW YORK

This 6,168 sq. ft., 6 bedroom, 8.5 bathroom PH condo has panoramic exposures, features grand entertaining spaces and unobstructed views of the river. \$16,500,000. Kevin. B. Brown and Craig George.

Sotheby's International Realty East Side Manhattan Brokerage
+1 212.606.7748 / 212.400.8754 | sothebyshomes.com/00111454



NEW YORK, NEW YORK

Combining the best of loft and townhouse living, this sprawling approx 4,600 sq. ft. Tribeca penthouse triplex features three outdoor spaces including a private rooftop terrace with views of Downtown Manhattan in every direction. \$9,950,000. Jeremy V. Stein.

Sotheby's International Realty Downtown Manhattan Brokerage
+1 212.431.2427 | sothebyshomes.com/0139193



NEW YORK, NEW YORK

Indoor/outdoor palatial living awaits you in this one-of-a-kind 3 bedroom, 2.5 bath designer home. Access to outdoor living from every room. Prime boutique Chelsea condo. \$4,500,000. Mara Flash Blum.

Sotheby's International Realty Downtown Manhattan Brokerage
+1 212.431.2447 | sothebyshomes.com/0139551



SCARSDALE, NEW YORK

Magnificent new Eco construction by Healthy Home Builders! Located in the estate section of Scarsdale, this stunning 9,022 sq. ft. Georgian Colonial, incorporates classic architectural details with advanced organic building materials! \$6,950,000. Dawn Krief.

Julia B. Fee Sotheby's International Reality
+1 914.393.1159 | juliabfee.com



SCARSDALE, NEW YORK

This spectacular contemporary residence, abutting the 5th hole of Fenway, promises a resort lifestyle year round, w/fantastic amenities and total privacy. Situated on 3.11 acres with pool, pool house and tennis court. \$4,800,000. Dawn Krief and Mary Katchis.

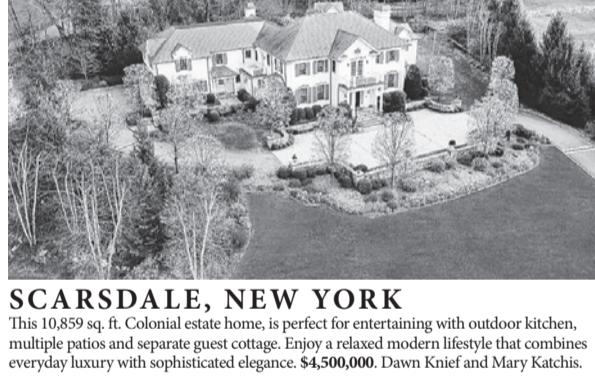
Julia B. Fee Sotheby's International Reality
+1 914.393.1159 | juliabfee.com



SCARSDALE, NEW YORK

Organic luxury living in this new farm house Colonial, the latest project by Healthy Home Builders! Stunning architecture. Meticulous craftsmanship, all non-toxic building materials. Walk to all. \$4,688,000. Dawn Krief.

Julia B. Fee Sotheby's International Reality
+1 914.393.1159 | juliabfee.com



SCARSDALE, NEW YORK

This 10,859 sq. ft. Colonial estate home, is perfect for entertaining with outdoor kitchen, multiple patios and separate guest cottage. Enjoy a relaxed modern lifestyle that combines everyday luxury with sophisticated elegance. \$4,500,000. Dawn Krief and Mary Katchis.

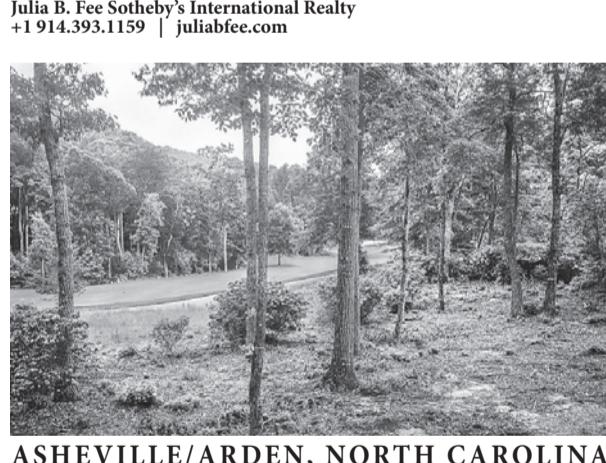
Julia B. Fee Sotheby's International Reality
+1 914.393.1159 | juliabfee.com



