THE WALL STREET JOURNAL.

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What's News

Business & Finance

Boeing and Airbus face competition for big commercial jets from three new rivals from China, Russia and Canada. **A1**

◆ **A private-equity fund** that borrowed heavily to buy oil and gas wells before prices tumbled has plunged from $2 billion to nearly zero. **A1**

◆ **U.K. rail operator HS1** was sold to a group led by InfraRed and Equitix for about $1.2 billion by two Canadian pension funds. **B1**

◆ **Musk warned** of potential risks from artificial intelligence and called for a regulatory body to guide the technology's development. **B1**

◆ **U.S. pork-belly prices** have surged about 80% this year to record highs, driven by a craving for bacon. **B1**

◆ **Citigroup posted** a 2% rise in quarterly revenue to $17.9 billion, defying analysts' forecasts of a decline. **B5**

◆ **J.P. Morgan's earnings** climbed 13% to a record $7.03 billion on a lending boost, but the bank trimmed its loan-growth outlook. **B5**

◆ **Wells Fargo's profit** rose 4.5% in the second quarter, helped by higher rates. **B5**

◆ **Sprint's chairman** has met with Buffett and Malone about investing in the wireless company. **B3**

◆ **AT&T plans** to split management of its telecom and media assets if it clinches a takeover of Time Warner. **B4**

◆ **The latest installment** of the "Planet of the Apes" series led the box office in its weekend debut. **B2**

World-Wide

◆ **U.S. Senate leaders** delayed a vote on a Republican health-care bill after Sen. McCain underwent unexpected surgery. **A1**

◆ **Turkish cleric Gulen,** who was accused by Erdogan of planning a coup, urged the West to stand up to Turkey's leader. **A4**

◆ **Venezuelans began** voting in an unauthorized referendum to protest President Maduro and his plans to rewrite the constitution. **A3**

◆ **Chinese activists** expressed concern for dissident Liu's widow as she remained out of touch despite Beijing saying she is "free." **A4**

◆ **Pakistan's high court** is set to begin hearings on alleged corruption by Prime Minister Sharif. **A4**

◆ **A lawyer for Trump** said no laws were broken when the president's son agreed to a June 2016 meeting with a Russian lawyer. **A5**

◆ **A tech summit** at the White House included the CEO of a firm partly owned by Kushner's brother. **A5**

◆ **Trump's political base** remains strong despite no major legislative victories and an expanding Russia probe, a poll found. **A7**

◆ **Israel reopened** the Temple Mount for worshipers, after closing access to the revered site following an attack Friday. **A4**

◆ **British Columbia** issued nearly a dozen evacuation orders as raging forest fires threatened to spread. **A4**

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New Setback for U.S. Health Bill

A long-promised vote in the Senate is delayed after McCain's unexpected surgery

By Byron Tau And Louise Radnofsky

WASHINGTON—A Republican push to pass a sweeping new health-care law experienced another setback, as Senate leaders announced they would delay a long-promised vote after Sen. John McCain underwent an unexpected surgery Friday.

President Donald Trump and GOP leaders in Congress were hoping the Senate would vote this week on a plan to overturn parts of the 2010 Affordable Care Act and make other changes to the health system. But Senate leaders announced a delay after Mr. McCain said he would remain at home in Arizona this week to recover from surgery removing a blood clot above his left eye, leaving supporters short of the votes needed to move ahead with the bill.

Senate Majority Leader Mitch McConnell (R., Ky.) can't afford more than two defections among the 52 GOP senators. He has been working to overcome doubts in the caucus about the bill, balancing demands by more centrist lawmakers for additional money for Medicaid and consumer subsidies with a push by conservatives to reduce the price tag.

Two senators, Susan Collins of Maine and Rand Paul of Kentucky, have said they can't support the bill, but for different reasons. Others have yet to commit—meaning just one more defection would derail the bill. Mr. McCain's absence means GOP leaders are short of the votes this week for a procedural motion vote to begin consideration of the bill.

The delay could give opponents and supporters of the bill additional time to pressure wavering senators and give analysts a further chance to evaluate the effects of the bill on insurance markets. The pressure is already intense on undecided lawmakers such as Dean Heller of Nevada, considered the most endangered GOP senator facing re-election next year.

Ms. Collins, speaking on Sunday on ABC, said that eight to 10 Republicans had "deep

Please see HEALTH page A7

Federer Is Better Than Ever at Wimbledon

ALASTAIR GRANT/ASSOCIATED PRESS

STILL GOT IT: Roger Federer coasted to his eighth Wimbledon singles title, reducing Marin Cilic to tears in a 6-3, 6-1, 6-4 victory. Three weeks shy of his 36th birthday, the 19-time major winner didn't drop a set in the tournament, a first in his eight championships there. **A3**

Rivals Take On Boeing, Airbus Duopoly

By Robert Wall

LE BOURGET, France—Boeing Co. and Airbus SE suddenly have competition.

For nearly two decades, the two have had the global market for big commercial jets largely to themselves. That is all changing, with three new competitors—from China, Russia and Canada—rolling out their own entries into the so-called single-aisle market.

Orders for these new jets are few for now, and the Russian and Chinese makers won't deliver planes for years. It is also uncertain how popular they will become.

Boeing and Airbus, meanwhile, are selling plenty of their own tried and tested work horses in the category.

Still, if even one of these new competing jets is a hit, it could threaten one of the most lucrative sectors for Boeing and Airbus.

"I don't have any problem buying Russian or Chinese aircraft," if a viable model emerges, Akbar Al Baker, chief executive of Qatar Airways, one of the world's biggest jet buyers, said recently.

The sudden competition is unfair for both jet makers, and it adds pressure on them as they face waning demand in other markets. Bigger, long-haul jets aren't selling nearly as well as single-aisle, or narrow-body, jets and both Boeing and Airbus have struggled recently with big cost overruns and delays for some of

Please see JETS page A2

INSIDE A RARE TIE-UP OF GIANTS

Bill Gates and Prince al-Waleed bought Four Seasons, feuded over matters big and small, then made up

By Anupreeta Das and Craig Karmin

A decade ago, two of the world's wealthiest men came together to buy Four Seasons Holdings Inc., home to some of the most expensive lodging around.

The deal was surprising both for its lofty price tag, $3.8 billion, and for the unusual partnership, involving tech titan Bill Gates and Saudi Prince al-Waleed bin Talal.

The financial crisis soon pummeled the luxury-hotel business. The partners then took to feuding, about matters ranging from helping fund new hotel developments to who should be chief executive. After a truce in 2013, they have been trying to whip their investment into shape.

It has been no slam dunk, falling short of ambitious targets for new hotel developments. At the same time, the focus on fast growth has been causing some business partners and industry analysts to question whether standards and brand appeal can be maintained as Four Seasons hotels become more numerous.

In buying Four Seasons, Mr. Gates and Prince al-Waleed were at the forefront of an investment trend. The superrich, often through structures called family offices, increasingly have been teaming up to acquire whole companies, planning to keep them long term.

Family offices hold more than $4 trillion in assets, approaching the total invested in hedge funds and private-equity funds combined. The wealthy clans sometimes invest together because they consider themselves like-minded in being long-term investors. That doesn't guarantee an easy partnership, however, as evidenced in this deal, as it was de-

Please see HOTEL page A6

Fund Plunges From $2 Billion to Zero

By Ryan Dezember

A $2 billion private-equity fund that borrowed heavily to buy oil and gas wells before energy prices plunged is now worth essentially nothing, an unusual debacle that is wiping out investments by major pensions, endowments and charitable foundations.

EnerVest Ltd., a Houston private-equity firm that focuses on energy investments, manages the fund. The firm raised and started investing money in 2013, when oil was trading at more than double the current price of about $45 a barrel. But the fund added $1.3 billion of borrowed money to boost its buying power. That later caused it trouble when oil prices tumbled.

Now the fund's lenders, led by Wells Fargo & Co., are negotiating to take control of the fund's assets to satisfy its debt, according to people familiar with the matter.

"We are not proud of the result," John Walker, EnerVest's co-founder and chief executive, wrote in an email to The Wall Street Journal.

The outcome will leave investors in the 2013 fund with, at most, pennies for every dollar they invested, the people said. At least one investor, the Orange County Employees Re-

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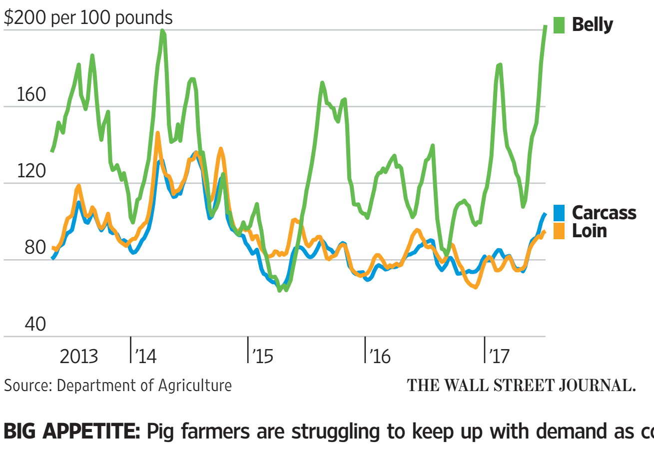
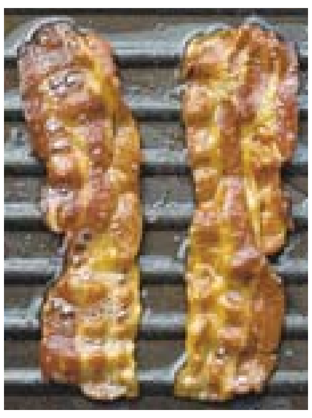
Craving for Bacon Makes Pork-Belly Prices Sizzle





ISTOCK

BIG APPETITE: Pig farmers are struggling to keep up with demand as consumers embrace fatty meats. **B1**

Chinese Brides Toss Bouquets, but Are Unsure Why

* * *

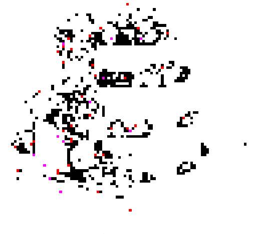
Some couples hire hosts to turn nuptials into Western-style affairs

By Chao Deng

BEIJING—The bridal party huddled in a park, with groomsmen and bridesmaids in powder blue trying to figure out how to parade down a walkway and arrange themselves into a wedding arch. Walking down the aisle is a new thing in China.

Plus, it was sweltering and one groomsman wanted to shed his suit jacket.

Here to save the day was the hired wedding host, a combination emcee, cheerleader and Miss Manners ready to guide guests through the fashionable but still-strange traditions of Western weddings.



Wedding cake

"Come on, keep it on," said Mao Bokun to the sweaty attendant. "First groomsman, here," marking the place, herding the party into line.

Later, when the young women present hesitated at the back of the crowd as the bride prepared to throw the bouquet, Mr. Mao coaxed them to the front. "Don't be shy," he said, helping people understand it was an honor to catch it.

Western-style weddings, a byproduct of China's rising affluence and openness, are relatively new here, and people are still getting the hang of it.

When the best man won't take the stage to share memories, or when the newlyweds balk at beginning the first dance, Mr. Mao and his fellow hosts earn their pay. A cottage

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INSIDE

AFP/GETTY IMAGES

UKRAINE FACES ROCKY ROAD TO THE EU

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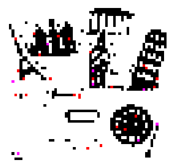
BLOOMBERG NEWS

SAMSUNG BATTLES APPLE ON DESIGN

BUSINESS & FINANCE, B1

Obstacles Muddle Ukraine's European Path



EUROPE FILE
By Simon Nixon

When the leaders of Ukraine and the European Union met in Kiev for a summit last week, both sides had something to celebrate.

For President Petro Poroshenko, it was an opportunity to highlight the latest steps toward fulfilling Ukraine's European aspirations that had been such an important feature of the Maidan revolution in 2013.

European Council President Donald Tusk presented him with a copy of the EU-Ukraine Association Agreement, which the EU finally ratified last week, three years after it was first agreed to, having nearly been derailed last year by a referendum in the Netherlands. The agreement includes a free-trade pact that already has boosted exports to the EU by 25% since being provisionally applied on Jan. 1. Since May, Ukrainians have also been able to travel to the EU without a visa.

The summit also marked a victory of sorts for the EU. To the surprise of many, the EU has managed to maintain a united front in its policy toward Ukraine and Russia throughout the recent political turmoil across the continent. It has stuck by a sanctions regime which may not have succeeded in persuading Russia to abandon its illegal annexation of Crimea or withdraw its support for separatists in the Donbas region of southeast Ukraine but at least has helped deter Russian aggression elsewhere in Europe and prevented a tide of refugees from Donbas that might have further tested European unity. In Eastern Europe in particular, where Ukraine's war is very much regarded as Europe's war, this is seen as an important success.

Yet the warm words belied real anxieties. Kiev wanted the summit to end with a joint statement explicitly endorsing Ukraine's long-term aspiration to become an EU member. The EU's leadership wanted this, too. The Estonian government, which now holds the EU's rotating presidency, pushed for a text that would welcome, acknowledge or even just take note of Ukraine's goal. But this was vetoed by the Dutch caretaker government, nervous of inflaming domestic opinion after last year's referendum rejecting the Association Agreement.

DANIL SHAMKIN/NURPHOTO/ZUMA PRESS

Getting along in Kiev last week were, left to right, European Commission President Jean-Claude Juncker, Ukrainian President Petro Poroshenko and European Council President Donald Tusk.

Instead, Mr. Tusk merely read out the preamble to the agreement, which "welcomed" Ukraine's "European choice," even though the European Council has stated that the agreement doesn't offer a path to EU membership in response to Dutch concerns.

Does the EU's refusal to hold out the prospect of membership matter? In the short term, perhaps not. All sides accept that it will be years—decades—before Ukraine is ready to join given the vast challenge of overhauling its economy and institutions. In the meantime, Brussels is continuing to provide Kiev with technical and financial assistance to deepen its integration with the EU, while Kiev consults with Brussels on all reforms to maximize compliance with EU rules. In time, there is no obvious reason why Ukraine shouldn't participate in EU arrangements such as its single market, customs union or even its Schengen passport-free travel zone, which are open to non-EU countries such as Norway and Switzerland.

Even so, the lack of a long-term EU perspective troubles Kiev. The government is trying to overhaul the country under challenging conditions. Following the Russian invasion in 2014, Ukraine's output slumped by nearly 17% and the currency lost 70% of its value against the dollar, causing inflation to hit 60%. That has created difficult political conditions under which to push through reforms such as the abolition of subsidized gas prices for businesses and households.

Meanwhile, Russia appears determined to raise the cost of Ukraine's reform program. Its continued destabilization of the Donbas and repeated cyberattacks against the government discourage investment and add to pressures on public finances. Kiev believes Russian President Vladimir Putin's goal is to turn Ukraine into a failed state which will in turn destabilize the whole of the EU.

Kiev has nevertheless chalked up important successes. It has nearly balanced the budget and has brought down inflation below 10%. The economy is growing again, and overhauls of the gas market, the banking system and public procurement have eased the pressure on government finances and reduced opportunities for corruption. Even so, every reform runs into resistance from vested interests, including Ukraine's powerful oligarchs. The government's capacity to implement its reforms is also weak, reflecting a public administration stripped of talent and still wedded to Soviet-era rule books. And while Kiev has created six new institutions to tackle corruption, there is no dedicated anticorruption court and there have been no high-profile convictions.

To maximize Kiev's chances of success, the EU needs to find ways to lower the political cost of Ukraine's reforms. Kiev believes that offering a clear path to EU membership would strengthen its hand at home. Estonia will try again to convince EU leaders to send this signal at another summit in November. Not only the stability of Ukraine may be riding on the result.

FUND

Continued from Page One

tirement System, already has marked its investment down to zero, according to a pension document.

Though private-equity investments regularly flop, industry consultants and fund investors say this situation could mark the first time that a fund larger than $1 billion has lost essentially all of its value.

EnerVest's collapse shows how debt taken on during the drilling boom continues to haunt energy investors three years after a glut of fuel sent prices spiraling down.

At its onset, the oil bust was expected to cause widespread losses for private-equity investors. While most funds have been able to navigate the downturn and are hanging on for higher prices, there have been pockets of acute pain. EnerVest's struggles have been among the most severe.

Only seven private-equity funds larger than $1 billion have ever lost money for investors, according to investment firm Cambridge Associates LLC. Among those of any size to end in the red, losses greater than 25% or so are almost unheard of, though there are several energy-focused funds in danger of doing so, according to public pension records.

EnerVest has attempted to restructure the fund, as well as another raised in 2010 that has struggled with losses, to meet repayment demands from lenders who were themselves writing down the value of assets used as collateral, according to public pension documents and people familiar with the efforts.

Mr. Walker in an interview last year said he and his partners put $85 million of their own money toward satisfying the banks, but it wasn't enough.

A number of prominent institutional investors are at risk of having their investments wiped out, including Caisse de dépôt et placement du Québec, Canada's second-largest pension, which invested more than $100 million. Florida's largest pension fund manager and the Western Conference of Teamsters Pension Plan, a manager of retirement savings for union members in nearly 30 states, each invested $100 million, according to public records.

The fund was popular among charitable organizations as well. The J. Paul Getty Trust, John D. and Catherine T. MacArthur and Fletcher Jones foundations each invested millions in the fund, according to their tax filings.

Michigan State University and a foundation that supports Arizona State University also have disclosed investments in the fund.

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Private-equity funds larger than $1 billion that lost investors' money

None of these investors commented. It is possible some of them earlier sold their stakes in the fund, paring losses.

In the earlier interview, Mr. Walker said the struggles of EnerVest's 2013 and 2010 funds had sparked ire among his investors: "We've had some chew us out and hang up on us."

EnerVest was launched in 1992 and says it operates more U.S. oil and gas wells than any other company. It started out investing for GE Capital, General Electric Corp.'s finance arm. Eventually it began pooling other big investors' cash, which it used to buy producing oil and gas wells. EnerVest hunted for fields already producing oil and gas but neglected by big oil companies. Once EnerVest bought them, it made improvements and drilled more to increase output.

The strategy isn't as risky as staking wildcatters or borrowing heavily to buy entire oil companies, but profits are usually lower. To juice returns, however, funds managed by EnerVest and rivals that shared the strategy borrowed money as if they themselves were oil companies, encumbering all of the funds' assets with the same debt.

Doing that eliminates a key protection for private-equity investors, which generally finance each investment independently so that soured deals don't put good ones at risk. The use of fund-level debt effectively cross-collateralizes assets, meaning that good investments can be pulled down by bad ones.

Institutional investors were drawn to these so-called resource funds because they typically pay out steady streams of cash as soon as they make their first investments, unlike other private-equity investments that can take years to bear fruit, said Christian Busken, who advises endowments and other big energy investors as director of real assets for Fund Evaluation Group LLC.

"It shouldn't be something where you can be wiped out. But you are exposed to commodity prices," said Mr. Busken, who hasn't worked directly with EnerVest.

EnerVest's funds historically returned more than 30% or so, which enabled it to raise progressively larger pools of cash. In 2010, it raised about $1.5 billion for its 12th fund and added $800 million of debt. Three years later it raised $2 billion for its next and borrowed $1.3 billion. The fund bought wells in the Texas Panhandle, Utah, outside Dallas and elsewhere, according to securities filings from some of the sellers. The purchases were made largely as U.S. oil prices hovered in the $100-a-barrel range and when natural-gas prices were higher.

—Andrea Fuller and Dawn Lim contributed to this article.

JETS

Continued from Page One

their military programs.

The narrow-body market has been the industry's sweet spot for years. Large airlines and rapidly growing budget ones love them for their size and fuel efficiency. At the Paris Air Show last month, Boeing introduced the latest and biggest version of its 737 Max, with 230 seats. Boeing has a backlog of over 3,600 orders for its 737 Max family of jets.

Airbus, meanwhile, has sold more than 5,000 of its A320neo family, the competitor to the 737 Max. It started delivering them to customers last year.

Amid that booming market, three new competitors have swept in: China flew its C919 narrow-body for the first time in early May. The Chinese jet, built by state-owned Commercial Aircraft Corp., known as Comac, has secured more than 500 orders, mainly from Chinese buyers. First delivery is expected around 2020.

Comac didn't respond to requests for comment.

Russia's MC-21, which can seat as many as 211 passengers, also made its maiden voyage in May. The aircraft is manufactured by Irkut Corp., which says it has taken in 175 orders and will deliver its first in 2019 as it prepares for further tests.

Canada's Bombardier Inc., meanwhile, began delivering a 130-seat version of its CSeries plane in November. The CS300 competes with the smallest models of the Airbus and Boeing short-haul planes. It is already in service with two European airlines. Bombardier so far has 237 orders for the jet.

Deutsche Lufthansa AG and Air Baltic executives have praised the plane's low noise and fuel efficiency.

"The interest level in the program continues to rise," said Bombardier's commercial-airplanes boss Fred Cromer.

China and Russia have yet to win backing for their planes from big-name Western carriers. Many of those buyers aren't convinced the newcomers can in the near term provide the required globally available spare parts and repair services to keep operations humming.

New Flock

Canadian, Chinese and Russian jetmakers are challenging the lock that Boeing and Airbus have long had in narrowbody aircraft.

Aircraft	Seats	First flight	List price	Orders
Boeing 737 Max 8	189	Jan. 29, 2016	$112.4 million	3,803 planes*
Airbus A320neo	186	Sept. 14, 2014	108.4	5,169*
Bombardier CS300	160	Feb. 27, 2015	89.5	242
Comac C919	168	May 5	80	More than 500
Irkut MC-21-300	211	May 28	75	175

*Orders reflect all Boeing 737 Max and Airbus A320neo-family plane models. Orders as of the end of June.

Sources: the companies (Plane information); IHS Markit Jane's (Comac and Irkut list prices)

THE WALL STREET JOURNAL.

The Chinese jet might be the most significant threat to Airbus and Boeing. Its ambitions are underpinned by the government's long-term focus and deep pockets and a domestic airline market large enough to keep local aircraft production busy.

"Are they a threat in the next five to 10 years to Airbus and Boeing? Probably not," said Airbus's chief plane salesman, John Leahy.

"In 20 years, I think they will be one of the big three manufacturers of aircraft," Mr. Leahy added.

China has also been working closely with U.S. and European suppliers. The C919 is powered by engines made by a consortium of General Electric Co. and France's Safran SA. Honeywell International Inc. and Rockwell Collins Inc. are also partners.

The Chinese plane still lags behind the performance of the newest Boeing and Airbus jetliners. It is projected to have a shorter range and be less fuel-efficient. But industry officials believe that will change.

"The Chinese will drastically change the duopoly, but with the next aircraft, not the C919. With this one, they are going to learn," said Jerome Rein, partner at Boston Consulting Group.

Boeing is moving some work completing aircraft to China to help maintain access to the rapidly expanding market. Airbus already assembles some of its single-aisle planes in Tianjin, near Beijing.

"Our team has to wake up every day to be mindful that competition evolves and evolves quickly and we have to stay ahead of it," said its commercial-airplanes boss, Kevin McAllister.