ASHEVILLE/ARDEN, NORTH CAROLINA

This elegant custom-designed home on 1.41 acres overlooking the Blue Ridge Mountains is in The Cliffs at Walnut Cove, a gated community with a Jack Nicklaus Signature golf course, tennis courts, pools, and near the regional airport and the heart of Asheville. \$3,850,000. cary.findlay@sothebysrealty.com

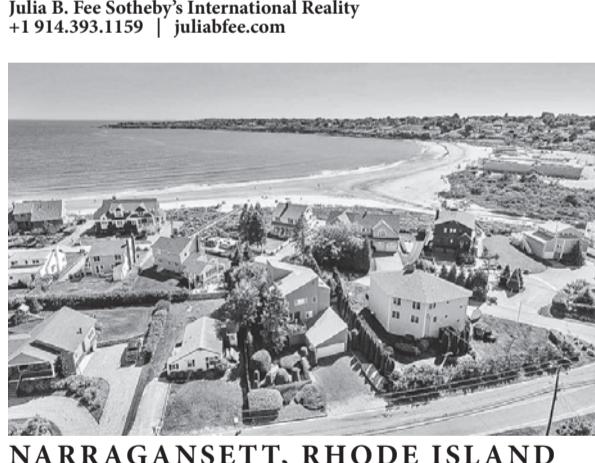
Premier Sotheby's International Realty
+1 828.808.4473 | premiersothebysrealty.com



ASHEVILLE/ARDEN, NORTH CAROLINA

Whether on a Blue Ridge Mountain top looking across the valley, the Jack Nicklaus Signature golf course (above) or in an enchanted forest with a babbling brook, you can find the home site of your dreams in The Cliffs at Walnut Cove. Near regional airport. Prices upon request. cary.findlay@sothebysrealty.com

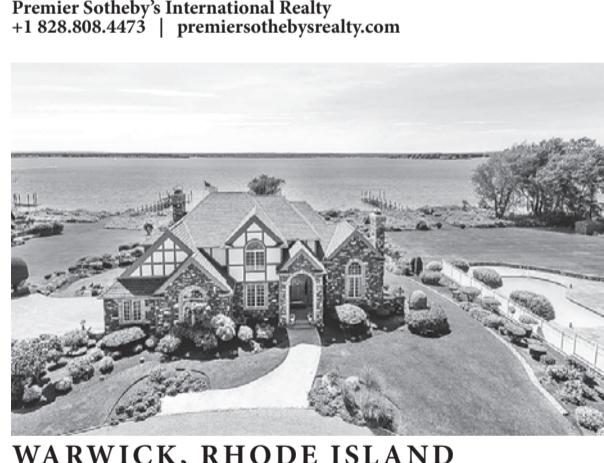
Premier Sotheby's International Realty
+1 828.808.4473 | premiersothebysrealty.com



NARRAGANSETT, RHODE ISLAND

Located directly across from Bonnet Shores' Kelly Beach, this chic 3 level contemporary offers 2,600 sq. ft. with 3 bedrooms and 2.5 beautifully renovated baths. The top floor offers huge ocean and beach views and living room with soaring vaulted ceilings. \$1,595,000.

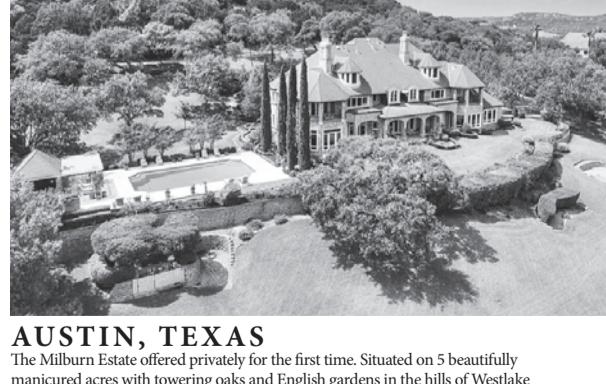
Mott & Chace Sotheby's International Realty
+1 401.789.8899 | mottandchace.com



WARWICK, RHODE ISLAND

Waterfront property, with impeccably maintained landscaping, includes 150 ft. of ocean frontage on Narragansett Bay with deep-water dock, private beach, pool, Jacuzzi, and pool house. The lower level features a recreation room opening to the outside pool area with a full bar and a 1,750 bottle wine cellar. \$2,150,000.