Boeing also has gone after rivals through litigation. The U.S., on Boeing's behalf, 13 years ago sued the European Union at the World Trade Organization for what it calls unfair European government support for Airbus. The case and a counterclaim remain under way.

ECONOMIC CALENDAR

Central bank news will be front and center this week, with the Bank of Japan and European Central Bank holding their respective monetary policy meetings. On the economic data front, the U.K. statistics office will publish its consumer price data for June, while the U.S. Commerce Department will release housing starts data.

TUESDAY
The U.K. statistics office publishes consumer price inflation data for June, expected to show that annual price growth remained at 2.9%, near a four-year high. Inflation in Britain is stirring after a prolonged period of subdued price growth, spurred by the pound's sharp depreciation in the wake of last year's Brexit vote. As wage growth struggles to keep up, Britons have already reined in their spending—a key engine of growth—causing the U.K. economy to slow visibly in the first quarter.

WEDNESDAY
The U.S. Commerce Department releases housing starts data for June. May housing starts declined 5.5%, indicating a mismatch between tight supply and solid demand. Some analysts attributed the drop in starts to a short supply of labor in the construction industry. Economists surveyed by The Wall Street Journal expect starts increased 5.5% in June.

THURSDAY
The Bank of Japan holds its monetary policy meeting, which will feature a news conference with Gov. Haruhiko Kuroda. Central bank watchers expect the bank will raise its economic assessment while cutting its inflation forecast for the financial year.

The European Central Bank meets, just weeks after ECB President Mario Draghi hinted it might start winding down its stimulus in response to accelerating growth in Europe. Any move toward reducing bond purchases would put the ECB on a similar path to the Federal Reserve, which has signaled an intent to taper its own stimulus program. The ECB tightened its communication at the June policy meeting.

CORRECTIONS & AMPLIFICATIONS

Former Google employee Deven Desai said part of his job at the company was to compile a list of "all the major policy academics in intellectual property so" Google lobbyists could know whom to follow and potentially target for papers. A Page One article about the company's financing of academic research papers incorrectly presented some paraphrased wording in that sentence as a direct quote.

The McLaren 720S goes from 0 to 124 mph in 7.8 seconds. An Off Duty article in the Friday-Sunday edition that reviewed the sports car incorrectly said it was 9.8 seconds.

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

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In Venezuela, a Symbolic Vote on Maduro

Organizers want the referendum to serve as a rejection of a plan to rewrite constitution

BY JUAN FORERO AND KEJAL VYAS

Venezuelans at home and abroad began voting Sunday in an unauthorized referendum staged by government opponents to defy President Nicolás Maduro and his plans to rewrite the country's constitution.

Organizers want the referendum to serve as a mass repudiation of the government's planned national election on July 30 to pick a 545-member special assembly that would have the power to draw up a new constitution.

That body is widely expected to remake the political system, giving what critics call an increasingly authoritarian president more power while possibly dissolving the opposition-controlled congress, the National Assembly.

Mr. Maduro has said the new assembly would help resolve the country's deepening political and economic crisis by giving him the powers to take decisive action. Opposition members say his disguised purpose is to expand power.

The symbolic referendum on Sunday was open to Venezuelans inside and outside the country, taking in a large community of exiles who have in recent years fled the violence and economic chaos of their homeland for the U.S., Spain, Colombia and other countries.

"This is a proud moment for those of us who had to flee the country," said Edward Triana, a 31-year-old engineer who worked on an oil refinery in Venezuela until arriving in Colombia three months ago. "We want this disaster to end as quickly as possible," he said after he cast his vote in a tent in front of Colombia's congress.

The vote came in the midst of more than three months of unrest in Venezuela in which nearly 100 people have been killed, the vast majority of them young antigovernment demonstrators.

With polls showing that four of five Venezuelans oppose rewriting the constitution, the outcome of the Sunday vote wasn't in dispute. The big question was how many people would actually vote, and whether the government would later denounce the effort. Organizers said the results would be available Sunday night.

"We want liberty," shouted more than a hundred opposition supporters who lined up in the working-class Caracas neighborhood of La Pastora, near the Miraflores presidential palace.

But a few blocks away, an even bigger crowd was being formed by supporters of the government, which countered Sunday with a dry-run simulation of the vote that Mr. Maduro has scheduled for July 30. Clad in red, they sang and danced around mock voting stations.

"This is the people sending a message: We want peace, no more violent protests," said 63-year-old homemaker and pro-government activist Josefina Borges.

—Mayela Armas and Anatoly Kurmanaev contributed to this article.

Political Prisoners Recall Another Era in Latin America

BY RYAN DUBE AND MAYELA ARMAS

CARACAS—To young Venezuelan activists imprisoned by the government, Lisbeth Añez was a saint, delivering food, clothing and medicine while they were detained at a prison run by the spy agency.

Now, the 51-year-old is also jailed there, charged in May by a military court with treason and rebellion, her lawyers and relatives say.

"I'm not alone," Ms. Añez wrote in a letter she recently released to relatives and supporters. "The love of Venezuela, together with God, accompany me."

While the recent transfer of opposition leader Leopoldo López to house arrest from a military stockade has received world-wide attention, Venezuela's jails now hold more political prisoners than at any time in 18 years of rule by the self-declared leftist Bolivarian Revolution, human-rights groups say.

The trend harks back to an era in Latin America when dictatorships from Nicaragua to Argentina jailed thousands of dissidents. With the exception of Cuba, the spread of democracy since the 1980s changed all that, but now Venezuela's government has revived the practice, rights groups say.

Foro Penal, a Caracas group whose lawyers represent many detainees, counts about 440 political prisoners, up from 117 before large antigovernment demonstrations began on April 1. Many recent detainees—including university students, professors and a prominent electoral expert—face the threat of years in prison, their lawyers and relatives say.

In all, 3,500 people have been detained since the protests began, most for short periods, more people even than when Venezuela was shaken by sustained street unrest, in 2014. Most aren't charged; others face charges including treason and inciting violence.

"We've never seen this rate of detentions before," said Nizar El Fakih, a lawyer who leads the rights group Proiuris.

Calls and emails to government officials weren't returned. President Nicolás Maduro and other top officials deny the existence of political prisoners in Venezuela and describe demonstrators as "terrorists" and part of a conspiracy to topple the state.

Mr. Maduro's crackdown has recently taken a more sinister turn with his government's use

MIGUEL GUTIERREZ/EUROPEAN PRESSPHOTO AGENCY

Authorities arrested opposition demonstrators during a protest in the capital Caracas last month.

of military tribunals to try civilians critical of his administration, say activists, opposition members and families of detainees. The policy has gathered momentum since the attorney general broke with Mr. Maduro's administration over prisoners of conscience.

Prisoners are regularly denied access to lawyers and their relatives, these people say. Defense attorneys say they often don't know when hearings have been scheduled, until last-minute notifications are issued. When lawyers arrive at court—often improvised tribunals at a military facility—they are given only a few minutes to confer with their clients.

"This is systematic persecution," said Lilia Camejo, a lawyer for several prisoners.

Opposition politician Wilmer Azuaje, who was detained by intelligence agents, according to Human Rights Watch, after alleging corruption among government officials, has been held without access to his family and lawyers, said Kelly Garcia, his wife.

"For us, this is very hard," she said. "We have children, ages 1 and 3. The 3-year-old asks for her father."

Pressure to release prisoners has come from the streets, where protests continue, and from foreign capitals, including Washington, calling on Mr. Maduro to open the jail cells.

The country's most prominent prisoner, Mr. López, who leads the Popular Will party, was transferred home came after mediators led by former Spanish Prime Minister José Luis Rodríguez Zapatero met with top Maduro aides.

Mr. López received the attention of U.S. President Donald Trump after his wife, Lilian Tintori, went on a global tour to condemn Mr. Maduro's government. Others, however, like Ms. Añez, are barely known outside of Venezuela.

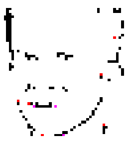
The imprisoned activist has hepatitis and back problems and hasn't received any treatment while in jail, said her son, Luis Fernando González. But Mr. López's release has given her some hope, her son said.

"She thinks this can have an effect on the rest of the political prisoners," he said.

—Kejal Vyas in Bogotá contributed to this article.

SPORTS | Jason Gay

With an 8th Wimbledon Win, Federer Is Just Ridiculous



Hey Roger Federer: Let's just roll this tennis party on to New York City, shall we?

Why not? It's the most giddy and remarkable revival act in sports. It's all anyone wants to see. After a nearly-five-year stretch in which the Swiss legend won nary a Grand Slam, and appeared on the verge of an injury-provoked career sunset, Federer's now won two of the last three majors. Federer's 6-3, 6-1, 6-4 dismissal of an injured and tearful Marin Cilic Sunday was his eighth men's singles title at Wimbledon, topping his teenage idol Pete Sampras for the most ever there.

GLYN KIRK/AGENCE FRANCE-PRESSE/GETTY IMAGES

Roger Federer after his straight-sets victory in Sunday's final.

With Wimbledon and Australia 2017 in the books, Federer now has won 19 Slams. The man is 35 but playing 25. It's as if Arctic scientists found Vintage Federer frozen in ice and used a heat gun to reanimate him. He's going to walk into the U.S. Open in late August as the favorite. I don't care if he's not technically the No. 1 seed. Roger Federer will be the undisputed pick to win the men's title, which would be his third Slam out of four this year.

I believe the proper term for this is: *Bonkerstown.*

New York City is going to be utterly out of its mind. Of course, New York has long been out of its mind about Federer—he may have an aristocrat's mien, but they treat him like he was born in a walk-up in Brooklyn. It's like this everywhere he plays.

I think the arid stretch of no-Slams made the public's affection even crazier. Early in Federer's career, he was so dominant, it was as if he was superhuman or ethereal—tennis heaven in a bandanna. Losing added a new layer: vulnerability. Federer was still one of the greatest players in the game, but he was human.

I'm a liar if I say I saw this coming. I thought it was possible that Federer could sneak a Slam somewhere down the line—the man was making Slam semis and finals, still—but not this. The door had closed on a stretch of dominance like what we've seen in 2017, I thought. There was Novak Djokovic and Andy Murray and too much new talent and fresh legs.

Then came Federer's injuries in 2016 and his dramatic shutdown, skipping the Olympics and the U.S. Open. If it wasn't the end, it sure looked like the start of it.

I know the skeptics would want a few words about Federer's good fortune here, about how he's benefited from volatile stretches by Djokovic and Murray, not to mention Cilic's unraveling Sunday. Djokovic, a Federer soul-crusher in recent years, seems especially lost. The next generation of Slam champions, meanwhile, has yet to materialize. The young guns still play Federer scared.

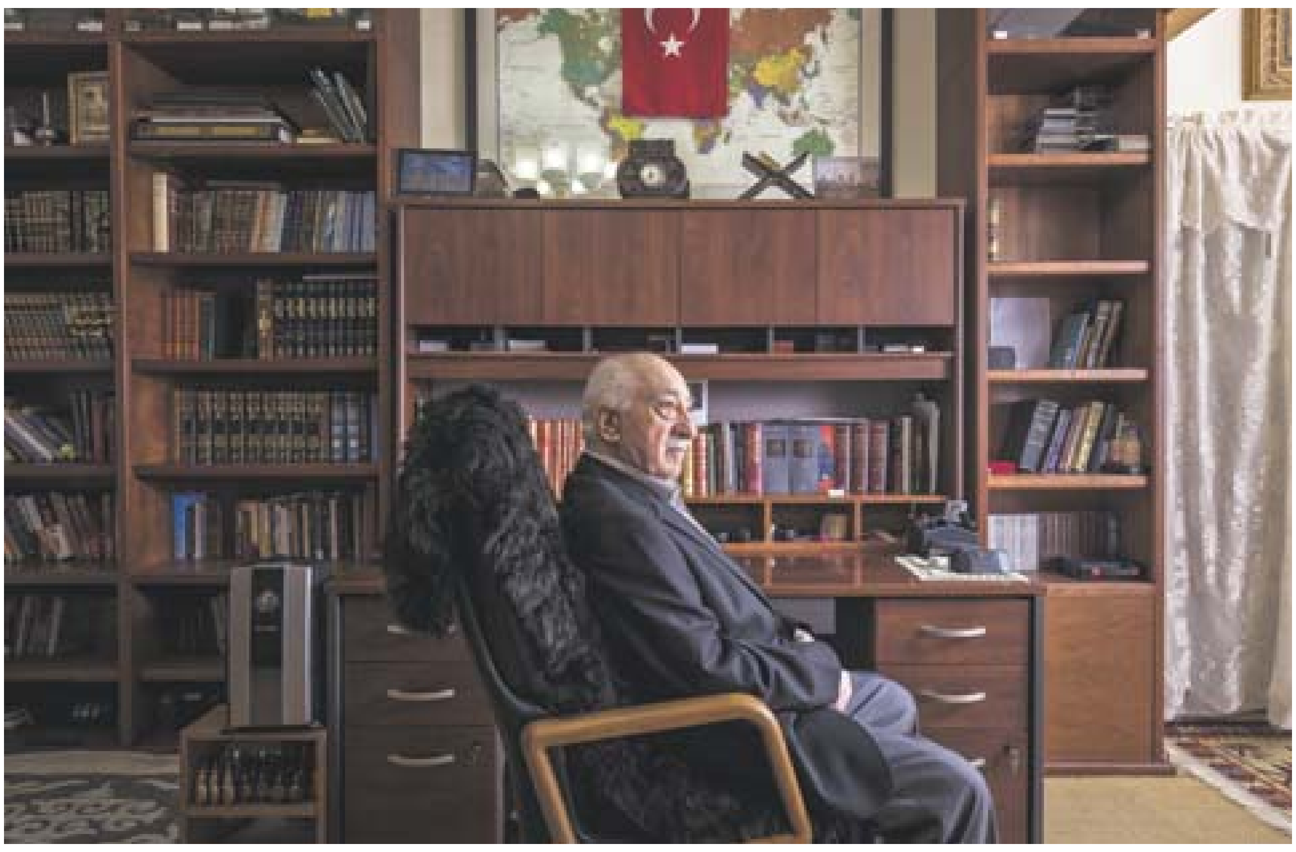
But you can't win two Slams in a season on luck. It's just not the way this works. It's too hard.

Federer's done some clever re-envisioning here, too. My Journal colleague Brian Futterman wrote recently about how Federer is the latest aging athlete to take advantage of an old, underappreciated trick: rest. It's risky to stop and start in a sport like tennis, but time off has unequivocally helped Federer. It made him fresh in Australia, and after skipping the clay court season and the French Open, he was more than ready for the grass at Wimbledon.

Just look at the man: technically a tennis geezer, but he's not playing like a geezer. He's bringing heat on his serve and from the baseline and he's outlasting younger competition in on long rallies. He's moving so fluidly. He backhand return of serve is completely bananas, maybe better than ever. HE IS GOING TO BE 36 SOON AND DIDN'T LOSE A SET AT WIMBLEDON.

Skill isn't the only quality fans admire about Federer, of course. They also admire him because he stands for a kind of grace that is so hard to maintain over the course of a long career, not to mention the spotlight of public life.

I'm sure there will be Federer fans who argue that, win or lose in New York, 2017 could be a perfect final chapter—an all-timer's brilliant walk-off campaign. I get the notion, but I think this misses a fundamental truth about Federer: He loves tennis. He likes the practice, the life, the chase. The guy gets super up for playing random Masters tournaments. I don't think he's ready to close the door.



SASHA MASLOV FOR THE WALL STREET JOURNAL

Fethullah Gulen, shown Wednesday at his Saylorsburg, Pa., compound, criticized Turkey's president for a crackdown on his followers.

Gulen Assails Turkish Leader

By Alan Cullison

SAYLORSBURG, Pa.—The reclusive cleric who was accused by Turkish President Recep Tayyip Erdogan of planning a coup attempt one year ago from his gated U.S. compound urged in a rare interview that the West stand up to what he called Turkey's increasingly authoritarian leader.

In an ornate conference room in his home in the Pocono Mountains, the cleric Fethullah Gulen repeated his declaration that he has never been involved in any coup-plotting. He decried Mr. Erdogan for launching a purge within Turkey, the brunt of which has fallen on his followers.

"I never thought that he could go so bad," said Mr. Gulen, who said that the Turkish president was unleashing mass hysteria inside the country. "Some parts of Turkish society have lost their ability to think."

Since July 2016, Turkey has arrested or driven from their jobs tens of thousands of people Turkish authorities accuse of supporting Mr. Gulen. The government has closed hospitals and schools affiliated with his social movement, Hizmet, which translates roughly as "service."

The Turkish government said it has seized up to $4 billion in property previously owned by businessmen or foundations alleged to be linked to the movement.

"Nothing like this has been seen before in Turkey," Mr. Gulen said. "It can only be compared with Lenin and Stalin or Saddam in Iraq."

Turkey is now investigating 160,000 people, and 50,000 have been arrested, with 48,000 of them released, according to Turkey's ambassador to the U.S., Serdar Kilic. There are outstanding arrest warrants for about 8,000 people, he said.

In a news conference held Friday to commemorate the first anniversary of the coup attempt, Mr. Kilic supported the country's extended state of emergency, saying Mr. Gulen's followers have spent decades in the ranks of government and it would take time to remove them.

Mr. Kilic continued to blame Mr. Gulen for organizing last July's failed plot, and pressed Turkey's demand for extradition. He said he saw "more willingness" on the part of the Trump administration to entertain the extradition request, but that the process is "not moving as fast" as Turkey would like.

The Turkish government alleges that Mr. Gulen's followers in his homeland have been plotting for years to take over the state through powerful positions in the military and judiciary and across the civil service.

Mr. Gulen, who has been a resident of the U.S. since 1999, said he supports a modern and moderate version of Islam that supports democracy, science and tolerance.

In the interview, Mr. Gulen said that the Turkish president's authoritarian streak was on display during his visit to Washington this year, when Mr. Erdogan's personal bodyguards attacked protesters outside the Turkish Embassy. Federal prosecutors in the U.S. later filed charges against at least 10 members of the detail.

The Turkish Embassy said at the time that the Erdogan supporters were responding in self-defense to terrorist sympathizers.

—Felicia Schwartz contributed to this article.

Democracy Dreams Flicker in China After Liu's Death

By Josh Chin And Eva Dou

BEIJING—Nearly three decades after a bloody military assault ended student demonstrations in Tiananmen Square, China's democracy movement faces a new reckoning.

The loss of the country's most prominent dissident, Nobel Peace Prize winner Liu Xiaobo, who died of cancer under police guard at a Shenyang hospital on Thursday, leaves China's fractured activist community at its weakest in a generation as the Communist Party tightens its grip on society.

A steady shrinking of space for political action that began in late 2008 with the arrest of Mr. Liu for helping to draft and promote a pro-democracy manifesto has intensified under President Xi Jinping.

As Mr. Liu and other activists have disappeared behind bars, lawyers and legal workers who had picked up the torch have faced mass detentions. Some are still in prison. Labor-rights campaigners have been detained, and popular critical voices on social media have been silenced.

On Saturday, Xu Zhiyong, the founder of a loosely organized civic group called the New Citizens Movement, was released from prison after completing a four-year sentence for "gathering crowds to disturb public order," according to his lawyer. Mr. Xu is a legal scholar some consider Mr. Liu's successor as head of the threadbare movement.

The government, which rejects Western democracy as unsuited for the country, has depicted human-rights lawyers and activists as tools of foreign governments.

The ground has shifted so much since Mr. Xi's crackdown began that some veteran members of the democracy movement say they don't know how to move forward.

"It's been 28 years since the '89 democracy movement. That's an entire generation," said Liu Suli, a Tiananmen participant and founder of an independent bookstore in Beijing who befriended Liu Xiaobo in prison in 1989.

Over the years, he said, the Communist Party has grown more confident on the world stage and more fearful of instability at home. "Under these conditions, if you play the political game using traditional methods, you'll lose," he said.

Such attitudes are a far cry from 2010, when Liu Xiaobo was awarded his Nobel. Activists saw the award as a sign of international support. Some portrayed Mr. Liu as a Mandela-like figure who would emerge from his 11-year prison term to take the reins of a new, multiparty China.

Instead, China moved in the opposite direction. Mr. Liu's name was erased from the internet by censors and his family members were muzzled. Activists who had been criticized by others in the movement for being too moderate suddenly found themselves in prison.

That was the case with Mr. Xu. A former visiting scholar at Yale University, he stopped short of Mr. Liu's calls for a complete overhaul of China's political system.

Mr. Xu and more than a dozen other activists affiliated with the New Citizens Movement were arrested in the first half of 2013 in Mr. Xi's first major strike against dissent. Lawyers, scholars, writers and women's-rights activists were detained over the following years, some of them shown confessing to crimes in jailhouse videos broadcast on state TV.

—Li Yuan and Charles Rollet contributed to this article.

Pakistan Court Opens Sharif Graft Hearings

By Saeed Shah

ISLAMABAD—Prime Minister Nawaz Sharif faces a fight for his political survival this week, as Pakistan's Supreme Court considers disqualifying him from office or putting him on trial on corruption charges.

In hearings scheduled to begin Monday, Mr. Sharif is expected to confront questions over how his family acquired swank London apartments and an investigation ordered by the Supreme Court that accuses him and his children of living beyond their means, tax evasion and misdeclaration of assets as well as forgery and perjury in an attempted coverup of the London property.

Mr. Sharif has denied the allegations and called the report "a collection of assumptions, accusations and slander." Aides have said he would continue to fight the allegations.

The showdown could be a turning point for Pakistan's fragile democracy, and could also shake the hard-won political stability of the nuclear-armed nation. In any case, as the Trump administration considers sending thousands more troops to Afghanistan and seeks Pakistan's help in bringing peace there, Islamabad looks set to be convulsed in a prolonged political crisis. The prospect of talks with foe India, a major plank of Mr. Sharif's agenda, could also sink further, according to analysts.

Even if Mr. Sharif escapes immediate disqualification by the court, Pakistan faces the prospect of seeing a sitting prime minister on trial. Lawyers consider it unlikely that the Supreme Court would drop the case at this stage.

Caught up in the scandal is Mr. Sharif's political heir, his daughter Maryam, and finance minister Ishaq Dar. They say they have done nothing wrong.

According to Mr. Sharif's critics, democracy will be bolstered from a prime minister being held to account by a "new Pakistan" of an independent judiciary, a freer media, and an emerging middle class demanding better governance.

Mr. Sharif's aides say that the judiciary, the media and opposition parties have been co-opted by the old Pakistan: the powerful military establishment which has repeatedly undermined and ousted civilian governments.

Mr. Sharif's party has a majority in parliament. With a cloud over Mr. Sharif, the next election looks likely to be more closely fought with the opposition party led by Imran Khan.

Mr. Sharif has rejected calls from the opposition for his resignation. "Should I resign because a band of anti-democracy conspirators says so?" Mr. Sharif told a cabinet meeting Thursday, according to his office. "We will not allow the journey of progress and development to be derailed. Pakistan paid a heavy price for such stunts in the past. This should stop."