Mott & Chace Sotheby's International Realty
+1 401.884.5522 | mottandchace.com



AUSTIN, TEXAS

The Milburn Estate offered privately for the first time. Situated on 5 beautifully manicured acres with towering oaks and English gardens in the hills of Westlake overlooking Austin's gorgeous city skyline. \$10,000,000. Kumara Wilcoxon.

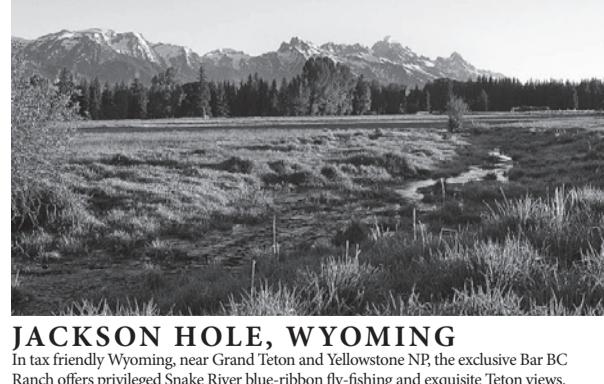
Kuper Sotheby's International Realty
+1 512.423.5035 | milburnestate.com



AUSTIN, TEXAS

Gated contemporary on 1.23 acres in West Lake Hill embraces the indoor/outdoor lifestyle. Gorgeous Terrazzo floors, La Cornue range, walls of sliding glass, vanishing edge pool and sculpture garden. \$3,750,000.

Kuper Sotheby's International Realty
+1 512.423.5035 | kuperrealty.com



JACKSON HOLE, WYOMING

In tax friendly Wyoming, near Grand Teton and Yellowstone NP, the exclusive Bar BC Ranch offers privileged Snake River blue-ribbon fly-fishing and exquisite Teton views. Select elevated or meadow 35+ acre parcels, close to Jackson. Prices from \$7,950,000. TomEvansRE@JHSIR.com

Jackson Hole Sotheby's International Realty
+1 307.739.8149 | JHSIR.com

MANSION

HOUSE CALL | D.A. PENNEBAKER

Eyewitness to the Counterculture

A solitary early life nurtures a filmmaker's eye; at 91, he takes phone photos outside his New York home

I grew up pretty much by myself. My parents separated soon after I was born and moved to separate cities—my father to Chicago, and my mother and me to Quakertown, Pa., where she was from.

Later, when I was 5 and my mother was living in New York, I began shuttling between New York and Chicago. I'd be put on a train with a nametag tied to my coat. For the next day and night I was on my own with a whole train at my mercy. I rarely saw much of my parents at either end. I was cared for by sitters or hurried off to boarding schools.

John Paul, my father, was a commercial photographer specializing in advertising. My mother, Lucille, was a model at Macy's and wasn't really equipped to look after me. I was put into a boarding school in Ossining, N.Y.

I was too young to take classes, but I liked being with older kids. I didn't see much of my mother. In-between my trips back and forth to Chicago, she remarried.

When I was 9, I was sent off to live with my father in Chicago. But I saw little of him. He had remarried, so I was sent to boarding school there, too.

My high school years were spent at Salisbury School in Connecticut. I was an OK student, but I had a strange talent for math. While I was at Salisbury, my mother rented a little walk-up apartment in New York on Madison Avenue. I stayed there occasionally, and she took me to Broadway shows.

More often, though, I stayed with the McCullochs, who lived in New York. Ginny McCulloch, their daughter, had come to a dance at Salisbury and we became fast friends. Her family provided me with the home and companionship I had always longed for. Ginny and I remained best friends.

After graduation, I enlisted in the Navy V-12 College Training Program, which sent me to Yale as an engineering student. Halfway through my first year, the Navy transferred me to MIT, where I studied math. Then, midway through MIT, the Navy sent me to the Naval Research Lab in Washington, D.C., before transferring



me to the Naval Air Corps. I spent the last months of World War II learning to fly airplanes in Iowa.

After my discharge, I returned to Yale to finish my engineering degree. In the late 1940s, I moved into a Greenwich Village apartment with two roommates. I loved building furniture, so I started a carpentry shop.

By the start of the 1950s, I was married and had a daughter. To support my family, I took a job with Julien Bryan, a filmmaker who shot 16mm films. Francis Thompson was one of his directors. Thompson was making an abstract experimental film called "NY, NY." I offered to help him finish it, and for the next two or three years we drove around the city shooting.

In 1953, when I heard there were plans to tear down the Third Avenue elevated line, I made a five-minute film about it using Duke Ellington's "Daybreak Express" for the soundtrack. But I needed Ellington's permission to use his music.

I called on him at his Brill Building office in Manhattan and screened the film for him on his office wall. He loved it and asked what I needed. I said I wanted to use his recording, and he gave me the rights on the spot.



ROCK ROLE D.A. Pennebaker, above, in the office he shares with his wife and longtime collaborator, Chris Hegedus, on Manhattan's Upper West Side; left, in Orange, N.J., in 1933.

My first feature-length film was in 1959, called "Opening in Moscow," about an American trade show there. I went with filmmaker Albert Maysles. We were the first American documentarians turned loose in Russia during the Cold War.

But the cameras were heavy and bulky. You couldn't really move around much by yourself. When we returned, Al and I designed a lighter, portable 16mm camera. The new design allowed me to mount it on my shoulder and work without a tripod. It was liberating. You could hold it as steady as a tripod for long periods as you moved around.

I shot my Bob Dylan documentary "Dont Look Back" with one.

By the time I shot "Monterey Pop," I had five cameras, allowing the crew to go anywhere and shoot whatever they wanted.

But the cost of filmmaking was rising and recouping the expense grew difficult. Just as I was about to give up in the 1970s, Chris Hegedus appeared looking for a job. After a brief talk, I knew I had found the collaborator—and wife—I had long been seeking.

Today, Chris and I live in a three-bedroom apartment on the 20th floor of a building on Manhattan's Upper West Side.

The views are great. I can look north to Harlem, south to Midtown and west to New Jersey. My favorite space is our kitchen, with its north view and a long uptown

stretch of four-story brownstones.

When I'm on the streets, I sometimes use my iPhone to shoot stills. I'm amazed at how far picture-taking technology has come.