RANA SAJID HUSSAIN/PACIFIC PRESS/ZUMA PRESS

Opponents of Nawaz Sharif in a protest on Sunday in Lahore.

Dissident's Widow Slips From View

By Eva Dou And Josh Chin

BEIJING—Activists expressed concern for the wife of deceased Chinese dissident Liu Xiaobo, as she remained out of touch with friends despite the government saying she is "free."

Mr. Liu's brother, Liu Xiaoguang, was the only family member to appear publicly Saturday. At a government-organized press conference, he thanked officials for their care of Mr. Liu, who succumbed to liver cancer under police guard on Thursday. He said that Mr. Liu's wife, Liu Xia, was "too weak" to appear.

One of China's most prominent democracy activists, Mr. Liu was the first Nobel Peace Prize laureate to die in state custody since Carl von Ossietzky, who died in a prison hospital in Nazi Germany in 1938. Since Mr. Liu's death, the U.S. and other governments have called for Beijing to allow his wife and other relatives to travel overseas.

China's Foreign Ministry dismissed the calls Friday as meddling in the country's internal affairs.

Mr. Liu was cremated Saturday and his ashes scattered at sea, according to China's official Xinhua News Agency. The government has sought to erase Mr. Liu's legacy and mentions of his name have long been scrubbed from China's internet; the scattering of the ashes means he won't have a grave where supporters can gather.

SHENYANG MUNICIPAL INFORMATION OFFICE/ASSOCIATED PRESS

Liu Xia watches as the ashes of her husband, Liu Xiaobo, are spread at sea.

The government of the Chinese city Shenyang released photos Saturday of Ms. Liu and other family members at a closed-door funeral, an apparent effort to show the relatives are well treated.

"Liu Xia is free so far, and we want her to avoid trouble because she was in a grief," Xinhua quoted a Shenyang government spokesperson as saying.

Activists and friends of Ms. Liu questioned the government account, saying they believe she remains under close watch, her movements restricted.

"None of her close friends could reach her and her family," said Patrick Poon, a researcher at Amnesty International. "It is incomprehensible how her situation could be described as 'free.' "

Liu Xiaoguang, the elder brother, praised the government multiple times at the press conference Saturday and said officials had followed all the family's wishes for funeral arrangements.

"This has shown the advantages of the socialist system," said Liu Xiaoguang. "I would like to express my heartfelt thanks to the party and government."

Activists criticized his appearance as political theater, saying it was impossible to verify if there was coercion. Friends say they have been unable to contact Liu Xia and other relatives.

Wu Yangwei, a family friend and writer known by the pen name Ye Du, said he has been unable to contact Ms. Liu in recent days.

"If she is free, then what have these years of house arrest and monitoring been about?" said Mr. Wu.

Mr. Liu was sentenced to 11 years of jail in 2009 for his calls for China to adopt democracy. He was awarded the Nobel Peace Prize the next year, a decision that infuriated Beijing. His wife has been under house arrest since then, though she hasn't been charged with a crime.

—Chao Deng contributed to this article.

WORLD WATCH

ISRAEL

Temple Mount Opens After Friday Attack

Israel reopened the Temple Mount on Sunday for worshipers amid heightened security, two days after closing access to the revered site following the latest eruption of violence in Jerusalem's Old City.

Two entrances, where metal detectors have been placed, were opened in the afternoon, Israeli police said, adding that other gates will be reopened as security measures are installed.

Hundreds of Muslims entered the site after the gates were opened for afternoon prayers, the police added.

But the new security measures were criticized by Waqf, a Muslim religious authority overseen by Jordan that administers the Temple Mount with Israel's support. Its representatives refused to pass through the metal detectors and called on other worshipers to pray outside the gates until Israel removed them.

"We reject all forms of such aggressive measures," said Sheikh Omar Kiswani, the Waqf director for Al Aqsa mosque.

Israel's Public Security Minister Gilad Erdan said "the metal detectors are for the security of the worshipers and visitors."

Three gunmen killed two Israeli police officers near the entrance of the Temple Mount on Friday before being shot dead by Israeli security forces.

—Nancy Shekter-Porat

CANADA

Thousands Flee Fire In British Columbia

Authorities in British Columbia issued nearly a dozen evacuation orders over the weekend as raging forest fires threatened to spread with high winds—some reaching over 40 miles an hour—set to hit the province's central region.

Of the 10 evacuation orders issued as of Saturday night, the biggest community affected was Williams Lake, roughly 375 miles north of Vancouver and with a population of 25,000.

Environment Canada issued an alert for the British Columbia interior, warning windy and unsettled weather would prevail Sunday.

—Paul Vieira

South Carolina Shows Scale of Hacking

State reports nearly 150,000 attempts on voter registration on Election Day 2016

BY ALEXA CORSE

To understand the scale of the hacking attempts against election systems in the 2016 presidential election, consider South Carolina.

On Election Day alone, there were nearly 150,000 attempts to penetrate the state's voter-registration system, according to a postelection report by the South Carolina State Election Commission.

And South Carolina wasn't even a competitive state. If hackers were that persistent against a state that President Donald Trump won comfortably, with 54.9% of the vote, it suggests they may have targeted political swing states even more.

In harder-fought Illinois, for instance, hackers were hitting the State Board of Elections "5 times per second, 24 hours per day" from late June until Aug. 12, 2016, when the attacks ceased for unknown reasons, according to an Aug. 26, 2016, report by the state's computer staff. Hackers ultimately accessed around 90,000 voter records, the State Board of Elections said.

Unlike in Illinois, South Carolina didn't see evidence that any attempted penetration succeeded, said Chris Whitmire, the State Election Commission's director of public information and training, last week. Most of the attempted intrusions in that state likely came from automated computer bots, not thousands of individual hackers.

RANDALL HILL/REUTERS

Judy Watson, right, helped her husband Joseph vote in the U.S. general election on Nov. 8, 2016, at a polling place in Dillon, S.C.

"Security has been a top priority for the [State Election Commission] since implementing the statewide voting system in 2004," Mr. Whitmire said about South Carolina.

"However, events leading up to the 2016 General Election, including the breaches of other states' voter-registration systems, created an election-security environment that was very different," he added.

South Carolina's and Illinois's cases aren't unique, as many states faced virtual threats.

There is evidence that 21 states were potentially targeted by hackers, said Jeanette Manfra, acting deputy undersecretary for cybersecurity and communications at the U.S. Department of Homeland Security, at a Senate Intelligence Committee hearing last month.

There is consensus among U.S. intelligence agencies that Russia attempted to interfere in the 2016 election with the intent of helping Mr. Trump's campaign. Special counsel Robert Mueller and Congress are investigating whether members of the Trump campaign colluded with Moscow.

Those hackers were at work months before some of their targets, and the American public, knew. The Democratic National Committee didn't kick out suspected Russian hackers for 11 months, until June 2016, according to a report issued by U.S. intelligence agencies. Also in June, the Democratic Congressional Campaign Committee learned that suspected Russian hackers had breached its network at least two months earlier. Russian President Vladimir Putin has denied any government role in either hack.

In Illinois, staff at the State Board of Elections noticed on July 12 that the activity of its server for the voter-registration database "had spiked to 100% with no explanation," according to the state's report.

The next day, Illinois took its voter-registration database and public-facing website offline for a week, but the hackers already had accessed roughly 90,000 voter records. No records were altered, according to the state's report, and the issue was resolved before Election Day.

The DNC, DCCC and Illinois breaches caught the attention of the Federal Bureau of Investigation, which on Aug. 18 sent the first of two "flash" alerts to state election officials, warning about attempts to hack election infrastructure. Also that week, the DHS offered cybersecurity help to election officials countrywide, with 33 states and 36 cities and counties ultimately accepting aid.

In South Carolina, state election officials met with FBI and state law-enforcement officials, according to public meeting minutes from August.

On Sept. 6, Marci Andino, the state's executive director for elections, requested assistance from the DHS, according to emails in documents provided to The Wall Street Journal by Frank Heindel, an election security activist who received the documents from a public-records request to the commission. That month, the state used an expedited process to hire Soteria, a private cybersecurity firm, and the South Carolina National Guard's cybersecurity specialists conducted on-site security assessments at county election offices, Mr. Whitmire said.

On Sept. 18, DHS officials remotely completed an initial "cyber-hygiene scan" for South Carolina. The scans examined the state agency's website and office network, checking for vulnerabilities using a federally maintained database. The scan didn't examine vote-tabulation machines, which aren't connected to the internet, or the statewide voter-registration database.

The DHS discovered 55 vulnerabilities—the virtual equivalent of unlocked doors—across four internet-connected devices used by the State Election Commission, according to a copy of the DHS report. Two of them were classified as "critical," the highest level of severity.

Mr. Whitmire said the state saw no indication that it was targeted specifically, but the data show a potential correlation between the election and the virtual assault.

Lawyer Defends Handling of 2016 Campaign Meeting

BY NICK TIMIRAOS

WASHINGTON—A lawyer for President Donald Trump said Sunday that no laws were broken when the president's eldest son agreed to a meeting in June 2016 to hear what was described as a Russian government offer of allegedly damaging information about Democrat Hillary Clinton.

Jay Sekulow appeared on all five major Sunday morning news programs to defend the president following a week in which Mr. Trump's eldest son, Donald Trump Jr., offered varying accounts of the meeting.

The meeting included a Russian lawyer, Natalia Veselnitskaya, and a U.S. lobbyist who had served in the Soviet military, Rinat Akhmetshin. Others attending included the Trump campaign manager at the time, Paul Manafort, and Mr. Trump's son-in-law, Jared Kushner, who is now a senior White House adviser.

Democrats and some Republicans have said the meeting showed that the Trump campaign knew about the Russian government's desire to influence the election on Mr. Trump's behalf. Mr. Trump and his son have said the meeting was short and that nothing came of it.

"The meeting itself and those proposed discussions would not have been violations of the law," said Mr. Sekulow in an appearance on Fox. "The president was not aware about this meeting, did not participate in this meeting," said Mr. Sekulow on CBS.

Shortly after the younger Mr. Trump began exchanging emails about setting up the meeting in which he believed he would receive damaging information on Mrs. Clinton from the Russian government, but before the meeting took place, the elder Mr. Trump announced he would soon give a campaign speech promising "major" news on Mrs. Clinton. Mr. Trump never gave the speech, but the timing has raised questions of whether Mr. Trump knew about his son's meeting.

Michael Caputo, a former campaign adviser, said Donald Trump Jr. may have made a mistake but that the canceled speech proved nothing. "That's not the only speech that he talked about that did not happen," he said on ABC.

In statements on Twitter on Sunday morning, Mr. Trump expressed unhappiness over

STEVE HELBER/ASSOCIATED PRESS

Jay Sekulow, a lawyer for President Donald Trump, in 2015.

the continued focus on the Russia investigation. He asked why there wasn't more attention on his defeated opponent, Mrs. Clinton, and why instead "my son Don is being scorned by the Fake News Media."

In another statement, he thanked his former campaign adviser, Mr. Caputo, who told the House Intelligence Committee on Friday that he had no contact with the Russians and never heard of anyone in the campaign talking to Russians. "Thank you...for saying so powerfully that there was no Russian collusion in our winning campaign," Mr. Trump said on Twitter.

Mr. Sekulow was asked repeatedly whether agreeing to the meeting with a lawyer described as a representative of a foreign government was a mistake, even if it wasn't illegal.

"It's easy to do that in 20-20 hindsight, but not when you're in the middle of a campaign," said Mr. Sekulow on CNN. Of the younger Mr. Trump, he said on CBS, "If he had to do it all over again, there are things he would do differently."

Mr. Sekulow also said the meeting amounted to routine opposition research by political candidates in both parties. "You know that goes on in campaigns all the time," he said.

Campaign veterans of both parties have strongly disputed that characterization and have said it isn't normal for candidates to accept or seek political assistance from foreign governments. If offered such help, "I would respond in the negative, and I think most candidates would," Sen. Susan Collins (R., Maine), a member of the Senate Intelligence Committee, said on CNN.

Ms. Collins said she hoped the committee would be able to speak with the younger Mr. Trump and anyone who attended or was involved in setting up that meeting.

The Federal Bureau of Investigation, special counsel Robert Mueller and several congressional committees are probing Russian meddling in last fall's election and any potential coordination with the Trump campaign. Mr. Trump has denied any collusion and called the probes a "witch hunt."

Democrats said they were troubled by how the younger Mr. Trump's story had continued to change. Earlier this year, he denied any meetings with Russians. After the meeting was first reported, the younger Mr. Trump said it concerned revisiting a 2012 law to sanction Russian officials. Later, he posted emails showing the meeting also concerned obtaining information about Mrs. Clinton.

"They can call it a witch hunt...but, nonetheless, real evidence is coming forward that just can't be ignored," said Adam Schiff (D., Calif.), the top Democrat on the House Intelligence Committee, on ABC.

"Donald Trump Jr. did not tell the truth a variety of times," said Sen. Mark Warner (D., Va.), on CNN.

Mr. Warner said the committee wanted to spend more time reviewing evidence before hearing from the younger Mr. Trump and other participants in the meeting. "These individuals don't seem to disclose everything or don't tell the whole truth until they have evidence put in front of them," he said.

Trump Tech Summit Invitee Tied to the Kushner Family

BY JEAN EAGLESHAM AND LISA SCHWARTZ

Prominent technology-industry leaders and venture capitalists gathered in the White House's state dining room last month to discuss tech policy with President Donald Trump in an event that Jared Kushner, the president's son-in-law and senior adviser, helped organize.

Seated at the rectangular table alongside the corporate luminaries, university presidents and senior White House officials was a less-prominent figure: Zachary Bookman, the 37-year-old CEO of a small startup called **OpenGov**.

Mr. Kushner's brother, through a venture-capital firm, is a part owner of OpenGov, according to government disclosures and data from Dow Jones VentureSource. Until earlier this year, Mr. Kushner owned stakes in the venture-capital firm that he sold to his brother, according to a person familiar with the matter. Mr. Kushner's connection to OpenGov isn't widely known.

Many senior Trump administration officials hail from the business world, triggering concerns about potential conflicts between their private interests and public duties.

The OpenGov situation—in which a top White House official helped organize a prestigious event where one of the participants was financially connected to his family—is an example of how such potential conflicts can play out.

Scoring a seat at the summit was a milestone for OpenGov, a Redwood City, Calif. company that aims to make government data more user-friendly and has sought business with the federal government, according to its website. OpenGov's clients are mostly state and local government entities—such as Converse County, Wyo., and California Polytechnic State University—looking to upgrade their technology.

Mr. Kushner's connection to OpenGov is through Thrive Capital, a venture-capital firm run by his brother Joshua Kushner. Thrive is one of four investors OpenGov lists on its website.

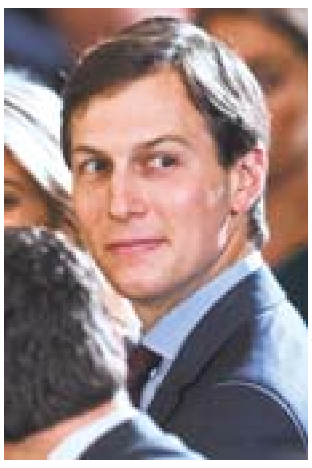
A spokesman for Jared Kushner declined to comment.

OpenGov's Mr. Bookman was the only chief executive of a small firm among the 18 tech leaders to get a seat at the table with the president. At least one other startup CEO had a second-row seat.

OpenGov's valuation was estimated at $180 million after an October 2015 funding round, according to Dow Jones VentureSource, while the average market capitalization of the 14 publicly traded companies represented at the table—including Amazon.com Inc., Apple Inc., Microsoft Corp. and Alphabet Inc.—is about $250 billion, according to FactSet.

At the event, a video of which was made public, Mr. Trump thanked his son-in-law for assembling "such a spectacular group of people." Mr. Bookman also praised Mr. Kushner for his work on tech issues. Mr. Trump said the meeting was focused on ways to use technology to make government more efficient.

A spokesman for Thrive said the company "did not play any



CAROLYN KASTER/ASSOCIATED PRESS

Jared Kushner

role in OpenGov's invitation, and was not aware of its participation in the meeting until after the fact."

Mr. Kushner didn't suggest the invitation to OpenGov, according to Matt Lira, who works in his innovation office. "It was my idea to invite OpenGov to our technology leadership listening session," Mr. Lira said in a statement. He added that he knew OpenGov from working with them in previous congressional roles.

Mr. Bookman said he thinks his company was invited because it is "recognized as an industry leader for our work at the state and local level." He said the company is mainly focused on winning business from state and local governments, not Washington.

Kathleen Clark, a law professor at Washington University in St. Louis, said the OpenGov situation raised ethics issues. "This seems like a textbook example of cronyism in action," she said.

"We always advised staff when arranging summits like this to avoid even the appearance of impropriety or preferential treatment," said Daniel Jacobson, who was counsel to the White House's information-technology and digital strategy offices in the Obama administration. He said he probably would have advised staff "not to extend the invite or at least to invite other similarly situated companies."

The White House declined to comment.

"It's particularly interesting and remarkable, in that OpenGov does not have any federal customers and this is a federal initiative," said Kevin Merritt, founder of Socrata, a Seattle-based rival to OpenGov that works with the federal government and wasn't invited to the event.

Thrive Capital invested in OpenGov in several fundraising rounds dating back to 2013. Jared Kushner was on Thrive's board at the time, and left in January. OpenGov represents a small part of Thrive's total investment portfolio, according to a person familiar with the matter. The Thrive spokesman declined to say what the value of the investment was.

Mr. Kushner's government financial-disclosure form shows he had stakes in Thrive. It didn't identify OpenGov or other holdings.

Ethics rules don't necessarily require such holdings to be disclosed, but some other senior administration officials, such as Secretary of Education Betsy DeVos, have listed companies held by venture funds they own.

IN DEPTH

HOTEL

Continued from Page One
scribed by former executives, current and former board members, business partners and industry observers familiar with events at Four Seasons.

The first Four Seasons was a motor lodge in a rundown part of Toronto, opened in 1961 by Isadore Sharp, a son of Polish immigrants to Canada. By the time he began looking to sell the publicly traded company in 2006, Four Seasons was a renowned name in lodging, known for personalized service and top-of-the-line amenities.

Rather than owning its hotels, Four Seasons forms partnerships with investors and developers, then keeps tight control by managing the properties. Four Seasons hotel owners include billionaires such as Oracle Corp. founder Larry Ellison and Beanie Baby mogul Ty Warner.

By 2006, Prince al-Waleed's investment firm, Kingdom Holding Co., already owned about 25% of Four Seasons stock as well as several Four Seasons hotels. Mr. Sharp consulted him about his sale plans. Prince al-Waleed recommended bringing in Mr. Gates's investment firm, Cascade Investment LLC, which also owned some Four Seasons shares.

The three men agreed to a deal in which Cascade and Kingdom would each own 47.5% of the company, while Mr. Sharp would have the other 5% and remain CEO for five years.

The sale closed in early 2007, near the peak of the real-estate boom. The price, 47 times one measure of earnings, reflected the era's optimism, as well as projections that Four Seasons would continue to expand at an increasingly rapid pace.

"From a valuation perspective, they were seen as having paid a lot of money," said Jonathan Stanner, former CEO of Strategic Hotels & Resorts Inc., who partnered with Four Seasons to build hotels. "But people reasoned that as long-term investors they could justify the high price."

The purchase brought together family investment firms with quite-different cultures. Cascade is run by Michael Larson, a low-profile money manager with a brusque manner and penchant for the color pink. Mr. Gates rarely gets involved. Cascade doesn't have a website and provides scant details of its investments.

Kingdom welcomes publicity, putting out press releases, photos and video clips documenting Prince al-Waleed's meetings. The prince shot to prominence in 1991 after buying a stake in a predecessor to Citigroup Inc. Forbes confirms that he once accused the magazine of understating his wealth in its annual ranking of the richest people.

Mr. Sharp, in an autobiography, told of being hosted by Prince al-Waleed on his 288-foot yacht in the south of France and joining him on the slopes at Jackson Hole, Wyo. Cascade executives, in their work, didn't share this taste for the high life. When the Four Seasons board met one year at the George V in Paris, some Cascade employees stayed in more modest accommodations.

Kingdom, which had bought much of its Four Seasons stake in 1994 for less than the 2007 deal price, was happy to let Mr. Sharp continue to run the show. Cascade had paid a premium price, based partly on rosy growth projections from Mr. Sharp's bankers. The bankers said the company could more than double its number of hotels in a decade, to 160.

The 2008 financial crisis left that plan in tatters, as both hotel developers and luxury-minded travelers cut back. "One can only imagine Cascade felt it had been bamboozled," said Laurence Geller, an investor who has in the past owned numerous Four Seasons hotels and now owns a property from a rival brand. "What was said was not reality."

Kingdom marked down the value of its Four Seasons holding every year between 2008 and 2012, according to annual reports it publishes because a small portion of Kingdom trades in Riyadh. The value recovered slightly in the next two years but was still below the 2008 value as recently as 2014, the most recent available data. Cascade doesn't disclose how it values its Four Seasons stake.

Sarmad Zok, the chief executive of Kingdom's hotel business, said both investors are happy with their partnership and the performance of their investment.

As occupancy rates fell in the recession, some hotel owners pushed Four Seasons for cost cuts, from scrapping huge displays of fresh flowers to outsourcing laundry.

At one meeting, Cascade executives argued that to save money at a Cascade-owned Four Seasons in Whistler, British Columbia, they should stop replacing guests' sheets every day unless requested. Mr. Larson's view was that wealthy travelers were also environmentally conscious. Mr. Sharp disagreed, saying guests paying as much as $700 a night should have their sheets washed daily, according to people familiar with the meeting.

In a compromise, guests were given the option of placing a pine cone on their sheets if they didn't need them washed every day.

Mr. Sharp said he didn't recall those conversations with Cascade.

Mr. Sharp stepped down as CEO in 2010 but set the condition that he should be succeeded by his protégé, company president Kathleen Taylor, who then took over. Cascade executives would have preferred an outside candidate because they felt that Ms. Taylor didn't represent enough of a break with the past and wouldn't engineer the rapid expansion they were counting on, according to people familiar with the company.

Kingdom executives were supportive of Ms. Taylor, which surprised some Cascade executives who thought that their partners felt the same.

During Ms. Taylor's tenure, the rift became a distraction. The board found it hard to approve capital commitments needed to win over investors in new hotels. Cascade executives sometimes withheld their support to signal they wouldn't put capital behind a chief executive they didn't support, those familiar with the company said.

After months of tension, top executives from Cascade and Kingdom met to settle the matter, gathering in February 2013 at London's Savoy hotel. Joining were Mr. Gates and Prince al-Waleed, in one of the few times the two billionaires sat down to discuss their investment.

The meeting ended with a decision to replace Ms. Taylor. "It was time to make a change," said Mr. Sharp, who drew the job of dismissing her. "It was my role to take the responsibility," said the founder, now 85. Ms. Taylor declined to comment.