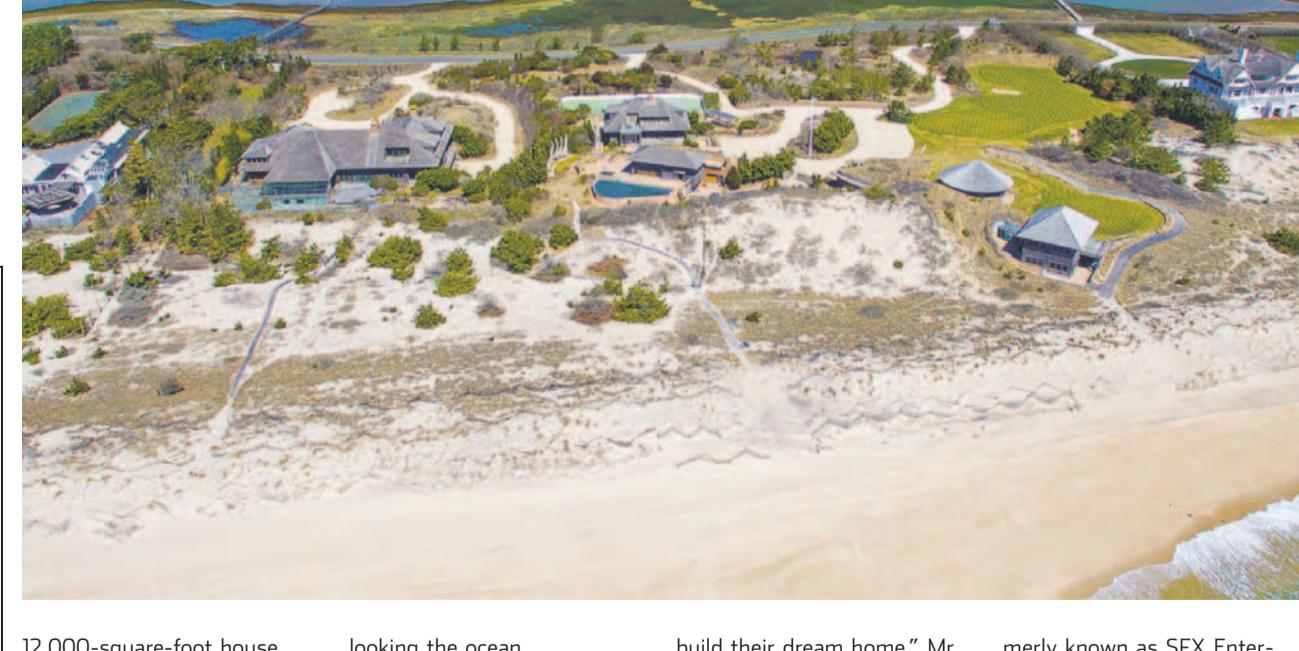
I'm particularly interested in cats, when they're just sitting and watching. They have a fascinating way of looking at the world. They're watchers. I'm one too.

—As told to Marc Myers

D.A. Pennebaker, 91, is a documentary filmmaker whose films include "Dont Look Back," "Monterey Pop," "Ziggy Stardust," "The War Room" and, most recently, "Unlocking the Cage." He has collaborated with his wife, filmmaker Chris Hegedus, since the 1970s, and received an Oscar in 2012.

PRIVATE PROPERTIES | CANDACE TAYLOR

14-Acre Hamptons Property Asks \$150 Million



RICHARD TAVERRA/SOTHEBY'S INTERNATIONAL REALTY

In New York's Hamptons, a roughly 14-acre beachfront property with multiple houses and two putting greens is asking \$150 million.

On Meadow Lane in Southampton, the property is an assemblage of four parcels and includes several houses, according to listing agent Harald Grant of Sotheby's International Realty. He declined to

name the sellers or specify why they are selling, but said they purchased the parcels over the past few years with the intention of demolishing the existing homes to build a new family compound.

The combined properties offer about 700 feet of direct frontage on the ocean, Mr. Grant said. One of them, on 3.5 acres, includes a roughly

12,000-square-foot house, built in the 1990s, with eight bedrooms and an indoor pool.

Another parcel, on 3 acres, has two shingle-style houses: one measuring about 2,000 square feet with an outdoor swimming pool, and a roughly 3,000-square-foot home with a tennis court. A third, 5-acre parcel has two putting greens built by a prior owner for practicing golf, plus two "golf cottages" over-

looking the ocean.

A fourth parcel is a roughly 2.5-acre vacant lot with frontage on Shinnecock Bay, ensuring the property has views of both the ocean and the bay, Mr. Grant said. A buyer will almost certainly demolish the homes and start over, he said.

"As we find in most instances at this price point, people want to hire their own architects and designers and

build their dream home," Mr. Grant said. "You're not going to spend this kind of money and live in someone else's house."

According to public records, the current sellers bought the properties from entertainment mogul Robert F.X. Sillerman in various transactions in recent years, paying about \$114 million in total. Mr. Sillerman's dance-festival conglomerate, for-

merly known as SFX Entertainment, filed for bankruptcy in 2016.

Beachfront property in the Hamptons is among the most expensive real estate in the country. Mr. Grant noted that another one of his oceanfront Southampton listings, La Dune on Gin Lane, is asking \$145 million. While that property is only about 4 acres, its two homes are move-in ready, he said.