With this dispute over, Cascade and Kingdom sought to put aside their remaining disagreements and push growth and profitability, moving swiftly to make up for the years lost to the recession and its aftermath. Cascade's hotel specialist, Randy Jack, and Kingdom's Mr. Zok led the search for Ms. Taylor's successor and picked Allen Smith, a veteran of real-estate investing.

Messrs. Jack and Zok became more active in running Four Seasons, discussing the business regularly and together courting potential new hotel developers.

Some differences persisted. A few months after the truce, Prince al-Waleed said publicly he favored an initial public offering of Four Seasons within a couple of years.

Four Seasons has become more ambitious globally, opening hotels in emerging markets.

Cascade appeared to disagree, releasing a brief statement saying it was "in for the long term."

"There are times when we have a divergence of vision, and when that happens, we have a discussion and the best idea prevails," said Mr. Zok.

Hotel analysts say Four Seasons has been growing faster than most other five-star brands, at a time when the luxury market is enjoying a boom. In the U.S., luxury room rates and occupancy levels are at or near their highest levels ever, according to industry data tracker STR Inc.

Still, Four Seasons is falling somewhat short of its internal goals, even after revising them downward after the recession. In 2013, the company set a target for 120 hotels by end of this year, according to a person familiar with the matter. It now has 105 properties in operation, with more than 50 under development or in the planning stage. A Four Seasons spokeswoman said the company hopes to get to 108 properties by the end of 2017.

Four Seasons has grown partly by breaking with industry conventions. In New Orleans it plans a 330-room hotel, defying a common belief that building much beyond 200 rooms means luxury service suffers.

The company is comfortable with a larger property in New Orleans because the city is "supply starved with luxury product," said Mr. Smith, the CEO. He said Four Seasons has quite a few other hotels with over 300 rooms, and "the reviews in terms of service levels remain exceptionally high."

Four Seasons also has sometimes opened a second hotel in a city, such as New York and Boston. Traditionally, it avoided doubling up for fear of angering an existing owner. Mr. Smith said the company pursues the strategy "judiciously" and "with sensitivity to the owners involved."

It has become more ambitious globally, opening hotels in emerging markets. The company recently expanded its board to include younger representatives as it tries to woo millennials and engage guests using technology and apps.

Some new Four Seasons properties, such as a 77-room hotel in Miami Beach, have opened to strong reviews. Nadim Ashi, whose investment firm owns the property, said room rates are averaging $1,000 a night.

Four Seasons decentralized some functions last year after listening to some hotel owners' complaints. They no longer have to buy supplies such as light fixtures from the company, giving them more cost control.

Some of the changes risk Four Seasons' reputation, said Piers Schmidt, founder of Luxury Branding, a U.K. consultancy. In a survey his firm did in 2015, based on analysis of hotel reviews on travel website TripAdvisor, Four Seasons ranked 13th. Other surveys rank Four Seasons higher; a 2017 J.D. Power study about North American hotel guest satisfaction that was just released) ranked Four Seasons third in the luxury segment, behind JW Marriott and Ritz-Carlton.

Mr. Schmidt said luxury brands that expand rapidly risk diluting their culture by hiring staff too quickly or promoting managers too fast, and "I do believe that's the case with Four Seasons."

Four Seasons spokeswoman Sarah Tuite called the results from Luxury Branding's study "inconsistent with what we see in multiple third-party tracking sources."

Four Seasons has seen an exodus of veteran executives in recent years. Mr. Smith said that "invariably, changes ensue" when a company shifts from founder-led to a more corporate structure.

A rapid expansion of this sort raises a different concern to Ellis O'Connor, co-head of MSD Hospitality, a unit of Michael Dell's family office that owns two Four Seasons hotels. "With luxury hotel operation, scarcity is part of the allure," Mr. O'Connor said. "You can't turn it into a commodity and get above-market rates."

People familiar with the Four Seasons operation said Cascade and Kingdom appear determined not to weaken the chain as it grows, and have broken off 14 partnerships with hotel owners whose properties weren't up to standard.

That is a "clear indication we are striking an appropriate balance between growing the brand and actively managing the quality of our portfolio," Mr. Smith said. "We will never compromise quality for the sake of growth."

ANTHONY WALLACE/AGENCE FRANCE-PRESSE/GETTY IMAGES

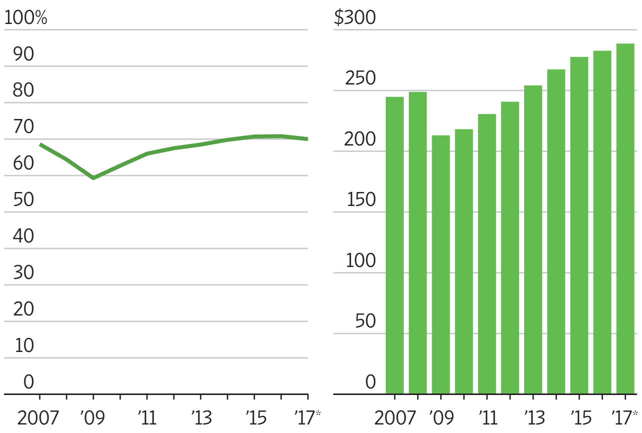

CHESNOT/GETTY IMAGES


JULIEN MATTIA/VOSTOK PRESS/ZUMA PRESS

The Four Seasons Hotel building in Hong Kong, top. Microsoft co-founder Bill Gates, left, and Saudi Prince Al Waleed bin Talal.

Better Lodging

Daily room rates and occupancy levels for luxury hotels in the U.S. are at their highest in 10 years.



*2017 figures through May
Source: STR Inc.
THE WALL STREET JOURNAL.

HOST

Continued from Page One
industry over the past decade has sprung up to book their services.

One company, Langyi Studio, has more than 300 hosts in its stable, with top performers charging more than $2,500 a wedding. All of them must complete training classes in skills such as voice and presentation, and abide by strict rules, including refusing the cash tips in red envelopes that are ubiquitous in China.

Langyi scores hosts on stage presence and other attributes, and will dock a host's pay for garbling the name of the happy couple or other infractions.

Host Wang Gang, 27 years old, said he does vocal exercises at least four times a week to keep his speaking voice strong. For inspiration, Mr. Wang watches American romance movies that celebrate the triumph of love, such as "The Notebook," and memorizes verses from love songs to recite at weddings. "It's a mode of life," he said.

These days, divorce rates in China are rising and social media is filled with lascivious tales of rich businessmen and slinky mistresses. Cynicism abounds, but Mr. Wang brims with sincerity. "It's a hard line of work if you don't believe in love," said Mr. Wang. "You'd feel like a quack."

Mr. Mao also tries to heighten the emotion of the ceremony, especially if the guests are all close friends. "You have couples reciting 'I do' without feeling, but I want to put them in the mood, to have them really experience the moment," he said.

Host Zhang Lei, 35, said she began her career after seeing a young wedding host with "the aura of a movie star" charm the crowd.

"The bride and groom are like a bottle of red wine, and I'm a bottle opener," she said.

For most of Chinese history, weddings were about carrying on family lines and were typically arranged by parents. In the traditional Confucian ceremony, the couple first bowed to the heaven and earth, then to their ancestors and parents, and finally to each other.

Brides wore a veil of red silk and didn't speak. A respected elder or village leader would officiate.

Under Chairman Mao, arranged marriages were banned. Women, he proclaimed, "hold up half the sky" and should have consent.

Still, the Communist Party had the power to approve or reject marriages in order to serve the state's agenda. Celebrations became austere, and many traditions were abandoned.

Today, as China has become more open to the West, young couples with the means are filling that vacuum by opting for fancy affairs in hotels or special venues.

On a recent Sunday, Mr. Mao, 35, took charge at Bride Elysee, a wedding venue with eight banquet halls and four ornate rooms resembling chapels. The constellations of the zodiac, illuminated in purple lights, lined the walls. A wedding ceremony and lunch for 100 people starts at about $18,000.

The ceremony launched at 10:28 a.m.—the number 8 is considered lucky.

"Please take your seats," rang out Mr. Mao's voice, echoing up to the ceiling of decorative arches.

Professional photographers dashed around to clear the aisle, a glass floor lighted with blue lights and sprinkled with rose petals. Chattering guests, without a clear dress code, wore everything from dark suits and cocktail dresses to shorts and flip flops.

The doors swung open for the groom, Zhang Zheng, and Mr. Mao began to narrate what was happening and cue the next action: "He's by his parents' side, receiving their warm hugs."

The bride, Qian Yaping, entered next, escorted by her father. Mr. Mao, who also served as officiant—most Chinese don't practice organized religions with clergy—led the couple through an exchange of vows and rings. The couple then signed a ceremonial marriage certificate with white feather pens.

Then it was on to the adjoining banquet hall for lunch, where tables were laden with platters of fried shrimp, lobster, braised beef and fried rice. Red wine and sodas flowed.

The entertainment began. It included three young women in short skirts and knee-high boots dancing first to Vivaldi, and later to the pop song "Can I Be Your Plus One."

Mr. Mao grimaced from the sidelines—China's wedding hosts aren't involved in traditional wedding planner duties on music, food or flowers. "Le-oh!" he sighed, using Chinese slang meaning "low class."

Soon, Mr. Mao's portion of the entertainment began, and he came back to the stage to lead a game of "Name That Tune," handing out stuffed animals to participants.

The previous day, at the outdoor wedding, Mr. Mao had focused on getting the couple to share stories about themselves.

The groom, Zhang Chen, met his bride, Yun Qing, through mutual friends three years ago. Mr. Mao tells the crowd that the groom worked up the courage to call Ms. Yun on the pretense of learning how to make fried rice with eggs.

Mr. Mao, a former electronics-equipment salesman who has been a wedding host for nearly a decade, soon gets the groom to reveal where he asked for a first kiss—in Beijing's 798 Art District—and then gets Ms. Yun to describe her emotions when Mr. Zhang proposed.

"My heart was jumping in the moment," she said.

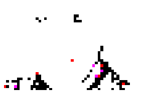
All this had at least one bridesmaid breaking down in tears of joy. Mr. Mao beamed with satisfaction. "That's real emotion."


CHAO DENG/THE WALL STREET JOURNAL

Wedding host Mao Bokun runs through a dress rehearsal with bride Yun Qing and her bridesmaids at Lidu Park in Beijing.

THE OUTLOOK | By Bob Davis

Global Trade System Checks Protectionism



President Donald Trump has looked to make protectionism respectable again, citing Abraham Lincoln's embrace of tariffs, pulling the U.S. out of a Pacific trade pact and preparing tariffs on steel imports. But changes in the international economy and the institutions governing trade are acting as constraints on what Mr. Trump can achieve.

Gone are Mr. Trump's campaign threats to hit China with 45% tariffs and Mexico with 35% levies. Steel tariffs could come in a matter of days, but steel lobbyists worry they will be more limited in magnitude than similar actions taken in the past. Meanwhile, Mr. Trump's commerce secretary says talks to update the North American Free Trade Agreement, which commence in August, will be guided by the principle, "Do no harm."

"The interests of companies and sectors are making it very difficult to go through with the extreme (measures) Trump proposed," says Brandeis University trade economist Peter Petri.

During the campaign, Goldman Sachs estimates, markets were betting that Mr. Trump's trade policies would lift tariffs by about 10 percentage points—enough to jolt the global economy. Now Goldman estimates the impact of Mr. Trump's tariff-related efforts at a 1 percentage point tariff increase. "Market expectations of major trade policy changes now appear to have completely reversed," Goldman economists Daan Struyven and Ben Snider write.

Mr. Trump has taken the opposite approach of some recent White House predecessors. He threatens protection but so far has acted modestly. They praised free trade but pushed protection.

Richard Nixon imposed a 10% import surcharge to press trading partners to revalue their currencies. Ronald Reagan spent more than a decade of pressure on Japan, whose imports battered U.S. industries, much as China's do today. He imposed stiff tariffs on Japanese electronics, and forced Japan to limit exports of cars to the U.S. and buy U.S. semiconductors. George H.W. Bush continued the semiconductor deal and pressed Japan to buy more U.S. auto parts.

Even Bill Clinton, seen now as an avatar of free trade for his passage of Nafta and a deal that let China join the World Trade Organization, badgered Japan on cars, auto parts and computer chips throughout his first term. He threatened tariffs on luxury Japanese automobiles, calling off the levies at the last moment after Japan agreed to expand U.S. auto production.

Later presidents had their protectionist moments too, with George W. Bush imposing tariffs on steel imports and Barack Obama singling out Chinese tire imports.

Past presidents used protection in part to give them domestic political cover to push for overall trade liberalization. From Nixon's term through the end of Clinton's, the U.S. negotiated two global trade pacts, Nafta and the creation of the WTO, among other international trade deals. Now those trade deals limit Mr. Trump's maneuvering room.

Many of the unilateral actions that Mr. Reagan used to punish Japan now would be handled as trade cases at the WTO, which generally frowns on protection and takes years to make decisions. Deals to reserve parts of a foreign market for U.S. companies are forbidden by WTO rules.

Industries that once lobbied heavily for protection have become more international, making them less likely to push for restrictions.

When the U.S. and Japan fought over Japanese car imports, for instance, it may have made sense to put quotas on Japanese automobile imports. But that logic doesn't work for the U.S. and Mexico. U.S.-based car makers—some of them Japanese owned—ship parts both ways across the border to build a car cooperatively.

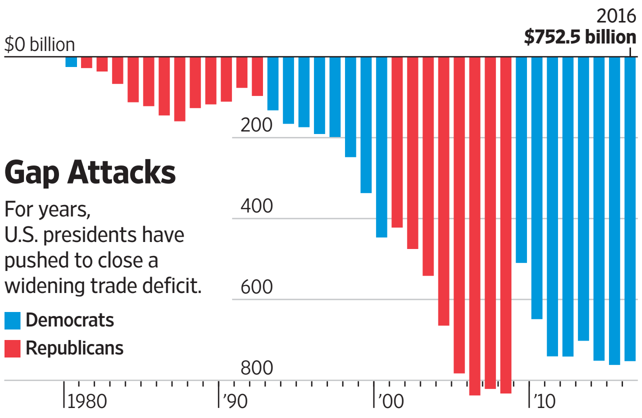
The textile industry, long one of the most aggressive voices for trade protection, has become a defender of Nafta, because of how international the industry has become.

On steel tariffs, Mr. Trump is using a rationale, national security, that President Nixon cited as a reason for his across-the-board import surcharge.

This time, the steel industry is asking the administration to use tariffs for a more limited objective—to prod China to cut back its vast steel excess capacity. The administration, steel industry officials say, is looking at how to apply tariffs without prompting widespread retaliation.

None of this means that a new era of trade liberalization is at hand. It's been 23 years since the last global trade deal and none is on the horizon. Tariff cuts are slowing around the world, according to the International Monetary Fund, as are the number of free-trade deals being signed annually.

But the architects who built the international trading system over the past half-century created a structure resistant to dramatic change. Over time Mr. Trump may find himself ensnared by it.



PROTECTIONIST MEASURES PURSUED BY EARLIER PRESIDENTS

RONALD REAGAN
◆Tariffs on Japanese electronics
◆Quotas on Japanese cars
◆Quotas on steel imports

GEORGE H.W. BUSH
◆Pushed Japan to buy U.S. semiconductors
◆Pushed Japan to buy U.S. auto parts

BILL CLINTON
◆Threatened tariffs on Japanese luxury cars
◆Pushed Japan to buy U.S. auto parts

GEORGE W. BUSH
◆Imposed steel tariffs

BARACK OBAMA
◆Imposed tariffs on Chinese tires

Source: Census Bureau

THE WALL STREET JOURNAL.

White House Wants Focus Shifted to Trump's Agenda

By Michael C. Bender

WASHINGTON—The White House on Monday will embark on a three-week messaging campaign aimed at refocusing attention on President Donald Trump's agenda and framing a debate later this summer over rewriting the U.S. tax code.

The "Made In America" campaign, which starts with the president highlighting locally made products from around the country, is the latest attempt by Mr. Trump's communications team to control a narrative that has consistently spun out of their grasp during the six months since the inauguration.

The challenge controlling the message is partly due to turmoil within the West Wing over strategy and tactics. Disagreements continue over how the communications shop should be organized and on what policies the team should concentrate, White House officials said. These conflicts have impaired the president's ability to hire experienced Republican communicators, with even some of Mr. Trump's supporters declining White House posts.

Scott Jennings, a consistent defender of the president on television and an ally of Senate Majority Leader Mitch McConnell, refused White House inquiries about taking a senior-level position in the communications department, two White House officials said.

But the team's biggest hurdle may be inside the Oval Office. Mr. Trump, who often says he is his own best adviser on politics and communications, frequently strays from the White House's script and has fought attempts to tone down his Twitter persona, of which many top aides—and a majority of the American public—say they disapprove. Several senior administration officials privately complain that the White House's main problem is decision-making, not public relations.

KEVIN LAMARQUE/REUTERS

President Donald Trump in New Jersey on Saturday

The current health-care debate has underscored the White House's conundrum, said Newt Gingrich, who remains a political adviser to Mr. Trump. He cautioned that the White House team is "still learning" about its own power but said it was unclear what the Trump White House wanted to accomplish in the health-care debate.

"Coke believes that after 130 years, consumers still need to hear about Coke seven days a week to be reminded to buy it," Mr. Gingrich said. "Brute repetition is the only way to break through, and it's hard to know right now what [the White House is] supposed to be selling."

Sean Spicer, the White House press secretary, said the White House is pushing to expand access to health care and lower costs for U.S. workers.

"We have utilized all of the resources of the administration to advance the president's goal of repealing and replacing Obamacare with a patient-centered health-care system," he said.

The Senate plans to vote on an overhaul of health-insurance laws soon, the Republican-controlled chamber's second attempt to do so. The outcome remains uncertain, yet the White House's marketing effort this week is "Made in America," not health-care reform.

The push for theme weeks came from Reince Priebus, the White House chief of staff, and Rick Dearborn, a deputy staff chief, White House officials said. Messrs. Priebus and Dearborn put the plan in place after an attempt by Jared Kushner, Mr. Trump's son-in-law and senior White House adviser, and Steve Bannon, the president's chief strategist, to reorganize the communications office, White House officials said.

After highlighting American-made products this week, next week will be devoted to American jobs and workers, a White House official said. A third week will be dedicated to the "American dream," the person said.

On Monday, the president will tour a display of American-made products inside the White House and on the South Lawn. He will also make remarks to the media about the administration's commitment to American-made products and the workers and companies who make them.

The plan, Mr. Spicer said, is to build a foundation for the president's argument for tax reform, identifying the workers and companies that would benefit from Mr. Trump's "America first" approach.

Mr. Trump can then return to one of the issue that, unlike health care, truly animates him—tax reform.

"As we get into August, we'll be talking more specifically about tax reform," Mr. Spicer said. "This definitely starts that process."

Political Base Remains Strong

President's approval rating in counties he won stands at 50%

WASHINGTON—President Donald Trump's political base is sticking with him, according to a Wall Street Journal/NBC News poll, despite no major legislative victories in Congress after six months in office and an expanding federal probe into potential connections between his campaign and Russian attempts to influence the 2016 election.

In counties Mr. Trump won during the presidential election, 50% of adults approve of his job performance while 46% disapprove, the poll of 600 adults taken July 8-12 showed. In a nationwide Journal/NBC survey taken last month, the president had a 40% approval rating, while 55% disapproved.

The new poll showed a significant split between the counties Mr. Trump easily won, and those that backed the Republican candidate after voting for President Barack Obama, a Democrat, in 2012. That divide showed that while Mr. Trump's strongest supporters remain solidly behind him, he is weaker in swing counties.

In counties where Mr. Trump's election-day support was at least 20 percentage points higher than what Republican Mitt Romney drew in his 2012 White House bid, the president's approval rating is now 56%, 16 percentage points higher than his disapproval rating. In counties that voted for Mr. Obama in 2012 but supported Mr. Trump in the 2016 election, the president's approval is 44%, 7 percentage points lower than his disapproval.

In nationwide polls, voters have soured on Mr. Trump, saying they have negative views of his temperament, trustworthiness and level of knowledge needed for the job. Asked last month about the source of his problems, half of adults said Mr. Trump doesn't have the competence and experience needed to change Washington.

The Wall Street Journal/NBC News poll was based on telephone interviews in a broad cross-section of counties that Mr. Trump won during the election. It has a margin of error of plus or minus 4 percentage points.

—Michael C. Bender

HEALTH

Continued from Page One

concerns" about the bill, even after a new version was unveiled last week to address issues raised by some GOP senators. "I think it would be extremely close," she said when asked whether Mr. McConnell had the votes for passage.

Mr. Paul said that Mr. McConnell didn't appear to have the votes and proposed that Republicans repeal the entire 2010 health-care law, also known as Obamacare, and debate what should replace it separately.

"The real problem we have is we won four elections on repealing Obamacare. But this bill keeps most of the Obamacare taxes, keeps most of the regulations, keeps most of the subsidies," said Mr. Paul on Fox Sunday.

Senate leaders said they were confident that they could hold the procedural vote as soon as Mr. McCain was back in the Senate.

"I believe as soon as we have a full contingent of senators, we'll have that vote. It's important we do so," said Sen. John Cornyn of Texas, the second-ranking Republican in the Senate.

The White House declined to comment at length on the setback Sunday. "We wish Sen. McCain a speedy recovery," said spokeswoman Helen Aguirre Ferré.

The outcome of the health-care debate will be the clearest test yet on the GOP's ability to govern when the party controls the institutions at both ends of Pennsylvania Avenue. While they differ, sometimes strongly, on what should be in the bill, Republicans across the spectrum agree on the high stakes for the future of the Republican governing agenda.

"I think the consequences of failing to deliver on our promise to repeal Obamacare would be disastrous," Sen. Ted Cruz (R., Texas) said in an interview. "I think not being able to deliver on that promise would do serious and long-lasting damage to the credibility of Republicans."

Some GOP senators with a high profile in their states are weighing whether to be guided by the appeals for party unity if the health-care bill is unpopular among their constituents. On Sunday, Ms. Collins said the policy in the bill was misguided and harmful in particular to rural states.

"This bill would make sweeping and deep cuts to the Medicaid program, which has been a safety net program on the books for more than 50 years....It would also jeopardize the very existence of our rural hospitals and our nursing homes," she said. Conservative lawmakers say the financing for Medicaid as now configured is unsustainable.

Mr. Trump has at times advocated forcefully for the health-care legislation, even though he vowed repeatedly during the campaign that there would be no changes to the Medicaid program. He made an aggressive push when the House struggled with similar divisions and found itself initially unable to pass a bill earlier this year. He is now seeking to maintain a policy-oriented focus amid new allegations almost daily about Russian interference in the election.

"The president is, I would say, frustrated with the process of the fact that this continues to be an issue," White House spokeswoman Sarah Huckabee Sanders said recently. "He would love for us to be focused on...the economy, on health care, on tax reform, on infrastructure. And that's the place his mind is."

Mr. Trump has offered little room for a soft landing if Mr. McConnell can't pull off a task that Mr. Trump has conceded is difficult, comparing it earlier to seeking peace between Israelis and Palestinians. The White House itself has largely hung back, leaving the deal-making to senators themselves.

J. SCOTT APPLEWHITE/ASSOCIATED PRESS

Sen. John McCain

Instead, the president and White House have been cheerleading from the sidelines and are adopting anew a message they used ahead of the spring's first scheduled health vote in the House: Failure isn't an option. That is ratcheting up the pressure in a way they expect to be effective but that bears a risk of ugly fallout if it is not.

"After all of these years of suffering thru ObamaCare, Republican senators must come through as they have promised," Mr. Trump tweeted Friday morning from Paris, where he kept up a steady drumbeat of exhortations throughout his visit with French President Emmanuel Macron.

While Republicans hope the furor surrounding Russian meddling in the 2016 election won't undermine the health bill, supporters of the Affordable Care Act, including Democrats who view it as a signature achievement of President Barack Obama, fear distraction from the Russia stories in their own way. They say they are worried their own allies are paying too little attention to trying to defeat the GOP health overhaul.

"Reminder: unless you're a journalist or Bob Mueller, you have a better chance of influencing the health care vote than Russia gate," tweeted Jon Favreau, an Obama speechwriter, on Friday, referring to Special Counsel Robert Mueller, who is spearheading the investigation into Russia's actions.

The White House has also sought to emphasize insurance-market woes in some states in driving a sense of urgency among senators to act. It has made clear that it doesn't intend to give lawmakers who hold back on voting for the law a pass, insisting that if they are worried about electoral blowback, they face as much from voting down the bill as they would for supporting for it.

The difficulty for many Republicans is that supporting the bill or opposing it both carry political risk.

"If somebody's looking for safe harbor and no hard votes, this is going to be an awful year for them, because I think it's going to be hard vote after hard vote after hard vote," said Rep. Mark Amodei, a Republican representing a competitive district in Nevada.

Mr. Amodei opposed an early draft of the House health-care bill but voted for the final version in May. He said that ultimately, he would expect GOP voters to be frustrated if Congress doesn't repeal the ACA, or large swaths of it.

"It means they're fine with the status quo, which is a bad thing, which should make them angry," he said.

—Kristina Peterson contributed to this article

BY ERICH SCHWARTZEL

Los Angeles

NEW science-fiction spectacle rian and the City of a Thou- Planets" opens with a memo- montage of intergalactic com- ties joining to form a giant colony, all set to the tune of l Bowie's "Space Oddity." nder Pressure" would have ed, too.

alerian" arrives in theaters on 21 already boasting an un- , and high-stakes, record: It is ved to be the most expensive n history that wasn't made by f the six major studios. Its million production budget is e with costly competitors like er-Man: Homecoming," but its uction company, Paris-based paCorp, is a fraction of the f Hollywood's major players. 3-D extravaganza that's been l a cross between "Avatar" Star Wars," "Valerian" will to overcome a host of obsta- o turn a profit. Released in ost competitive part of the er movie season, it's the only udget movie that isn't based aracters or franchises already known to audiences. There's he foreign nature of the name "Valerian," based on a French c book. "To a U.S. audience, s an unfamiliar name," ac- ledges EuropaCorp Chief Exec- Marc Shmuger.

ough early footage of the has set science-fiction blogs z, reviews so far have been d, with critics praising the e's kaleidoscopic visuals but g its stars Dane DeHaan and Delevingne are miscast in the roles.

e film has become a case in whether a globally ambi- movie from outside Holly- 's main studios can perform in the current environment nated by franchise films. hit would transform Europa- a small studio founded by rian" director Luc Besson in . Mr. Besson, a favorite g the Comic Con crowd be- e of the science-fiction classic Fifth Element," is one of the directors working today e reputation could justify

FILM

The Most Expensive Indie Ever

With a budget of $180 million, the 3D spectacle 'Valerian' will need to win over global audiences to make money

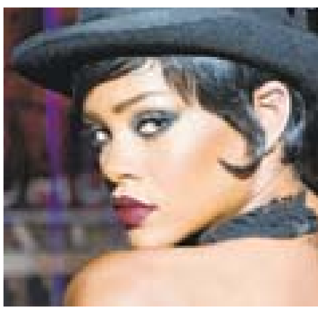
such a massive undertaking without traditional studio support.

"The first 'Star Wars' wasn't a franchise. 'Avatar' wasn't a franchise," said Mr. Besson. The movie marquee needs to have some fresh ideas from time to time, he added. "It's like never changing the water in the aquarium."

Set in the 28th century, "Valerian" imagines a universe where the Space Race never stopped, and sprawling colonies formed across galaxies. Alpha, where much of the movie takes place, is a cross-galaxy United Nations, like a metropolis populated by regulars of the "Star Wars" Mos Eisley cantina. Mr. DeHaan and Ms. Delevingne star as bickering crime fighters in this futuristic world, home to alternate dimensions, alien creatures and a shape-shifting cabaret performer named Bubble (Rihanna).

Mr. Besson rose to fame with contemplative thrillers like "La Femme Nikita" and "Léon: The Professional" in the 1990s before becoming known for his science-fiction epics. The director has a fervent fan base, but box-office analysts are skeptical U.S. moviegoers will show up in the droves needed for a film of this size. The director's last movie, "Lucy" starring Scarlett Johansson, grossed $463 million worldwide, and EuropaCorp says it may consider sequels to "Valerian" if its global haul lands above the $350 million range, which is plausible but far from certain.

For EuropaCorp, the timing for a high-risk release comes at a precarious moment. The studio last month posted a loss of 119.9 mil-



Scenes from 'Valerian and the Ci a Thousand Planets' starring Rih above, Dane DeHaan and Cara Delevingne, below from left.

lion Euros ($136 million) for t 2017 fiscal year. Though the co pany is open to building "Vale ian" into a sequel-spawning fr chise, executives say they plan primarily stick with their usua projects: Modestly budgeted a tion thrillers like the "Taken" "Transporter" franchises that tinue to make up the bulk of it release slate.

Crafty financing has limited company's risk on "Valerian." raise the $180 million for the movie, Mr. Besson adopted a f nancing structure common wit independent films, offsetting t cost of production by selling d tribution rights in more than 6 countries and bringing on abo dozen equity partners. Ultimat the patchwork of financing lef ropaCorp responsible for abou 10% of the budget. "For the co a small to modest-sized film [f EuropaCorp], Luc was able to ize the largest production in th history of continental Europe," said Mr. Shmuger.

"Valerian," a comic that Mr. Besson says he has obsessed ov since childhood, has been the d tor's quixotic project for years. 2009 blockbuster "Avatar," with computer-generated Na'vi appe ing alongside human actors, co vinced him the technology had caught up with the storyboards his head.

The movie is expected to per form better overseas. French m iegoers are most excited for "V ian," where the film is projecte gross between $50 million and $100 million, above typical gro in the relatively small market.

PLAYLIST: ELIZABETH STROUT

FINDING MEANINGS IN 'BLOWIN' IN THE WIND

beth Strout, 61, is the Pulitzer -winning author of six novels, ding her latest, "Anything Is ble" (Random House). She e with Marc Myers.

ing up in Harpswell, Maine, I lways conscious of the wind. Atlantic Ocean was our front and our house was com- y exposed. Even playing in voods as a child, I thought the was trying to tell me some- .

rst heard Bob Dylan's **"BLOWIN' IN THE D"** in 1973, during my last year in high l. Someone played it for me. Even gh the song had come out 10 years ear- when I was 7, I never owned the record as ng person. I didn't have the money, and I t have anything to play the record on. a child, I sensed the wind had a rest- secretive quality. The song's argument he answers to life's vexing questions are ng around in the wind and that you just to listen to hear them resonated with

om the start, I knew that "Blowin' in the ' was a protest song, that the wind was

ment in the '60s. But for years, I heard the song solely as a lyric.

Now I experience the song differently when I hear it on my iPhone and put the lyric in today's context. After Dylan's acoustic guitar opens the song, his voice is remarkably melodic and softly insistent.

As he sings, the line that catches my ear reminds me not to overlook what's right in front of us:

"Yes, 'n' how many times can a man turn his head / and pretend that he just doesn't see?"

Many of us walk past people living on the sidewalk asking for money and either ignore them or never see them. That's what makes the song so special: The words constantly take on fresh meaning.

But much depends on where you hear them. In 1978, I went to my first Dylan concert in Augusta, Maine. He performed "Blowin' in the Wind," but it wasn't quite the same as hearing his original recording.

There were too many people there for the song to be personal, and the song's intent was brought down to an earthly level. Like the

JASON HENRY FOR THE WALL STREET JOURNAL

WHAT'S YOUR WORKOUT? | By Jen Murphy

A Routine That Gets Him Jumping for Joy

Jump ropes turned out to be just what an executive needed to make exercise fun

WHAT DOES a 10-year-old have in common with a pro boxer? Both jump rope with ease, says Grant Opperman. "Boxers, some of the fittest athletes in the world, work cardio, reflexes and coordination by performing an activity most of us did as children," he says. "And even though it's grueling, there's also something really fun about jumping rope."

Mr. Opperman, the 52-year-old founder of the Microburst Group, a Bay Area communications and strategy consultancy, began his search for a sustainable workout in 1996. "I was 31 years old then, so I wasn't feeling the effects of an unhealthy lifestyle, but in the span of a few years my pants size went from a 32 to a 34," he says. Having climbed to 187 pounds despite being just 5-foot-9, he was scared into a gym membership after an instructor in a yoga class warned him he was on the road to heart disease. Even with regular, hourlong sessions of cardio and weights, he didn't feel any fitter. "I blamed it on my metabolism slowing with age," he says.

In 2014, his wife told him to

stop making excuses and join her at boot camp. The couple took the burpee exercise, their least favorite in class, and turned it into an at-home challenge. "We tried to do 100 burpees a day for one month," he says. "You get addicted to improving, and soon I was doing 150 or 200, and by the last day I did 400 burpees," he says.

He began to take other exercises from class—pull-ups, push-ups—and turn them into monthly challenges. Last year he took on jump rope. "There was nothing enjoyable about burpees," he says. "But with jump rope, I was constantly amusing myself by trying new

Grant Opperman uses a 1-pound jump rope, above, for agility and speed. He also works out at a boot camp gym in Dublin, Calif., with a battle rope, below.

tricks."

Mr. Opperman found inspiration on the Zen Dude Fitness YouTube channel. "It's two young guys with six packs who created the ultimate jumprope tutorial," he says. "They convinced me that if I just kept up with it, I could become good."

The combination of jump rope and boot camp has helped Mr. Opperman drop to 155 pounds. "I have a leaner, stronger build than I ever believed possible," he says. "I'm still not a master of jump rope, but I love that there's always a new move to learn."

The Workout

Six days a week Mr. Opperman rises at 4:45 a.m. He starts the day by jumping rope for 15 minutes. He uses a light rope for fancy footwork like side swipes, boxer skips and double unders, which require him to jump higher and spin the rope faster so that it passes twice before he touches the ground. He uses a heavier rope for endurance and strength.

"You have no idea the pain that you can achieve jumping rope until you've jumped for a minute with a 1-pound rope," he says. "It works the arms, chest and back muscles." Some days he does a circuit, performing one minute of basic bounce jumping, followed by a 30-second rest, one minute of mountain climbers, and a 30-second rest, then one minute of push-ups.

At home, he jumps in his garage or in his backyard. On the road he jumps in the hotel gym or parking lot. "I've even jumped in front of the LAX airport," he says.

After his jump rope routine, he drives to Fit Body Boot Camp near his home in Dublin, Calif., for a 6:30 a.m. circuit class for 30 minutes. After boot camp he does 50 burpees.

The Diet

Mr. Opperman eats an energy bar pre-workout and drinks a protein shake after boot camp. He makes lunch at home, usually some variation of sautéed spinach, peppers, broccoli and sweet potato mixed with black beans, two eggs and sometimes brown rice.

"As I've gotten older, my body doesn't process carbs as well, so I've cut back," he says. If he's eating out, he'll order a burger in a lettuce wrap or a bowl at Chipotle rather than a burrito. His wife might make steak or chicken with roasted vegetables for dinner. "Chocolate and ice cream are problems in my life," he says. "Particularly when I'm stressed or tired."

The Gear & Cost

Mr. Opperman initially resisted buying a good jump rope. "In my mind, a jump rope should cost $5, not $50," he says. "But like any other piece of athletic equipment, you pay for quality. Half the reason people can't jump rope is because 90% of jump ropes are miserable." He purchased a Crossrope starter set, which includes a ¼-pound agility rope and a 1-pound intensity rope.

He wears Under Armour Micro G Optimum sneakers, which are lightweight but cushioned for support. He bought his for $59 on Amazon. He says the minimalist nature of Inov-8 Bare-XF 210 sneakers (retail $110) are great for working on footwork. He pays $150 a month for his boot-camp membership.

The Playlist

"When you jump rope, it's not about what music you like or don't like, it's about the rhythm," he says. "Some of the best music to jump to is from singers who are also dancers, like Justin Timberlake, Michael Jackson or Usher."

FROM LEFT: PROCTER & GAMBLE; ISTOCK

HOME PRODUCTS

BUGS, THE NEW FRONTIER IN HOUSECLEANING

BY ELLEN BYRON

YOUR FLOOR IS SCRUBBED, the bathroom gleams, dishes are washed and the laundry is done. But have you captured your home's flying bugs?

Procter & Gamble Co. wants to add a step to your cleaning routine. The world's largest consumer-product company, already known for Tide laundry detergent, Mr. Clean disinfectant and Swiffer mops, in April introduced Zevo, an indoor trap for winged insects including flies, mosquitoes, gnats and moths.

After cleaning tubs, floors, clothes, hair and skin, bugs offer a new frontier, and a potential opportunity as P&G looks to reverse years of lackluster sales. "Another dirt for P&G are those insects around your home," says Jane Welling, a scientist for P&G's Ventures unit, which pursues new business opportunities.

"When flying insects come in, they seem to multiply and ruin everything that makes your house a home," an online Zevo ad says. "If you have pets and kids that are constantly going in and out of the house, then Zevo is a must-have."

Creating new product categories is one way P&G is trying to turnaround its business, which has struggled as consumers cut back spending and small, upstart brands have eaten into its dominance of shaving, cleaning and beauty products. Sales in P&G's most recent quarter ended March 31 fell 1% to $15.6 billion. Its fabric & home care division posted sales and profit declines over the same period.

The strategy isn't new. P&G for generations has excelled at convincing consumers of problems they didn't realize they had. Febreze captures household odors you may have become accustomed to but guests might detect. Crest teaches consumers that teeth should be white, not just cavity-free. Pantene sells the notion that healthy hair should always shine. Olay wants aging consumers to fight dull skin tone as well as wrinkles. Downy says washing clothes also requires fiber protection, softening and fragrance.

P&G is taking a relatively quiet approach to its Zevo launch. Unlike the blockbuster store roll outs P&G's giant brands usually stage

The mosquito is a target for P&G's new Zevo indoor insect trap, left.

for a new product, Zevo is sold via its folksy website and Home Depot's stores and site. The Zevo site includes photos of the P&G team that created the product, including a mosquito-masked employee named "Mosquito Joe," whose title is "chief test subject." Zevo's packaging includes a thank-you note.

Zevo, which resembles a plug-in air freshener, uses a combination of blue and UV light to attract flying insects onto a sticky cartridge that ensnares and ultimately kills them. Developers borrowed know-how from across P&G's businesses, including device technology from Febreze, adhesive capabilities from Always sanitary pads and the replaceable-cartridge business model from Gillette razors. A starter kit, which includes a device and two trap cartridges, costs $12.99 and two refill cartridges cost $5.99.

P&G considered at least 50 iterations of the device as it looked for the right cover for the sticky cartridge—it needed to have openings wide enough for insects to see the blue light and fly through it to be captured, yet not so revealing that consumers could see too many dead bugs. "We didn't want the consumers to get totally grossed out," says Ms. Welling.

Still, seeing how many dead bugs are snagged during the cartridge's 45-day or so lifespan helps persuade consumers they need the device, P&G says. During a four-week test in Orlando, chosen because of its bug-friendly climate, consumers involved initially were skeptical they had a bug problem. "But then looking at their cartridge, they said, 'oh, I did need that,'" says Ms. Welling.

P&G uses gruesome facts to describe why winged insects are more than just a household nuisance. Twice as many germs are carried by house flies than cockroaches and flies spit, throw up and defecate on food they land on, P&G says in its marketing materials. Some 1.6 million gallons of American blood is sucked by mosquitoes each year, and fruit flies can lay 500 eggs on your fruit in less than 10 days, P&G says.

Still, except for mosquito-borne diseases like the West Nile and Zika viruses, flying insects don't usually pose a health hazard in the U.S., says Joshua Benoit, an entomologist and assistant professor of biology at the University of Cincinnati, who is involved in Zevo's development.

P&G says they aren't replacing the capabilities of an exterminator, but rather helping to alleviate an annoyance without chemicals or swatters.

OPINION

REVIEW & OUTLOOK

ObamaCare Moment of Truth

Republican leaders unveiled a revised health-care bill on Thursday, setting the stage for a Senate watershed soon. Few votes will reveal more about the principles and character of this Congress.

Months of stations-of-the-cross negotiations between conservative and GOP moderates have pulled the bill towards the political center, and for the most part the new version continues the journey. This leftward shift is Majority Leader Mitch McConnell's bid to meet the demands of still-recalcitrant Republican moderates. The bill remains a net improvement over the ObamaCare status quo, but the question now is whether they'll take yes for an answer.

In the new bill, the GOP's economic-growth wing made a major and bitter concession by retaining the 3.8-percentage-point surcharge on investment income. This political capitulation doesn't even phase out the tax. Repealing this millstone on investment and rising wages has allegedly been a Republican goal for years, and the Senate voted to do so as recently as 2015. Markets have also been expecting relief, meaning the retreat will undercut an economy that can't afford many political shocks.

As worrisome is what this capitulation shows about GOP fortitude against relentless progressive opposition. Moderate Republicans folded amid a false if completely predictable tax-cuts-for-the-rich narrative, as if they'll somehow get credit for reneging. Has opposition to the bill lessened even an iota? Choking over the tax doesn't bode well for tax reform, when Democrats will be invoking "the affluent" at every turn.

The priority has to be growth and increasing incomes, not the short-term politics. Or maybe Republicans could do a better job making a political argument about jobs and wages instead of nothing. Any reform worth passing is difficult, and Republicans have sent a signal they'll give up at the first whiff of grapeshot.

The new bill uses the revenue from the investment tax to pay for spending the moderates favored, which might once have been called tax-and-spend liberalism. This includes expanding eligibility for insurance subsidies, increasing subsidies for out-of-pocket expenses and higher up-front spending in Medicaid, such as for hospitals that provide uncompensated care for the uninsured. Financing for high-risk pools and insurance market stability is tripled.

GOP moderates get all they want and they still won't commit to yes.

It also dispenses $45 billion for heroin and opioid abuse treatment. Don't believe anyone who claims this isn't enough money, because it probably reaches the limit of what government can do to mitigate the crisis.

The most important residual virtue of the McConnell rewrite, and the main reason it is still worth passing, is that it maintains the original Medicaid reform. This would transition the program to per capita block grants and equalize payments for the poor and the disabled compared to ObamaCare's Medicaid expansion population of able-bodied adults. The revision is too generous in the early years and has a long runway to give Governors time to plan and adjust, but it shifts to a budget growth rate in a decade that is fiscally sustainable.

Moderates intensely opposed this transformation, but structural changes are the only way to make the entitlement state even remotely affordable. The discipline will save $772 billion over 10 years.

Conservatives gained a modest expansion of Health Savings Accounts and a version of Ted Cruz's "freedom option," which would allow insurers that sell ObamaCare-compliant plans to also sell deregulated plans. Combined with state waivers, this could lead to significantly lower premiums for most consumers.

The Senate bill has never been the "root and branch" repeal that some Republicans overpromised, but any legislation with a chance of passing must negotiate both political reality and health-care conditions that have developed over decades. The bill is now a pragmatic, modest compromise that tries to satisfy all camps.

Most Senate conservatives like Mr. Cruz are warming to the bill despite previous concerns about ObamaCare Lite, and we'll support it too despite its watered-down tax cuts and reform. Moderates now have to decide if they can say the same, having extorted almost everything they asked for and then some.

Moderates never objected to the repeal-and-replace agenda and surely benefitted from the slogan politically, yet some are still threatening to vote against even allowing a debate. If what they really want is ObamaCare, they should have said so earlier, though now at least they'll be accountable for their true position. Mr. McConnell is right to hold a vote to force Republicans to honor their avowed principles—or betray them.

Jamie Dimon Goes Off

Jamie Dimon sure knows how to liven up an earnings call. While reporting quarterly results on Friday, the J.P. Morgan Chase CEO let loose with a high-quality harangue against the political class and Washington gridlock that drives down economic growth and hurts the people at the bottom of the income ladder.

"Since the Great Recession, which is now eight years old, we've been growing at 1.5% to 2% in spite of stupidity and political gridlock," said the dean of Wall Street CEOs, who was just warming up. "We are unable to build bridges, we're unable to build airports, our inner city school kids are not graduating."

"I was just in France, I was recently in Argentina, I was in Israel, I was in Ireland. We met with the prime minister of India and China. It's amazing to me that every single one of those countries understands that practical policies to promote business and growth is good for the average citizens of those countries, for jobs and wages, and that somehow this great American free-enterprise system, we no longer get it."

The banker who was once a target of Obama regulators must feel liberated because he even dared to defend tax cuts for business: "Corporate taxation is critical to that, by the way. We've been driving capital earnings overseas, which is why there's $2 trillion overseas benefiting all these other countries and stuff like that. So if we don't get our act together—we can still grow."

Tell us how you really feel, Jamie: "I don't buy the argument that we're relegated to this forever. We're not. If this administration can make breakthroughs in taxes and infrastructure, regulatory reform—we have become one of the most bureaucratic, confusing, litigious societies on the planet.

"It's almost an embarrassment being an American citizen traveling around the world and listening to the stupid s— we have to deal with in this country. And at one point we all have to get our act together or we won't do what we're supposed to [do] for the average Americans.

"And unfortunately people write about this saying like it's for corporations. It's not for corporations. Competitive taxes are important for business and business growth, which is important for jobs and wage growth. And honestly we should be ringing that alarm bell, every single one of you, every time you talk to a client."

Mr. Dimon has said he's a Democrat, and some of his friends say he might be looking to run for President. If Republicans can't rally the nerve to pass their agenda, he might find a receptive constituency.

California's Cap-and-Trade Problem

California Governor Jerry Brown plans to host a global climate summit next year, and there's no better exhibit of the tension between the left's environmental and social justice goals. Witness the Democratic rupture over reauthorizing cap and trade.

Democrats control a supermajority in both legislative chambers that lets them increase taxes without GOP support. Because the state raises revenues by auctioning emissions permits, a two-thirds vote is needed to extend cap and trade through 2030 (from 2020) and insulate the program from legal challenges.

The Governor says cap and trade is essential to meet the state's statutory requirement to reduce greenhouse-gas emissions to 40% below 1990 levels—the same goal that Europe committed to in Paris. His problem is that Democrats from low-income areas are reluctant to extend cap and trade after voting this spring to raise gas taxes and impose a new vehicle-registration fee.