ADVERTISEMENT

Distinctive Properties

UNITED STATES

Honolulu Beachfront Estates



Hawaii's Waterfront Luxury Properties

CHOI INTERNATIONAL

www.ChiRealty.com

hawaii@choi-realty.com

+1 808-734-7711

RB-11802

Distinctive Properties.

Select Residential Listings on Friday.

List Your Property Today in

The Wall Street Journal Asia.

Call (852) 2831-2553,

(65) 6415-4279 or (813) 6269-2701

THE WALL STREET JOURNAL.

ADVERTISEMENT



NEWPORT, RHODE ISLAND

Spectacular new construction in famed Ocean Lawn estate area. Originally part of the Firestone Estate, this gated community offers privacy and beautiful grounds in a central location near Cliff Walk and ocean beaches. Chef's kitchen, luxurious master, pool, hot tub, game room, and more. Open plan with floor-to-ceiling windows and southern exposure give this residence a sunny feel year round.

\$6,975,000 GustaveWhite.com

Gustave White Sotheby's International Realty
phone: 401.849.3000



KIAWAH ISLAND, SOUTH CAROLINA

Enjoy island breezes from your 27-foot screened porch! 417 Amaranth Road is a short stroll from Kiawah's 10 miles of uninterrupted beach. Completely renovated in 2012 by an award-winning architect and builder, this 2,949-square-foot home offers 4 bedrooms (including master suites on both floors), 4 bathrooms, and an airy sunroom with vaulted ceilings.

\$1,495,000 kiawahisland.com/real-estate

Kiawah Island Real Estate
phone: 866.312.1780 email: info@kiawahisland.com



JOHN'S ISLAND - VERO BEACH, FLORIDA

This established, Atlantic coastal community offers an abundance of water sports, 3 miles of pristine beaches, 3 championship golf courses, 17 Har-tru courts, squash and Beach Club. A private airport & cultural amenities are minutes away. This pristine, historic 2.36± acre homesite on JI Sound offers unobstructed views, deep water & 188' of water frontage.

\$6,900,000 JohnsIslandRealEstate.com

John's Island Real Estate Company
phone: 772.231.0900 email: wj@johnsislandrealestate.com



BOYNTON BEACH, FLORIDA

Simply the Best 55+ Lifestyle in Florida - Valencia Bay goes above and beyond with luxury conveniences that rival the finest resorts. In the heart of the community is an opulent clubhouse featuring a fully-equipped fitness center, onsite restaurant, grand ballroom, resort-style pools, Har-Tru tennis courts, an on-site Lifestyle Director and more - right in your own neighborhood.

From the \$500's to \$800's glhomes.com/Valencia-Bay

GL Homes
phone: 800.432.7017



ORLANDO, FLORIDA

Twin Lakes is now selling homes from the \$200s in the Orlando Area. Here residents will enjoy a magnificent 20,000 sq. ft. club house with amenities that are usually reserved for fine resorts. The outstanding views and location are only surpassed by our cutting edge home styles and luxurious included features that are an upgrade to other builders. Twin Lakes is a 55+ Active Lifestyle Community.

From the \$200s TwinLakesFL.com

Twin Lakes
phone: 407.499.8865



WHITETAIL CLUB - MCCALL, IDAHO

The Shore Lodge Cottages at Whitetail Club. Four spectacular cottage models ranging in size from 1369–2490 sq. ft. plus 1-car & 1 cart garage. The ultimate weekend getaway. The lakefront clubhouse, the single-track mountain bike trail system, Nordic ski trails, indoor tennis & fitness center, & the championship golf course are all outside your doorstep.

Priced from \$689,000 - \$889,000 WhitetailClub.com

Whitetail Club Realty, LLC.
Joe Carter
phone: 877.634.1725 Email: jcarter@whitetailclub.com



DOWNTOWN ST. PETERSBURG FLORIDA

Live a fabulous Urban Lifestyle in vibrant downtown St. Petersburg. 3 blocks from the water, artfully designed townhomes now under construction on a private, gated lane. Totaling 2,335 sq. ft., 3 bedrooms, 3 ½ baths, 2 car garage, private elevator, and amazing rooftop terrace. Low HOA fees. Walking distance to world-class restaurants, museums, shopping, parks, marina, and Tampa Bay.

From the \$800's to \$900's www.RegentLane.com

NJR Property Investments LLC
phone: 727.515.5556 email: natalie@njrdevelopment.com



BERKSHIRE HILLS ON NY/MA BORDER

Farm For Sale FANTASTIC BARGAIN! 26+- acre renovated farm. Gorgeous setting. 5 BR/3BA country home, 3,500'+ ten stall barn, riding ring, 60'X120' steel building with office, 26'X36' garage, fishing pond, trout stream, great paddock views, more! Convenient to Berkshire attractions, Under 3 hours to NYC.

Won't last: \$795,000 www.RobinsonHollowFarm.com

Robinson Hollow Farm
phone: 413.896.5844



NAPLES, FLORIDA

New Luxury Single-Family, Villa and Coach Homes at The Isles of Collier Preserve! Over half the 2,400 acres are dedicated to lakes, nature preserves and natural habitat. The Isles Club is now open and features a clubhouse, fitness center, resort-style pool, lap pool, yoga lawn, tennis and pickleball courts, kayak launch and 8 miles of scenic kayak, hiking and biking trails! 5 Mins. from Downtown Naples and the Gulf beaches.

From the mid \$300s to over \$1 million MintoUSA.com

Minto Communities
phone: 888.483.8708



AUSTIN, TEXAS - DOWNTOWN

Ultra-prime location. Magnificent Historic Landmark mansion. Downtown. Circa 1890. Residence or ofc./commcl use. Majestically on a lush hillside under huge trees. Ex Revitalization Award 1st place. Superb condition. +/- 3370 sq ft. Gleaming hardwoods. Floor-to-ceiling windows. 11-ft ceilings downstairs AND upstairs. 3 FP. Mammoth wraparound porch. SHOWPLACE.

\$1,944,000

OWNER. C.E.O., OLIAN INVESTMENTS
phone: 512.751.9650 email: olianinvestments@gmail.com



WASHINGTON, DC/POTOMAC, MARYLAND

Stunning estate-style home, 20 min. from the White House. Built in 2000 with master craftsmanship & the finest finishing materials. Beautiful formal entertaining rooms combined with comfortable family living. 6 bedrooms plus sitting room off master bedroom suite, formal cherry paneled study & large country kitchen. This handsome home is accented with all brick construction, slate roof & 4-car garage. Majestically sited on a lush, landscaped 2.66 acres.

\$3,375,000

Forum Properties, Inc.
Paul E. Biciocchi, broker
phone: 301.518.6999



BOCA/DELRAY BEACH, FLORIDA

Incredible opportunity at Seven Bridges - brand new homes in a highly amenitized non-golf community in the Boca Raton / Delray Beach area. Generous features include impact glass, marble countertops, gourmet kitchens and 30,000 sq. ft. club. Low HOA fees, close to world-class shopping, great schools. Inquire today!

From the \$700's to \$2 million glhomes.com

GL Homes
phone: 800.875.2179

To Advertise Call: +852-2831-2552

MANSION

BALANCE SHEET

A Place to Retire That's Just Right

A Norway couple aims for a home big enough for lots of guests but cozy enough for two

BY J.S. MARCUS

NORWEGIAN COUPLE Christian Danielsen and Anne Midtlien were facing some hard choices about where and how to live in their approaching retirement.

They had spent more than 30 years in a spacious family home—a 2,100-square-foot, four-bedroom duplex—on the outskirts of the seaside town of Grimstad. They wanted to stay in the area, and they still needed space—for their extended family—but they craved a cozy, cabin-like feel just right for two. They also wanted to enjoy the sense of privacy of a single-family home, but wished for the convenience of apartment living.

In 2011, they found a small lot of just 1/8th of an acre in the center of Grimstad for about 1.8 million Norwegian kroner, or about \$340,000.

With that start, the two handed over their seemingly contradictory demands to their son-in-law, Lillesand-based architect Øystein Trondahl, and his Oslo-based partner, Stian Schjeldrup. The couple gave the creative team carte blanche.