Manufacturers, oil refiners and food processors—major employers in low-income areas—will have to buy permits or expensive new equipment to comply with the state's emissions cap. Cap and trade has raised the cost of gas by about 12 cents a gallon and this surcharge will increase as emissions controls tighten. Californians already pay about 65 cents more per gallon than the national average.

To win support from business and balky Democrats, Mr. Brown has offered to extend a partial sales-tax exemption (3.94%) for manufacturing equipment that renewable companies could also exploit. So businesses will get a small discount on the millions of dollars they will have to spend to comply with the emissions restrictions while the renewables lobby gets another fillip. What a deal.

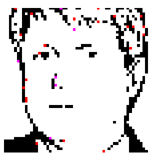
Mr. Brown has also agreed to suspend a fee on rural residents for fire prevention—which may be struck down in court anyway—through 2031 and prohibit local air-quality management districts from imposing more stringent emissions standards than those of the California Air Resources Board.

The California Chamber of Commerce and Business Roundtable have endorsed Mr. Brown's green bargain. They fear a more liberal Governor like Gavin Newsom or Tom Steyer would impose more costly regulations. But there's nothing to stop Democrats with a simple majority from doing the same as they have repeatedly ratcheted up the state's renewable mandate.

This year the state Senate passed legislation doubling the renewable mandate to 100% by 2045—and, by the way, California is producing so much solar power on some days that it has to pay other states to unload it. Senate Democrats have also proposed jacking up the price of emissions permits and imposing a border carbon fee to tax out-of-state imports.

Yet groups like the Sierra Club say the Governor's deal gives businesses too much flexibility. Facing opposition from his party's progressive and moderate factions, Mr. Brown wants Republicans to provide the votes he needs to extend cap and trade. GOP support would let Democrats in competitive districts off the hook and make it harder to break their supermajority in 2018. If Republicans go along, they can look forward to being a permanent superminority.

On Donald Trump Jr., The Media Can't Help Itself



BUSINESS WORLD
By Holman W. Jenkins, Jr.

We'll admit to being gobsmacked by the latest revelation. We always assumed that it would be somebody like Carter Page who'd eventually be discovered to have participated in an ill-advised email chain showing that even Team Trump noticed the Hindenburg-size fact of Russian delight in the Trump phenomenon.

Now the press has its gotcha, and it's Donald Trump Jr. Golly.

Yet, after the first flush of hysteria, Don Jr. may be only half a rube for not being more sensitive to the Russian connection, which would explode in Hindenburg fashion only with the DNC email hack a few days later.

What's more, Bloomberg News suggests that lawyer Natalia Veselnitskaya wasn't offering secrets gleaned from a Russian "prosecutor," but news she read in the Russian press. Not *the* Russians but *a* Russian was trying to peddle this info to Trump Tower as a pretext to lobby on behalf of a wealthy Russian client.

And it wasn't any Russian but a tubby British music publicist who babbled fourth-hand, or perhaps was apple polishing all on his own, in claiming "Russian government support" for the Trump effort.

The farcical element continues to predominate in Russiagate, including with the mostly ignored Russian influence on FBI chief James Comey's actions.

But real trouble can flow even from a farce. Thinkers for whom Russia was just one problem in a world full of problems, who previously didn't identify Moscow as the No. 1 enemy, now do so, vociferously, for fear of being lumped in with Mr. Trump as a traitor to America or some such.

A mob is a machine for mass-producing cowards and bullies. That's where we are now. Just turn on cable TV.

Even the estimable Anne Applebaum, author of a book on the Soviet gulag, fulminates in the Washington Post against every recent president for failing to heed Russia's "peculiar dangers." With all due respect, U.S. presidents are better informed than anybody about the nature of the Russian regime. They read the intelligence. George W. Bush looked in Mr. Putin's eyes and didn't see his soul. He saw a potential nightmare that would have to be managed somehow. Ditto President Obama.

But neither are U.S. presidents equipped with magical powers to make such facts go away. The world is stuck with Mr. Putin, an authoritarian who cannot afford to modernize, whose quest for survival inevitably drives him down a funnel of deepening hostility toward a superpower where the rule of law prevails.

In the U.S. election, what began as Mr. Putin's vendetta against Hillary morphed into his cynical promotion of Mr. Trump, and now is coming up roses a third time as a way to discredit the U.S. government and its new president.

A respected Russian journalist, Mikhail Zygar, in the New Yorker, dismisses the idea of some Putin "master plan. . . . There is no plan—it's chaos."

Another, Roman Shleinov, apropos of supposed payoffs to Mr. Trump via his real-estate business, explains that it has nothing to do with Trump: "Money is fleeing Russia in all directions, people are trying to invest anywhere they can, to get their assets out."

If there was a conspiracy to put a Trump in the White House, let's face it, Don Jr. would never have been fielding a blind email about it in June 2016 from a Miss Universe hanger-on.

The Trump-Russia conspiracy meme is a farce, not a scandal.

Here's another secret: Most U.S. reporters know they are overplaying the Trump-Russia connection, even as they revel in the Don Jr. gotcha moment, even as they play up the circus of legal and political jeopardy the administration has created for itself.

That is, except for John Harwood of CNBC for whom the Don Jr. revelations on Tuesday explained everything. President Trump's every word and deed, he argued on-air, must now be understood as payback to Russia for helping him get elected.

Uh huh. One lesson voters may have to stick in their back pocket from all this: The U.S. can't afford a president with as much baggage as Mr. Trump, even if there's a lot to be said for opening up the elite to fresh, more-lively blood.

Another lesson concerns the people who used to be called editors and were played in the movies by Jason Robards. If there was ever a need to rein in the supercritical hysteria that the websites of the New York Times and the Washington Post and MSNBC on-air feed when their competitive dander is up, Tuesday showed it.

To their credit, all three have since calmed down. Or maybe it's postcoital lassitude. (Mr. Harwood is probably virtually comatose from it.) Scoops are overrated—the public isn't worse for learning the news at 6:30 p.m. instead of 11:30 a.m., especially if somebody with a brain has had a chance to reflect on its presentation. At least scoops are overrated in every way except in the race for clicks, which we're guessing played a bigger role in last week's Don Jr. bacchanal than any news organization would be proud to admit.

Why Amazon Gets Special Delivery

By Josh Sandbulte

In my neighborhood, I frequently walk past "shop local" signs in the windows of struggling stores. Yet I don't feel guilty ordering most of my family's household goods on Amazon. In a world of fair competition, there will be winners and losers.

But when a mail truck pulls up filled to the top with Amazon boxes for my neighbors and me, I do feel some guilt. Like many close observers of the shipping business, I know a secret about the federal government's relationship with Amazon: The U.S. Postal Service delivers the company's boxes well below its own costs. Like an accelerant added to a fire, this subsidy is speeding up the collapse of traditional retailers in the U.S. and providing an unfair advantage for Amazon.

This arrangement is an under-appreciated accident of history. The post office has long had a legal monopoly to deliver first-class mail, or nonurgent letters. The exclusivity comes with a universal-service obligation—to provide for all Americans at uniform price and quality. This communication service helps knit this vast country together, and it's the why the Postal Service exists.

In 2001 the quantity of first-class mail in the U.S. began to decline thanks to the internet. Today it is down 40% from its peak levels, according to Postal Service data. But though there are fewer letters to put into each mailbox, the Postal Service still visits 150 million residences and businesses daily. With less traditional mail to deliver, the service has filled its spare capacity by delivering more boxes.

Other companies, such as UPS and FedEx, compete with the Postal Service to deliver packages. Lawmakers, to their credit, wanted a level playing field between the post office and its private competitors. The 2006 Postal Accountability and Enhancement Act made it illegal for the Postal Service to price parcel delivery below its cost.

But with a networked business using shared buildings and employees, calculating cost can be devilishly subjective. When a U.S. postal worker delivers 10 letters and one box to our home, how should we allocate the cost of her time, her truck and the sorting network and systems that support her? What if the letter-to-box ratio changes?

In 2007 the Postal Service and its regulator determined that, at a minimum, 5.5% of the agency's fixed costs must be allocated to packages and similar products. A decade later, around 25% of its revenue comes from packages, but their share of fixed costs hasn't kept pace.

First-class mail effectively subsidizes the national network, and the packages get a free ride. An April analysis from Citigroup estimates that if costs were fairly allocated, on average parcels would cost $1.46 more to deliver. It is as if every Amazon box comes with a dollar or two stapled to the packing slip—a gift card from Uncle Sam.

Amazon is big enough to take full advantage of "postal injection," and that has tipped the scales in the internet giant's favor. Select high-volume shippers are able to drop off presorted packages at the local Postal Service depot for "last mile" delivery at cut-rate prices. With high volumes and warehouses near the local depots, Amazon enjoys low rates unavailable to its competitors.

My analysis of available data suggests that around two-thirds of Amazon's domestic deliveries are made by the Postal Service. It's as if Amazon gets a subsidized space on every mail truck.

I don't know which stores in my neighborhood will be gone five years from now, but I'm certain my household will continue to receive numerous boxes from Amazon. I also believe that society would be better off if competing retailers, online or brick-and-mortar, continue to thrive.

Congress should demand the enforcement of the Postal Accountability and Enhancement Act, and the Postal Service needs to stop picking winners and losers in the retail world. The federal government has had its thumb on the competitive scale for far too long.

Mr. Sandbulte is co-president of Greenhaven Associates, a money-management firm that owns FedEx common stock.

Putin's Dangerous New Ukraine Doctrine

By Adrian Karatnycky

'Sanctions were not discussed at my meeting with President Putin," Donald Trump tweeted Sunday. "Nothing will be done until the Ukrainian & Syrian problems are solved!" Hours before the two presidents met, U.S. Secretary of State Rex Tillerson underlined this tough line on sanctions by appointing Russia hawk Kurt Volker as chief U.S. envoy on Ukraine.

Messrs. Trump and Putin made limited progress on Syria, but Moscow has been intensifying its efforts to destabilize Ukraine. Mr. Putin has been reluctant to deploy large military forces, but fighting in Eastern Ukraine claims five or six lives a week. Of late the Kremlin has escalated its aggression with military attacks on civilian targets, assassinations, cyberattacks to cripple the state and economy, and the economic and partial political integration of the occupied region into Russia.

Russia tries to absorb breakaway regions while stepping up terror in Kiev and elsewhere.

Mr. Putin's war against Ukraine has boomeranged. His aggression has consolidated popular opinion, with one recent poll showing that 92% of those on territory controlled by Kiev now see themselves as Ukrainians.

A decade ago that number stood at 75%. While a portion of this shift is attributable to the absence of data from occupied portions of Ukraine, most of it comes from shifting public attitudes. Mr. Putin is further stymied by Ukraine's growing military capability and frustrated by signs of its economic recovery, both results of President Petro Poroshenko's reforms.

For Mr. Putin, this is unacceptable. Russia is paying a large economic price because of Western sanctions. It also faces a growing threat of social discontent in the impoverished parts of Ukraine it controls. With 1.8 million residents internally displaced on Ukraine-controlled soil and 600,000 resettled in Russia, the self-styled Donetsk and Luhansk "peoples republics," known by the acronyms DNR and LNR, have a combined population of more than 3.5 million. Many are retirees dependent on Ukrainian state pension payments. Others are miners and industrial workers whose plants were deeply integrated into the Ukrainian economy.

Mr. Putin's response has been to step up the aggression. The first five months of 2017 saw a steep increase in attacks on hospitals, schools, factories and other civilian targets, resulting in 44 fatalities. Terrorist bombings and assassinations in Kiev and elsewhere have become commonplace. On June 27 and 28 car bombs killed two colonels from Ukraine's security service. On June 1 a Russian citizen posing as a correspondent for the French newspaper Le Monde shot but failed to kill a Chechen volunteer in the Ukrainian militia. In late March an assassin from Russian-annexed Crimea killed a former Russian parliamentarian and Putin critic who had received asylum in Ukraine.

Russia is also accelerating the integration of occupied Donbas into Russia. On Feb. 18, Mr. Putin issued a decree enabling Russian state and private institutions to accept passports and other identity documents issued by the self-styled DNR and LNR. The Russian press widely promoted the view of Luhansk separatist leader Igor Plotnitsky that the decree is a "step along the path of international recognition of our sovereignty."


TASS/ZUMA PRESS
Presidents Putin and Trump meeting in Hamburg on July 7.

The DNR and LNR economies have begun rapidly converting to the Russian ruble. A further step came on March 5, with the confiscation by the "republics" of some 40 major privately held Ukrainian companies. These enterprises had provided employment for locals while paying taxes to Kiev and scrupulously withholding them from the renegade authorities.

Although these "nationalizations"—a war crime under the Geneva Conventions—had been accelerated by an unofficial embargo of trade with the region started by Ukrainian civic activists in January, the swiftness of the confiscations suggested they had long been planned. On the day of the takeovers, senior Russian managers appeared at the "nationalized" workplaces to announce they were taking charge.

In mid-March, Kremlin-controlled media publicized the launch of a "Committee for the Integration of the Donbas and Russia" in Russian-annexed Yalta, Crimea. The Russian media trumpeted a call there by Mr. Plotnitsky for a referendum on the accession of the LNR to Russia.

In early April, Vladimir Pashkov, a former deputy governor of Russia's Irkutsk region, arrived to administer Eastern Ukraine's key industrial holdings, according to Russia's RBK news agency. On April 25 came news that the Russian Parliament was readying legislation backed by Foreign Minister Sergei Lavrov to simplify the procedure for granting Russian passports to residents of the occupied Donbas. A group of lawmakers called the Russian Friends of the Donbas announced they would set up centers to assist in the naturalization process.

Russia is also escalating its interference in the internal political life of the rest of Ukraine, including cyberattacks against government and business targets and the use of fifth columns. These steps come from the well-known playbook that Russia used to foment separatism in Georgia's Abkhazia and South Ossetia regions. There, too, Russian military forces helped seize territory from a sovereign state, installed Russian advisers and distributed Russian passports. The Kremlin now recognizes both entities as independent states.

None of this means the Kremlin is irrevocably committed to the permanent separation of the DNR and LNR from Ukraine. What Mr. Putin wants above all is to ensure that whatever the future status of these regions, Moscow, not Kiev, will call the shots. Still, the radical steps Russia is taking, including terrorism, make clear that Mr. Putin seeks to derail the 2015 Minsk II process, even as he points the finger at Ukraine for lack of progress toward peace.

The U.S. and Europe must respond forcefully to this new intensification in Russia's hybrid war. The engagement of Mr. Volker to shape diplomacy on the Russia-Ukraine conflict signals that the U.S. will adopt a pragmatic hard-line policy. It is a welcome sign that the personal chemistry between Messrs. Trump and Putin won't override the physics of power politics and diplomacy.

Mr. Karatnycky is Senior Fellow at the Atlantic Council and co-director of its Ukraine in Europe initiative.

Has Trump Flipped on Financial Regulation?

By Peter J. Wallison

President Trump showed his independence at the Group of 20 meeting in Hamburg earlier this month by opposing an international consensus on climate change. Yet in another area, the G-20's attempt to regulate global finance, Mr. Trump signed on to a communiqué that runs counter to his promises on the campaign trail and in office.

The summit's official statement lauds the Financial Stability Board's "considerable progress" in developing new international regulations. It says G-20 leaders "welcome the FSB assessment of the monitoring and policy tools available to address risks from shadow banking."

The FSB is a group of central bankers and regulators deputized by the G-20 in 2009 to set up an international system to supervise finance. The U.S. is represented on the board by the U.S. Treasury Department, the Federal Reserve and the U.S. Securities and Exchange Commission. But most of the FSB's members are European officials. It is difficult to understand how Mr. Trump, who has promised to reduce financial regulation in the U.S., could possibly endorse the FSB's effort to create an even more stringent global system of financial regulation.

Once the FSB received its mandate in 2009, it moved aggressively—with the full support of the Obama administration—to create a regulatory structure covering all financial services and institutions in developed countries, including the U.S.

As the G-20 communiqué suggests, the FSB's particular focus has been developing a framework to capture what it calls "shadow banks," which it broadly defined as any financial firm engaging in "credit intermediation" outside the regulated banking system. That includes, according to a 2013 FSB statement, "securities broker dealers, finance companies, asset managers and investment funds, including hedge funds."

Let's hope that the G-20 communiqué the president signed was a mistake.

During the previous administration, it was realistic to believe that the U.S. would join this scheme. President Obama was a supporter of the G-20's international regulatory program. Not only that, in the U.S. the Dodd-Frank Act created the Financial Stability Oversight Council, which was given the power to regulate and prohibit "activities" it judged as a threat to financial stability. This power alone would enable it to impose in the U.S. virtually all the regulations the FSB might develop.

The FSB's rules weren't intended to be voluntary. The group's chairman, Bank of England Gov. Mark Carney, made clear in memorandums to other FSB members that all G-20 countries, including the U.S., were expected to adopt its regulations in their own jurisdictions. Compliance, he said, would be monitored.

It isn't difficult to see that this is a power grab by the regulators who sit on the FSB. They are trying to leverage an international agreement to create a closed, uniform, global system of financial regulation and supervision. Trapping American firms in this kind of complex web is clearly inconsistent with President Trump's promise to deregulate the financial system and put the American economy first.

Unfortunately, the G-20 communiqué has now created the impression—mistaken, one hopes—that Mr. Trump favors the FSB's program. If he doesn't, he should make his position clear by withdrawing the U.S. from the FSB. Then he should restrict the Financial Stability Oversight Council to acting only as a consultative body for financial regulators, with no special powers to regulate or prohibit financial activities. That's the way to get America back to business.

Mr. Wallison is a senior fellow at the American Enterprise Institute.

My Old Friend Liu Xiaobo

By Bei Ling

Editor's note: This op-ed was originally published on Oct. 19, 2010. We reprint it today in memory of Liu Xiaobo, who died on July 13 in Chinese custody.

When I first met Liu Xiaobo in the early 1980s, we were both just out of university and he was living around the corner in Beijing. We became close friends and drinking buddies; at night we used to open bottles of beer and discuss the exciting changes taking place in our society.

Beijing at that time was a heady place for young intellectuals. After the death of Chairman Mao Zedong and the fall of the Gang of Four, it felt like a dark cloud had lifted and all sorts of ideas could be discussed freely for the first time in decades.

Xiaobo and I started a literary salon at Beijing Foreign Studies University. We gathered with fellow underground writers and discussed topics ranging from ancient Greek philosophy to seminal Chinese figures like Wang Guowei, the scholar credited with setting China on the course to modernity in the early 20th century.

Xiaobo is a real Renaissance man. He read voraciously—from the Chinese classics to Schopenhauer—and would quote texts from memory as we bicycled through Beijing's back alleys, passionately discussing the fate of our nation.

It did not surprise me when Xiaobo rose to literary stardom with the publication of two books that sold out several printings: "Critique of Choices: Dialogue With [traditional philosopher] Li Zehou" and "Aesthetics and Human Freedom." He penned five more books in a prolific burst that became known as the Liu Xiaobo Phenomenon. His work focused on the terrible toll taken on Chinese scholars by dictatorship, first under the emperors, then Nationalists, and continuing with Communist rule.

Xiaobo is an iconoclast. He pulls no punches and has little regard for "face," once flippantly commenting that China would benefit from "300 years of colonization by the West." He didn't mean this literally, of course. It was an ironic allusion to the even greater damage centuries of authoritarian rule inflicted on the culture, but his critics seized on the remark as evidence of his "reactionary" nature.

They can't comprehend how Xiaobo wields ironic humor to play down how passionately he cares about the fate of our country. I remember one evening he swore to me, "I'll never let fear of criticism or punishment stifle my speaking out. And I'll struggle for the right of others to free expression, even if their views don't agree with mine. That's the price of freedom." If only he knew what a high cost he would pay for this ideal.

Xiaobo is the farthest thing from the typical effete Confucian scholar. He's a guy's guy. He drinks, smokes and tells bawdy political jokes. I remember one time he recounted an especially raunchy anecdote about Mao's wife, Jiang Qing, that made me blush and cannot be repeated in a family newspaper.

His reputation for insolence is well deserved. He doesn't suffer sycophants or ideologues gladly, which has not aided him in his interactions with the Communist authorities or his critics, and he has made a lot of enemies. But there is a compassionate, loyal side to Xiaobo that his friends and family know well. When I was imprisoned briefly in 2000, he worked tirelessly to secure my release, forgoing sleep to solicit the assistance of anyone who could help me.

When I think of Xiaobo I remember countless summer nights spent over pots of tea or bottles of warm beer, talking, laughing and planning for the important roles we intended to play as China's reforms progressed. Warm as Xiaobo is personally, he is uncompromising on points of principle. This trait has enabled him to survive years in prison with his intellect and convictions intact.

His literary reputation soaring, in the late 1980s Xiaobo accepted an invitation to teach at Columbia University. I too went to New York. Reunited with exiled scholars like the political activist Hu Ping and the artist Ai Weiwei, we continued our salon in the States, debating how best to continue our work when we returned to Beijing.

'I'll struggle for the right of others to free expression, even if their views don't agree with mine.' If only Liu knew the price he would pay for this ideal.

Then came the student protests of 1989. In New York, we watched television day and night. We saw the millions take to the streets to demonstrate for a better future for China. The students were so sincere, their idealism so moving. We had to go back to our city to be with them. Xiaobo called and told me he'd purchased a return ticket, paying cash so that he couldn't change his mind. I said, "Xiaobo, I'm proud of you. Go ahead, I'll follow." He stammered and said, "I'm frightened, but we can't sit in New York while our compatriots need us. Haven't we been preparing for this moment all our lives?"

Xiaobo didn't know if he would be arrested immediately upon arriving in Beijing, but the authorities had bigger concerns. He made it to Tiananmen Square and spent weeks living in a tent and standing shoulder to shoulder with his former students, emerging as the chief spokesperson for the protesters in the final days before June 4.

He stood his ground the night of the massacre, ultimately negotiating with the martial-law troops for the safe passage of hundreds of remaining student protesters out of Tiananmen Square. For this action Xiaobo came to be known as one of the "noblemen of Tiananmen Square." If not for his intervention, hundreds more young lives would have been tragically and needlessly lost.

After the crackdown Xiaobo was arrested. He had no illusions about how a scholar would be treated in prison. "Willingness to endure punishment and even death is the price that must be paid for liberty," he told me, just before he turned himself in. I would not see my friend again for two years.

He was sent to China's Bastille, Qincheng Prison, on the charge of "instigating counterrevolutionary behavior." After his release in 1991, he was again arrested in 1995. This time he spent four years in a labor camp for calling on the government to overturn its verdict on Tiananmen and acknowledge its tragic mistake in violently suppressing the peaceful, patriotic student movement.

The last time I saw Xiaobo was Christmas 1999. We sat on the back porch of my parents' apartment, sipping beer and reminiscing about the old, carefree days of our 20s. "I wonder if we'll ever again see the kind of freedom and open debate that we experienced in China in the 1980s," he sighed. I raised my glass and said, "I know we will!"

I miss my old friend Xiaobo. But his Nobel Peace Prize brings comfort and encouragement to me, and the millions of others who have sacrificed so much for the cause of freedom in China. I know that this is what Xiaobo was referring to when he dedicated the prize to the victims of Tiananmen.

Mr. Bei is a writer in Bonn, Germany. This op-ed was translated from Chinese by Scott Savitt, a former foreign correspondent and author of a forthcoming memoir (Atlas & Co.).

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ART REVIEW

Reassessing a Mythic Painter

BY RICHARD B. WOODWARD

2017 ANDREW WYETH/ARTISTS RIGHTS SOCIETY (ARS)/NORTH CAROLINA MUSEUM OF ART, RALEIGH

Wyeth's 'Winter 1946' (1946)

Chadds Ford, Pa.

IS IT OK TO LIKE Andrew Wyeth again?

One of the country's most respected artists for most of his life, the first living American painter to have a retrospective at the Metropolitan Museum of Art, he became a victim of his own mass acclaim. The critical backlash against his so-called Helga series—"secret" nudes of his young blond and buxom neighbor that were disclosed in 1986-87 and inflated by lucrative media hype—severely marred his reputation. It never recovered.

Since his death in 2009, his precisionist vision of rural America has seemed increasingly outmoded. Unlike his older friend Edward Hopper, he is not exalted as a prophet of film noir and contemporary unease. Sophisticates continue to dismiss Wyeth as a regional nostalgist.

On the centenary of his birth, the Brandywine River Museum of Art has opened "Andrew Wyeth: In Retrospect," a tightly edited exhibition (with catalog from Yale University Press) that seeks to present new facets of the artist. The co-curators, Patricia Junker from the Seattle Art Museum (the show's next and final venue) and Audrey Lewis from the BRMA, view Wyeth as a death-haunted magical realist, whose portrayal of his stark surroundings in Chadds Ford, Pa., and the islands of Maine was more mythic than documentary.

Wyeth's obsession with World War I is one surprising theme of the show. Not only did he collect military miniatures from the period and portray aging men in their old uniforms (U.S. and German), he also developed an unhealthy enthusiasm for the 1925 silent film antiwar epic, "The Big Parade."

According to the art historian Henry Adams, Wyeth bought a print of the epic, which runs almost 2½ hours, and watched it an estimated 500 times. Directed by King Vidor, the melodrama unfolds against the realities of war; the hero becomes an amputee. Mr. Adams argues that elements of the film were incorporated into some of the most celebrated of Wyeth's post-World War II paintings, including "Winter 1946" (1946) and "Christina's World" (1948).

To supplement the familiar meticulousness of his works in tempera, the curators also highlight ones done with a looser brush: the watercolors "Clump of Mussels" (1939) and "Wolf Moon" (1975), along with late works in tempera, such as "Sparks" (2001), in which a cavernous fireplace spits out smears of smoke and ash.

Finally, the circle of people in Wyeth's oeuvre is revealed to be wider than previously thought. On both floors of the show are more than a dozen portraits of African-Americans, along with paintings and drawings of the places where they lived and worshipped.

The revision is persuasive and expands the borders of the artist's psychological concerns. The absence in the show of "Christina's World," "Tenant Farmer," "Faraway," "Corner of the Woods" and other favorites does not lessen the impact or quality of what's here.

Wyeth's is a completely believable and self-contained world, one governed by a harsh and lonely code of self-sufficiency. Only single farms and houses are visible in his mostly treeless landscapes. There is no community. Nor do we see families, either—only portraits of solitary individuals.

He did not ignore the heavy toll paid by his characters—women, above all—for scratching out a life in these climates. In the drybrush watercolor "The Kuerners" (1971), the only picture here of a couple, the rifle that hangs from the husband's shoulder is aimed at his wife's heart. (Wyeth often brings to mind Robert Frost at his bleakest, as in his poem "The Death of the Hired Man.")

Like Ansel Adams, Wyeth chose to keep modernity from intruding on his frames. The one mechanical vehicle depicted in the show is a pickup truck at the scene of a farm foreclosure ("Public Sale," 1943). Electricity is in short supply. The sources of illumination in his paintings are usually sunlight or kerosene lamps. Stoves burn wood.

What invigorates Wyeth's fossilized aesthetic is his undeniable skill as a draftsman and painter. The panoramic "Hoffman's Slough" (1947) is a masterwork that should be more famous. Rendered in deep shadow, with mottled reds among the browns and greens, the valley still holds slivers of water in its hollows. The sentimental grip of a place where the artist skated as a child is conveyed in a design that is as abstract as it is realistic. It could almost be a Clifford Still.

Wyeth's standing has suffered from his position apart from both pure abstraction and Pop. MoMA, for example, doesn't know what to do with "Christina's World" and has stuck it in a corridor by the escalators. Among contemporary art stars, only James Welling has been brave enough to cite Wyeth as an early inspiration. His 2010-12 series of photographs in the landscapes of Chadds Ford and Maine is an unironic homage.

If Norman Rockwell can be rehabilitated for today's art world, Wyeth can be, too. He was a more complicated and blood-stirring artist than his detractors have led us to believe.

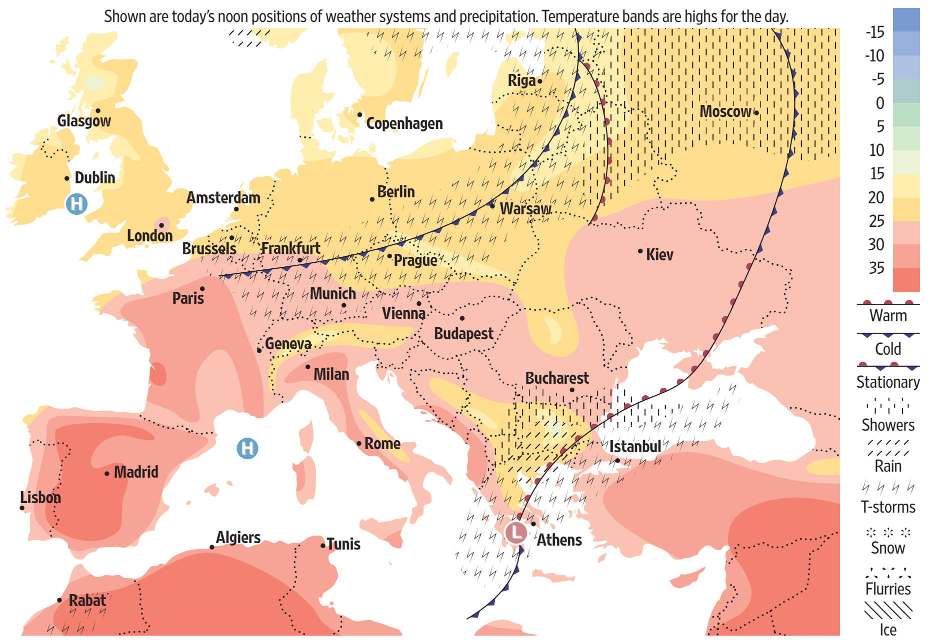
Andrew Wyeth: In Retrospect
Brandywine River Museum of Art, through Sept. 17

Mr. Woodward is an arts critic in New York.

Weather

AccuWeather.com

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



Global Forecasts

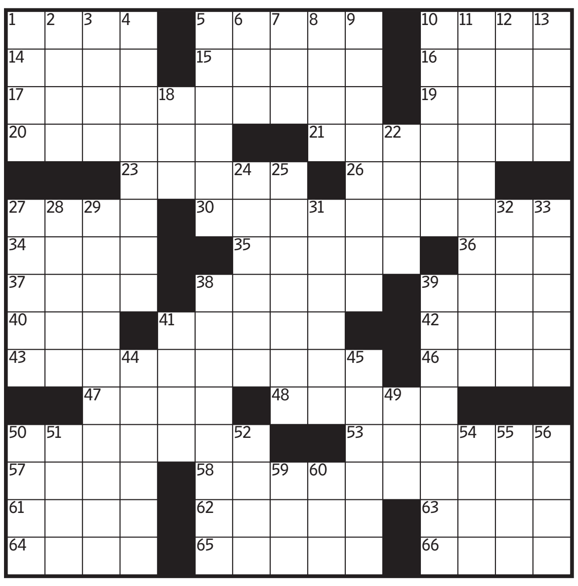
s...sunny; pc... partly cloudy; c...cloudy; sh...showers; t...t'storms; r...rain; sf...snow flurries; sn...snow; i...ice

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Amsterdam	22	13	pc	24	18	pc
Anchorage	18	13	c	16	13	r
Athens	27	20	t	27	21	t
Atlanta	31	22	pc	31	22	t
Baghdad	49	31	s	50	31	s
Baltimore	31	21	pc	32	22	pc
Bangkok	30	26	t	31	25	sh
Beijing	34	25	pc	33	25	pc
Berlin	21	11	pc	23	14	pc
Bogota	18	10	r	18	10	c
Boise	34	16	s	35	17	s
Boston	28	20	s	28	20	pc
Brussels	23	14	t	27	18	t
Buenos Aires	9	0	s	13	3	s
Cairo	39	27	s	40	26	s
Calgary	22	8	s	23	9	pc
Caracas	31	27	pc	31	26	pc
Charlotte	31	21	pc	33	21	t
Chicago	26	16	s	31	22	s
Dallas	35	25	pc	35	25	t
Denver	35	17	pc	35	18	pc
Detroit	27	16	pc	29	19	s
Dubai	44	34	pc	42	35	pc
Dublin	21	12	s	21	15	pc
Edinburgh	21	9	s	22	13	pc
Frankfurt	26	16	t	29	18	pc

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Geneva	29	17	pc	31	17	t
Hanoi	29	25	r	31	26	t
Havana	32	23	pc	32	24	pc
Hong Kong	30	27	t	31	27	sh
Honolulu	29	24	sh	30	24	pc
Houston	32	24	t	32	24	t
Istanbul	28	22	t	26	21	r
Jakarta	32	25	pc	31	24	pc
Johannesburg	16	1	pc	18	2	pc
Kansas City	34	21	s	33	23	s
Las Vegas	42	31	pc	41	30	pc
Lima	21	16	pc	22	16	pc
London	25	16	pc	26	19	pc
Los Angeles	31	20	pc	31	19	pc
Madrid	37	21	pc	36	20	pc
Manila	33	25	t	33	26	t
Melbourne	14	9	c	13	8	sh
Mexico City	23	12	t	23	13	pc
Miami	32	26	t	33	27	t
Milan	31	20	pc	32	21	pc
Minneapolis	32	23	pc	30	21	t
Monterrey	33	21	pc	34	21	pc
Montreal	26	18	t	28	19	pc
Moscow	20	12	pc	21	11	pc
Mumbai	31	26	sh	30	27	r
Nashville	33	22	pc	33	22	pc
New Delhi	35	28	pc	34	28	t
New Orleans	30	24	pc	31	24	t
New York City	29	22	pc	29	23	pc
Omaha	35	23	s	35	24	pc
Orlando	33	23	t	32	23	t

City	Today Hi	Lo	W	Tomorrow Hi	Lo	W
Ottawa	25	15	r	28	17	pc
Paris	30	20	pc	33	19	pc
Philadelphia	31	22	pc	31	24	pc
Phoenix	37	27	t	36	28	t
Pittsburgh	29	18	pc	30	18	pc
Port-au-Prince	34	23	pc	35	23	pc
Portland, Ore.	27	13	s	29	13	s
Rio de Janeiro	30	19	s	23	18	sh
Riyadh	45	28	c	45	28	pc
Rome	31	19	s	30	18	s
Salt Lake City	37	24	pc	38	25	pc
San Diego	26	21	pc	26	22	pc
San Francisco	22	13	pc	21	13	pc
San Juan	31	26	pc	32	27	sh
Santiago	16	2	s	18	4	s
Santo Domingo	32	23	pc	33	23	pc
Sao Paulo	25	10	s	12	11	sh
Seattle	24	12	s	27	13	s
Seoul	31	25	t	31	24	sh
Shanghai	36	28	pc	38	29	t
Singapore	29	25	t	30	25	t
Stockholm	22	11	t	22	11	pc
Sydney	19	11	pc	22	10	s
Taipei	36	26	pc	37	26	pc
Tehran	36	25	s	36	24	s
Tel Aviv	34	24	s	34	25	s
Tokyo	33	25	c	31	26	pc
Toronto	26	16	pc	28	18	pc
Vancouver	22	12	pc	23	13	s
Washington, D.C.	33	24	pc	33	24	pc
Zurich	28	14	pc	30	16	t

The WSJ Daily Crossword | Edited by Mike Shenk



BODY LANGUAGE | By Daniel Hamm

Across

1 Scorch
5 Make sense
10 Places to get body wraps and massages
14 Exfoliation target
15 DeVito of "Taxi"
16 Mexican money
17 Body of water comprising tresses?
19 Heaps
20 Bubble's shape
21 Take the stand
23 Clear as ___
26 Free of clutter
27 Harry Potter feature
30 Division of a body of water?
34 Awkward fellows
35 Umbrella brand
36 Ear: Prefix
37 Cost of a hand
38 Lecture attendee's jottings
39 Suspicious of
40 Cobbler's cousin
41 15-Across's "Taxi" role
42 Spoil the surprise, in a way
43 Address about a body of water?
46 Blunders
47 Israeli author Oz
48 Backpack material
50 Spots for slots
53 Put one's feet up
57 Sleep like ___
58 As large as a body of water?
61 Cape charger, in Pamplona
62 ___ con pollo (chicken-and-rice dish)
63 Explorer of kiddie TV
64 Tennis match makeup
65 On the take
66 Whirl of water

Down

1 Sgt.'s underlings
2 Net holder
3 Keystone's place
4 Prepare for a performance
5 Much of a TV network's income
6 "Zip-a-Dee-Doo-___"
7 Genetic stuff
8 Furlong or fathom
9 Range separating Spain and France
10 Showed contempt for
11 Redress seeker
12 Dating from
13 PlayStation maker
18 Bubble's shape
22 Min. divisions
24 End, as a school session
25 From Vientiane, say
27 Melodramatic TV shows
28 "Shut up!"
29 To some extent
31 Resolute
32 Playful mammal
33 Kin of crannies
38 Fair
39 Dentist's directive
41 Animal on Sri Lanka's flag
44 Baja buddies
45 Awkward
49 Walk-___ (nonspeaking roles)
50 "The Jellicle Ball" musical
51 Sunscreen ingredient
52 iPhone assistant
54 Polo shirt brand
55 Stereotypical techie
56 June 6, 1944
59 Watchdog warning
60 Ultrapopular

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

Previous Puzzle's Solution

The contest answer is MIDAS. The initials of each theme entry are also the symbol for a chemical element whose name appears elsewhere in the grid with one letter changed (to the bracketed letter in the theme clue). The letters that were changed, in order of the theme clues, spell the contest answer.

TECHNOLOGY: GOOGLE RESEARCHER TACKLES QUANTUM COMPUTING'S THORNIEST PROBLEMS B4

BUSINESS & FINANCE

THE WALL STREET JOURNAL. Monday, July 17, 2017 | B1

Euro vs. Dollar 1.1455 ▲ 0.49% **FTSE 100** 7378.39 ▼ 0.47% **Gold** 1226.60 ▲ 0.85% **WTI crude** 46.54 ▲ 1.00% **German Bund** yield 0.600% **10-Year Treasury** yield 2.319%

Musk Sounds Alarm on AI Risks

By Tim Higgins

Elon Musk warned a gathering of U.S. governors that they need to be concerned about the potential dangers from the rise of artificial intelligence and called for the creation of a regulatory body to guide development of the powerful technology.

Speaking Saturday at the National Governors Association meeting in Rhode Island, the chief executive of electric-car maker Tesla Inc. and rocket-maker Space Exploration Technologies Corp. laid out several worst-case scenarios for AI, saying that the technology will threaten all human jobs and that an AI could even spark a war. "It is the biggest risk that we face as a civilization," he said.


MACMAHON/EUROPEAN PRESSPHOTO AGENCY
Elon Musk urged AI oversight.

Mr. Musk has been vocal about his concerns about AI and helped create OpenAI, a nonprofit research group that aims for the safe development of the technology. He suggested to the governors that a regulatory agency needs to be formed to begin gaining insight into fast-moving AI development, followed by putting regulations into place.

"Right now the government doesn't even have insight," he said. "Once there is awareness people will be extremely afraid, as they should be."

Proponents of AI say such concerns are premature, given the current state of the technology. Arizona Gov. Doug Ducey, a Republican who said that he has spent his own career trying to reduce government regulations, questioned Mr. Musk over the suggestion of creating new rules, saying that he was unsure what policy makers could do beyond pushing for a slowdown in development. "I was surprised by your suggestion to bring regulations before we know what we are dealing with," Mr. Ducey said.

"For sure the companies doing AI—most of them, not mine—will squawk and say this is really going to stop innovation," Mr. Musk said. But he said he doubted that such a move would cause companies to leave the U.S.

During his talk, Mr. Musk also was asked about the pressures that come from the valuation of Tesla, whose stock has risen more than 50% this year ahead of the introduction of a new sedan. The market capitalization has made Tesla bigger than Ford Motor Co. and, at times, larger than General Motors Co.

Those auto makers, unlike Tesla, are profitable and sell many more vehicles than the niche luxury brand.

Mr. Musk reiterated that shares of Tesla are trading at a price "higher than we have any right to deserve" and that the high price reflects the optimism of the future of the company, he said.

"Those expectations sometimes get out of control," he said. But Mr. Musk said he is committed to making Tesla a success. Besides selling shares to pay for taxes, Mr. Musk said he is avoiding selling company shares.

"I'm going down with the ship," he said.

HEARD ON THE STREET
By Dan Gallagher

Pricey New iPhone Will Test Fans' Loyalty

On the iPhone's 10th anniversary, **Apple** Inc. seems intent on repeating at least one bit of history from the original: scrambling to actually get the device done.

That, at least, is the upshot of numerous leaks and reports over the past month. Apple is reportedly working on at least one new iPhone model that will sport an entirely new design from the previous generation. The challenges posed by that design—plus shortages of key components such as organic light-emitting diode, or OLED, displays—now appear likely to push the actual launch of the device later in the year. The most recent new iPhone models have begun shipping in mid-to-late September.

This complicates Wall Street's hopes for a "supercycle" that would drive Apple's shares still higher. Another wrinkle is that the new design is widely expected to cost a lot more—with a starting price rumored at more than $1,000. That is more in line with some of the company's MacBook computers, and it would make the new iPhone the most expensive phone ever in the U.S., according to Cliff Maldonado of BayStreet Research.

Apple also appears to still be ironing out some key functions. The new phone is expected to feature an edge-to-edge OLED display similar to the Samsung Galaxy S8

Please see HEARD page B2


JOE RAEDLE/GETTY IMAGES
Bacon consumption has risen amid an embrace of fatty meats. Americans bought around 14% more bacon at stores in 2016 than in 2013.

Bacon Craze Pushes Up Prices

Pork-belly costs hit highs as Americans' appetites grow; hog farmers struggle with demand

By Benjamin Parkin

A national craving for bacon is pushing U.S. pork-belly prices to record highs.

Prices for the part of a hog used to make bacon have risen around 80% this year, while frozen reserves are at a six-decade low. Americans bought around 14% more bacon at stores in 2016 than in 2013, according to market-research firm Nielsen.

"The consumer has simply woken up to the joy of having bacon on more and more things," said Arlan Suderman, chief commodities economist at INTL FCStone in Kansas City, Mo.

Once considered a more unhealthy byproduct of a hog compared with prized cuts like pork chops and tenderloin, bacon has become a guilty pleasure amid a broader embrace of fatty meats.

In the past decade, bacon has popped up on menus far from BLT's and breakfast specials. The craze has gained pace this year.

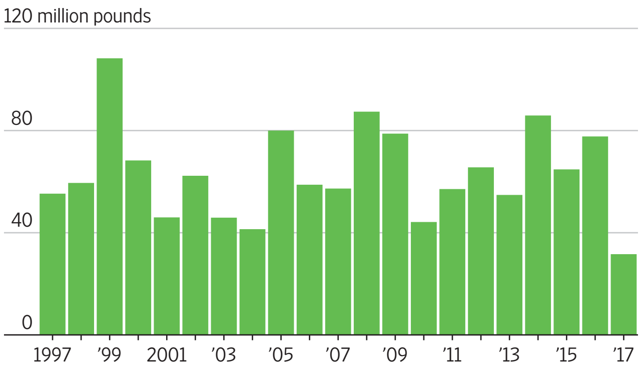
Fast-food chain **Arby's** Inc. last month introduced a series of "triple thick" bacon sandwiches. Brooklyn-based eatery Landhaus serves maple bacon on a stick. And bacon-themed summer festivals have sprung up in cities across the country.

"Everybody and their mother is coming out with a new bacon sandwich," said Dan Norcini, a livestock trader in Coeur d'Alene, Idaho.

Appetite for beef and bacon typically swells ahead of a July 4 and Memorial Day grilling boost. Wholesale beef prices followed that seasonal trajectory this year, falling from a mid-June peak.

Running Low

Stocks of pork bellies in commercial freezers as of May 31 each year



Source: Department of Agriculture
THE WALL STREET JOURNAL.

Some analysts say bacon, meanwhile, is becoming a yearlong staple that consumers are eager to procure. That voracious demand has left wholesalers in a squeeze.

Retailers "have turned hand-to-mouth, buying only what they need, waiting for production to increase and prices to decline," said Dennis Smith, a commodities broker

Please see BACON page B2

Group Acquires U.K. Rail Operator

By Ben Dummett

A U.K. infrastructure consortium led by **InfraRed Capital Partners** and **Equitix Investment Management** Ltd. agreed to acquire British high-speed rail operator **HS1** Ltd. from two of Canada's largest pension funds.

The consortium beat out an offer from bidders led by **Dalmore Capital** Ltd.

The winning group said it is paying about £914 million, or $1.2 billion, for the equity. Canada's **Ontario Teachers' Pension Plan** and **OMERS Administration** Corp. acquired the operator of the 109-kilometer HS1 rail link in 2010 from the U.K. government in a deal that valued HS1 at £2.1 billion, including debt.

The InfraRed-Equitix deal values HS1 at more than £3 billion, including debt, according to a person familiar with the matter.

The competitive sale highlights the strong—some say overheating—demand for infrastructure projects as a way for pensions, sovereign-wealth funds and other institutional investors to boost returns and diversify their holdings.

16%

Approximate increase in value of infrastructure deals in 2016.

It also underlines the greater risk of investors overpaying to beat out bidders for coveted assets.

HS1 holds a concession to own and operate the High Speed 1 rail-service link that connects London St. Pancras International railway station located in the heart of London with the Eurostar tunnel, another high-speed rail connection that runs under the English Channel between Britain and continental Europe. Eurostar, which started running passenger trains in 1994, is popular with millions of tourists and business travelers as a way to cut travel times and airport hassle. The HS1 concession expires at the end of 2040.

The winning consortium comprises **HICL Infrastructure** Co., an investment company advised by InfraRed, as well as third-party funds managed by InfraRed and funds managed by Equitix.