The architects came up with a solution: a two-story, 1,625-square-foot house that had an open-plan ground floor with a master suite, and an upstairs that had elements of a distinct two-bedroom, one-bathroom apartment.

The couple moved into their new home in 2014. Total cost: about \$1.6 million. The flexibility of the living space is evident from the first step inside, where the ground-floor dining area feels just right for a couple, but can expand to include all 15 members of their three-generation family.

Having the compact core space was important to Ms. Midtlien, a 65-year-old trained nurse, now working as a civil servant.

"We want to be in close contact with each other," she says, of her husband of nearly 45 years.

The architects gave the home a luxurious feel by using unusual versions of ordinary materials.

The roof, for example, is made of weather-resistant, pressure-treated lumber, rendered in a brownish-yellow that turns a gold color in the sun. It has a distinctive bend that gives the house a fanciful silhouette. Inside, the angle directs attention from the upstairs down to the kitchen, the center of activity.

The home's redbrick walls, visible inside and out, have thin layers of white plaster that create a subtle textural surface.

The architects also chose high-end paneling for the interior: furniture-grade Douglas-fir veneer. The strong plywood has a load-bearing function, says Mr. Trondahl. Terrazzo-style polished-concrete floors complement the wood.

High-design features also play with the rustic-industrial, wood-and-concrete feel: wall-mounted lamps from Milan's Flos, hanging lamps from Denmark's Muuto and a sofa by Denmark's Top-Line.

Ms. Midtlien rotates one of the Flos lamps toward the kitchen when she is making bread, which she does often. She went with Scandinavia's own IKEA brand for her kitchen—cost \$10,100—but added a custom wood-burning oven to her patio to bake the loaves, as well as to prepare the occasional homemade pizza.

The oven—with a quaint, cast-

NORWEGIAN WOOD The home's facade is a combination of wood and plastered redbrick, top. The dining area has double-height walls with high-quality plywood paneling and terrazzo-style polished-concrete floors, above. The kitchen is by IKEA, below.

COSTS

Construction

\$484,000

Heating/ventilation

\$64,500

Landscaping

\$83,000

Baths/plumbing

\$72,800

Electrical work

\$63,600

Concrete floors

\$23,800

Brickwork/oven

\$142,000

Architects fee

\$112,400

Paneling, installation

\$46,100



iron door imported from Sweden—shares a chimney with an indoor contemporary fireplace located between the dining area and living room. Ms. Midtlien, an avid gardener, uses ashes from the oven for the property's plants.

A certain design element in the kitchen remains a family controversy. Against their son-in-law's

wishes, the couple opted for a funky accessory—an oversize cylindrical exhaust fan for the stove, visible from several vantage points in the house.

"It's very big," admits Ms. Midtlien, who now isn't sure she likes it. "I may buy a new one for Christmas."

Grimstad is in Norway's Sørland-

det, a stretch of coast in the southeastern part of the country where wealthy Oslo residents spend summers. Mr. Danielsen, also 65, grew up in the region; his wife is from Oslo.

The couple found a spot near a conservation area that preserves their view, hindering future development and adding to their

home's value.

The lot's chief appeal, says Mr. Danielsen, is "that it was flat," unlike their previous property, which was wedged on a steep incline. The flatness simplified construction, he says, and helped keep the house itself relatively low.

In Norway, neighbors typically are consulted when new houses are built, chiming in on everything from size to style. In spite of the unusual shape of their roof, the couple found that their neighbors seem fond of their house, says Mr. Danielsen.

"No one lost any sun, or lost their view," he says.

The couple, who have fjord views from their upper floor, also own a vacation home near Lillehammer, about a seven-hour drive north of Grimstad.

Though the bedrooms upstairs are reserved for visiting friends and family, the couple, who plan to keep working until 2019, put the upstairs bathroom to use every workday morning.

"We both get up at 5:30," says Mr. Danielsen, an engineer, adding: "When we are finally retired, we will fill up our time with baking bread."



FLOUR GIRL Christian Danielsen and Anne Midtlien making bread, above. Left, a view of the garden.



SVEINUNG BRÄTHEN FOR THE WALL STREET JOURNAL (5)