"The investment is...expected to be accretive to [HICL's] existing portfolio, in particular with regard to yield and inflation correlation," Harry Seekings, infrastructure director at InfraRed, said.

Ontario Teachers', which oversees 175.6 billion Canadian dollars (US$138.8 billion) in as-

Please see DEAL page B2

Samsung Notches Design Gains in War Against Apple

By Timothy W. Martin And Tripp Mickle

Samsung Electronics Co.'s newest flagship smartphone owes a lot to scuba diving.

Samsung design chief M.H. Lee wanted to give consumers the weightless sensation of being underwater when they held the Galaxy S8, which hit shelves in April and is the South Korean tech giant's first premium device after last year's costly Galaxy Note 7 recall.

The Galaxy S8 grew longer and slimmer, and it dropped most of the frame surrounding the display, for a sleek design many in the tech industry contend has bested **Apple** Inc.'s iPhone—some would say for the first time.

Ten years after Apple launched the first iPhone, the smartphone war is shifting to how a phone looks and feels. Smartphone innovation has plateaued in the eyes of many consumers, who now see incremental changes instead of game-changing features, like a front-facing camera or a crisper-looking display, that they once lined up for.

AHN YOUNG-JOON/ASSOCIATED PRESS
The Galaxy S8 is nudging the bar higher as Apple seeks to impress with its 10th anniversary iPhone this fall.

"Companies used to design phones to show off their technology," Mr. Lee, a 45-year-old executive, said in an interview, where he wore gold-colored sneakers and a Darth Vader T-shirt. "Now the focus is on designing a product that can be a buddy to the person, inseparable to them," Mr. Lee said.

Samsung, at least for now, is turning the tables on Apple with phone quality, Consumer Reports concluded when it ranked the Galaxy S handset the top smartphone on the market for the second straight year. Design earned praise alongside battery life and camera quality on the latest incarnation, the S8. Bragging rights matter more than ever as each company introduces fresh devices this year and vies for some of the record numbers of smartphone owners due for upgrades.

Samsung has been putting more effort into creating a strong design culture. It has put the spotlight on Mr. Lee, who has the nickname "Midas" in South Korea yet is relatively unknown internationally, and who took over mobile design at Samsung in 2014. In contrast, Apple's Jony Ive continues to enjoy star status in industrial design circles.

Apple declined to comment and didn't make Mr. Ive available for comment.

How a smartphone looks now accounts for about half a consumer's purchase decision, with the assessment formed in roughly one second, according to Charles Mauro, president of MauroNewMedia, a product-design research firm that has done consulting work for Ap-

Please see PHONE page B4

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.

INDEX TO PEOPLE

HEARD

Continued from the prior page
that went on sale in April. This is becoming a popular way for smartphone makers to increase their display real estate without bloating the device's size farther. Counterpoint Research projects shipments of such OLED devices will hit 115 million this year and triple next year as OLED supply improves.

But such a design also obviates the need for the traditional "home" button, where the iPhone has typically placed its TouchID fingerprint scanner. Apple is reportedly having trouble getting the scanner to work under the display glass on the new design. That may add to the production bottleneck. Andy Hargreaves of KeyBanc Capital says Apple will need to order the necessary chips for the feature by next month in order to manufacture enough devices ahead of the holidays.

Wall Street has largely responded to the recent reports by taking the longer-term view. At least nine analysts over the past month have lowered their projected iPhone sales for the current fiscal year that ends in September. Most have shifted their forecasts into the next year. As a result, iPhone unit sales are expected to grow just 2% this year and 13% in fiscal 2018, according to FactSet.

That means Apple's forecast for the September quarter—expected when the company reports fiscal third-quarter results on Aug. 1—may not fully reflect this year's iPhone launch. And in the longer term, it is unclear how such an expensive phone will be received. Past iPhones have typically been priced in line with other premium smartphones. But Apple's customers are famously loyal. Goldman Sachs reported "surprisingly little sensitivity" to a $999 starting price in its recent survey of more than 1,000 consumers.

That price wouldn't include incentives from carriers, which could offset the increase a bit. Still, Samsung's top-of-the-line Galaxy S8 starts at $725. Arriving late and expensive, the new iPhone may test more than just the loyalty of its most ardent fans.

DEAL

Continued from the prior page
sets, and OMERS, with more than C$85 billion, launched the sale process in December after receiving buying interest for the rail link.

Rail lines, toll roads, utilities, airports and other large-scale public projects often appeal to institutional investors looking to reduce their exposure to the volatility of public equities and the low returns of bonds in a muted interest-rate environment. That demand helped infrastructure funds raise a record $59 billion last year for a total of $137 billion to invest as of the end of 2016, according to data provider Preqin.

More traditional private-equity funds, looking to tap that investor appetite, are also targeting infrastructure. In May, Blackstone Group LP announced plans to raise $40 billion for a new infrastructure fund. Saudi Arabia's **Public Investment Fund** is seeding Blackstone's fund with a $20 billion commitment. U.S. President Donald Trump has spoken of plans for $1 trillion of investment to upgrade the nation's roads, highways and other public works. Still, strong investment demand and the growing pile of cash to invest risks pushing prices higher unless the number of potential targets grows. While the number of infrastructure deals rose about 2% to 1,774 in 2016, total deal value gained almost 16% to $645 billion, according to Preqin.

BUSINESS & FINANCE

Trucking Is Primed for Rebound

By Jennifer Smith

Improving freight demand could signal brighter days ahead for transportation companies—if they can persuade retailers and manufacturers to pay more for shipping.

Trucking and logistics firms should give their outlooks for the rest of the year as they begin to report earnings this week, with investors watching for signs of a rebound from a two-year slump in freight rates.

THE WEEK AHEAD

J.B. Hunt Transport Services Inc., one of the largest U.S. freight carriers, is expected to announce its second-quarter earnings Monday. **C.H. Robinson Worldwide** Inc., the biggest freight brokerage, reports Thursday. Several large trucking companies report the following week.

The results come as bountiful produce harvests and increased shipping demand tied to **Amazon.com** Inc.'s Prime Day sales promotion have helped boost rates on the spot truckload market, where companies book freight transportation on a daily basis. The average rate for dry vans, the most common type of tractor-trailer used to ship consumer goods, rose 11% in June compared with the same month last year, according to DAT Solutions LLC, an online freight marketplace.

The recent lift has fueled hopes for a broader freight recovery, and transportation firms will be watching closely this month to see whether the upswing holds. Spot rates can be a leading indicator for contract rates, the long-term prices transportation firms negotiate with shippers. Big carriers do the majority of their business via contract, and those prices have remained stubbornly low even as freight volumes rose.

"July is the canary in the coal mine for the industry," said Cowen & Co. analyst Jason Seidl.

Overcapacity in the truckload sector, where customers book entire trailers to carry their cargo, has weighed on trucking companies since late 2015. Fleets that expanded during a previous boom found themselves with too many trucks chasing a smaller pool of freight.

The glut has also tamped down rates in the intermodal business of moving container cargo over long distances by rail and truck.

At J.B. Hunt, the largest U.S. intermodal carrier, second-quarter earnings are expected to hold steady at $0.92 per share, according to a consensus of analysts via FactSet.

"Moving into 2018, you got to believe that at some point truckload rates may improve, even if just slightly," Darren Field, J.B. Hunt's senior vice president for the intermodal division, said at an industry conference last month.

Over the past 18 months large truckload operators have trimmed their fleets to reduce capacity and gain more leverage with shippers. Demand is also picking back up from manufacturers and retailers that cut back on shipping last year as they worked through excess inventory levels.

Still, it could be months before improvements in the spot truckload market translate into broader pricing gains for most carriers, which often negotiate freight contracts in the first half of the year.

Rates may start to climb this year, and catch up in 2018, said Dave Yeager, chief executive of Hub Group Inc., an intermodal and brokerage provider that expanded its trucking portfolio this year with the $306 million acquisition of Estenson Logistics.

The surging spot market could shrink profits for freight brokers, which use it to source most of their trucking capacity. Citi recently lowered its second-quarter and 2017 estimates for C.H. Robinson.

Even as some truckload carriers report freight demand is picking back up, analysts expect earnings for their most recent quarters to lag behind compared with the same period in 2016 because contract rates remain low.

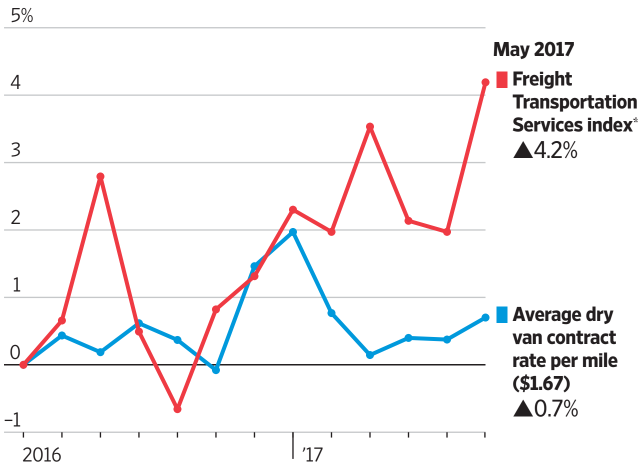
LUKE SHARRETT/BLOOMBERG NEWS

J.B. Hunt is set to announce second-quarter earnings Monday.

Trailing Behind

Truckers are hauling more goods but that hasn't translated into higher prices for shippers.

Percentage change since May 2016



*Includes truck, rail and air
Sources: TruckloadRate.com; Dept. of Transportation THE WALL STREET JOURNAL.


TWENTIETH CENTURY FOX

'War for the Planet of the Apes,' the third installment in the reboot series, took in $56.5 million in the U.S. and Canada over the weekend.

Apes Topple Spider-Man at Box Office

By Erich Schwartzel

Nearly 50 years after Charlton Heston first felt their stinking paws, the "Planet of the Apes" primates have topped the box office yet again.

"War for the Planet of the Apes," the third installment in the reboot series, collected an estimated $56.5 million in the U.S. and Canada this weekend.

That debut is about 20% below the opening of its predecessor, "Dawn of the Planet of the Apes," which opened to $72.6 million in 2014. "Rise of the Planet of the Apes," which kicked off the series, opened to $55 million in 2011 and went on to gross $177 million in the U.S. and Canada.

Continued competition from "Spider-Man: Homecoming," another well-reviewed franchise title, may have depressed the "Apes" opening a bit. "Spider-Man" fell 61% in its second weekend, a steeper fall than some analysts were expecting, for a two-week total of $208.3 million.

Strong word-of-mouth should help "Apes" see an eventual gross that is closer to the "Dawn" total of $209 million, said Chris Aronson, president of domestic distribution at Twentieth Century Fox, which released the film.

The latest installment has earned rave reviews from critics, in particular for the motion-capture performance of Andy Serkis, who stars as Caesar, the ape who leads his fellow primates into battle.

Audiences this summer turned out for the season's best-reviewed films, from "Spider-Man: Homecoming" to "Baby Driver."

"If you look at the top movies, all of them have been well-reviewed," said Mr. Aronson.

Over the past six years, the "Apes" series inspired by the 1968 classic has evolved into a

> *In its second weekend, 'Spider-Man' fell 61%, steeper than some analysts expected.*

critical franchise for Fox. 21st Century Fox, which owns the studio, and News Corp, parent of The Wall Street Journal, share common ownership.

Overseas grosses added $46 million to the movie's opening weekend. The film has opened in about 35% of the international marketplace and will continue its roll out in the coming weeks.

"Apes" had a production budget of $150 million and was produced by Chernin Entertainment. Audiences this weekend gave the movie an "A-" grade, according to the CinemaScore market-research firm.

The weekend's other new release, the teen horror movie "Wish Upon," collected a paltry $5.6 million in seventh place. It was released by startup studio Broad Green Pictures.

In other box-office news, "The Big Sick," a romantic comedy starring "Silicon Valley" actor Kumail Nanjiani, held its own in wide release and collected $7.6 million in fifth place.

BACON

Continued from the prior page
at **Archer Financial Services** in Chicago.

Pig farmers are struggling to keep up with demand. The national hog herd rose to a seasonal record of 71.7 million head in early June, according to the **U.S. Department of Agriculture**, up 3% from a year earlier.

But it hasn't been enough to satiate bacon demand. Stocks of pork bellies in commercial freezers fell to 31.6 million pounds in May, down 59% from a year earlier and the lowest figure for the month since the USDA began keeping track in the 1950s.

The crunch pushed the price for a pound of wholesale pork belly to $2.10 last week, the highest since the USDA began regularly tracking the market in 2013.

Analysts say prices are also at a record high compared with those reported voluntarily before then. Lean hog futures at the **Chicago Mercantile Exchange** hit a 2½-year high in early July.

High prices in the past have led some retailers and restaurants to slice bacon more thinly or promote alternatives like sausage, said Altin Kalo, an economist at the **Steiner Consulting Group**, which advises food companies.


JOE RAEDLE/GETTY IMAGES

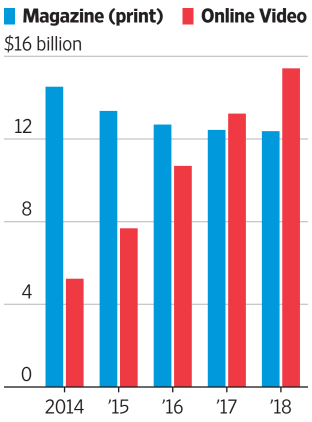
Voracious demand for bacon has left wholesalers in a squeeze.

JEFFREY VEST/ASSOCIATED PRESS

'Last Chance U' is a behind-the-scenes sports series that Condé Nast's digital unit sold to Netflix in 2015.

Showtime

U.S. publishers are pursuing digital video ad dollars as print ads stall.



Source: eMarketer

THE WALL STREET JOURNAL.

Publishers Turn to Video

As magazine print ad revenue weakens, new projects target online platforms like Facebook

By Jeffrey A. Trachtenberg

When Condé Nast launched its video hub, the Scene, in July 2014, it envisioned a sophisticated website that would showcase content from such titles as Vogue, Vanity Fair and the New Yorker, with media partners that included ABC News.

But the site offered so much choice that users found it more overwhelming than entertaining, and traffic eventually sank. Condé Nast didn't shut down the Scene; instead, it reoriented the platform as a vehicle to distribute videos on Facebook aimed at an 18-to-34-year-old audience, with the tagline "videos for women who get it."

"We learned you can't be all things to all people and expect people to come to you," says Dawn Ostroff, president of Condé Nast Entertainment, which like Condé Nast is owned by closely held **Advance Publications** Inc.

Condé Nast and other legacy magazine publishers are redoubling their efforts in online video after learning from their stumbles over the past few years. Those who tried unsuccessfully to build centralized destination websites for their brands are now more concerned with distributing their work on platforms like Facebook, YouTube, Snapchat and MSN. Publishers also are plowing cash into in-house studios to increase production volume and quality, and they are getting more aggressive about developing TV series around their brands.

As magazine print advertising revenue continues to weaken, video has become more critical. Advertisers are expected to spend $15.4 billion on video ads next year, according to eMarketer, up nearly threefold compared with 2014.

"If they miss the video market, what's left?" asks Jon Hammond, chief strategy officer for Galvanized LLC, a digital publisher and consultancy.

At Condé Nast, traffic at the Scene and its related branded-video channels de-

Time Inc. live-streamed an open casting call for the Sports Illustrated swimsuit issue.

clined from a peak of 13.5 million unique visitors in October 2014 to 4.9 million unique visitors in June 2016, according to comScore Inc.

But the switch to publish and distribute stories on Facebook, mainly for young women, has worked. In May, the Scene attracted 98.3 million video views across Facebook, according to video analytics firm Tubular Labs—nearly triple the 36.4 million online video views the Scene generated in October 2016.

Condé Nast is also building up its long-form video. Its digital unit sold a behind-the-scenes sports series, "Last Chance U," to Netflix Inc. in 2015 and is producing two major novels based on stories that appeared in Condé Nast magazines.

Since late 2011, Condé Nast has invested between $50 million and $70 million in its video arm. Ms. Ostroff says the unit turned an operating profit in 2016.

Relying on Facebook for distribution can be a double-edged sword, however, presenting risks when the social network tweaks its news-feed algorithm. And tech giants are big competitors for video ad dollars in their own right, with Google's YouTube far and away the biggest player and Facebook ramping up its offerings.

Time Inc., like Condé Nast, created a centralized video destination called Daily Cut several years ago, but it never caught on and is now in the process of being closed.

The company is experimenting with different models to distribute its biggest brands on streaming-media platforms. The People/Entertainment Weekly Network—a free streaming service that the company says has more than 1.6 million downloads as an app—is advertiser-supported. Ian Orefice, Time Inc.'s head of programming, said a free service was the best strategy in a crowded entertainment media space.

Time Inc. will try to lure paying subscribers for the coming Sports Illustrated video service it expects to launch in the fourth quarter. Mr. Orefice believes passionate sports fans will be willing to pay for the service, even though it won't have live sports programming at launch. Instead, subscribers will get a blend of expert commentary, documentaries and swimsuit features. Time Inc. is still working on price points and distribution partners, he said.

Traditionally, Time Inc. would have treated its search for a new model for the next Sports Illustrated swimsuit issue as a closely guarded secret. Instead, this year the publisher live-streamed a three-day open casting call on Instagram, Mr. Orefice says. The company came up with the concept too late to sell advertising against the event.

Time Inc. is tapping its vault of intellectual property for long-form video projects. This August, for example, ABC Entertainment will air a four-hour documentary about the life of Princess Diana, produced by Time Inc. At least three Time Inc. magazines will publish related stories about Princess Diana's legacy, says Mr. Orefice.

Hearst later this year will open a 26,000-square-foot video studio around the corner from Manhattan's Hearst Tower. It is also building a video-first health-and-wellness brand, expected to be launched later this year, and developing a TV series with the FYI television lifestyle network around Delish, its video-first food brand.

Sprint Dials Up Buffett, Malone

By Ryan Knutson And Shalini Ramachandran

Sprint Corp. Chairman Masayoshi Son has engaged two of America's richest men, billionaire investor Warren Buffett and cable mogul John Malone, about investing in the embattled wireless company, people familiar with the situation say.

The Japanese billionaire met separately with the **Berkshire Hathaway** Inc. boss and Mr. Malone last week at an annual gathering of CEOs in Sun Valley, Idaho, the people said. Mr. Malone heads **Liberty Broadband** Corp., which is cable provider **Charter Communications** Inc.'s biggest investor.

The contours of the deal the parties are discussing are unclear. The talks are at an early stage and may not result in an agreement, the people said, but one possibility would see Berkshire put more than $10 billion into a transaction.

Mr. Son, who controls more than 80% of Sprint, has been exploring a deal to help the unprofitable company saddled with more than $32 billion in debt. In recent months, Sprint has also held merger talks with rival T-Mobile US Inc. and discussed a reseller agreement with cable providers, people familiar with the matter have said.

Sprint shares gained 4% Friday after The Wall Street Journal reported the discussions, ending the day with a market capitalization of about $34 billion.

Since late May, Charter and Comcast Corp. have been in exclusive talks with Sprint about buying a stake in the wireless carrier or negotiating a favorable wholesale agreement that would allow them to resell wireless service under their own cable brands. The exclusivity window only lasts a few more weeks, people familiar with the matter have said.

Mr. Malone has been scouting for a deal that would bolster Charter's efforts to add wireless service to its cable-TV and internet businesses, people familiar with the matter say.

Charter and Comcast struck a wireless partnership earlier this year, agreeing to seek the other's consent on any wireless deal. Charter would need Comcast's approval to reach any such deal with Sprint or Mr. Buffett, but Mr. Malone's Liberty Broadband wouldn't if it were to act independently.

Comcast CEO Brian Roberts has been wary of buying into Sprint, people familiar with the matter have said. Comcast has more diversified holdings in entertainment and theme parks, and views the wireless business as an industry under great price competition. It has instead opted for a more cautious approach, using a reseller deal with Verizon Communications Inc. to add wireless to its bundle of services for Comcast customers.

PAU BARRENA/BLOOMBERG NEWS

Sprint Chairman Masayoshi Son

Messrs. Buffett and Malone have a history together and both are known for investing in companies that others view as distressed. Sprint, which has been unprofitable since Mr. Son took control of it in 2013 and has fallen to No. 4 in terms of U.S. subscribers, fits that bill.

Mr. Buffett has invested in some of Mr. Malone's companies in the past, including Charter and international cable operator Liberty Global PLC. Berkshire Hathaway currently holds 3.5% of Class A shares in Charter and 8.5% of Class A shares in Liberty Global, making it Liberty Global's largest Class A shareholder.

Berkshire held more than $90 billion in cash at the end of the first quarter, and Mr. Buffett has been on the hunt for deals. Berkshire's utility unit agreed this month to buy bankrupt Energy Future Holdings Corp.'s Oncor for around $18 billion, including debt.

—Dana Mattioli and Nicole Friedman contributed to this article.

Uber Rival in Asia Is in Talks for Big Investment

By Liza Lin, Julie Steinberg and Newley Purnell

SHANGHAI—**Uber Technologies** Inc.'s biggest rival in Southeast Asia is poised to get a huge cash injection that could help it in its home-region battle against the U.S. ride-hailing company.

Singapore-based **GrabTaxi Holdings** Pte. is raising as much as $2 billion from Japan's **SoftBank Group** Corp. and Chinese ride-hailing company **Didi Chuxing Technology** Co., people familiar with the matter said.

The deal could be completed in the next few weeks and would value Grab, as it is known, at more than $5 billion—making it the region's most valuable startup. Grab, which was launched in 2012, operates in 65 cities across seven countries.

"We will not be commenting on any market rumors or speculation," a Grab spokeswoman said.

A SoftBank spokesman declined to comment, as did a Didi spokeswoman.

San Francisco-based Uber has spent billions of dollars to expand to more than 70 countries, fighting competitors with local ties and deep pockets along the way. Last year, Uber sold its China unit to Didi in exchange for a 20% Didi stake and the promise of a $1 billion investment, the companies said at the time.

On Thursday, Uber said it is combining its operations in Russia with Yandex.Taxi, the country's most popular ride-hailing firm.

Uber faces challenges at home, too, with a string of executive departures in the wake of an investigation into sexual harassment and sexism at the company. Last month, co-founder Travis Kalanick relinquished his role as Uber's chief executive, although he remains a director.

Grab, whose previous investors include venture fund GGV Capital and Chinese investment fund Hillhouse Capital Group, most recently announced new fundraising last year, when it raised $750 million in a round led by SoftBank.

Neither Grab nor Uber discloses user numbers, but Grab's app is more popular than Uber's in many Southeast Asian markets, according to mobile-app analytics firm App Annie. Grab offers private-car, taxi, motorcycle, and carpool bookings in more cities throughout Southeast Asia than Uber.

In contrast to Uber, which has tangled with regulators and taxi unions globally, Grab has said it works closely with authorities and even has partnerships with local taxi companies. It has recently expanded to offer mobile payments.

Southeast Asia's ride-hailing market could grow to $13.1 billion by 2025, up from $2.5 billion in 2015, according to a report last year by Alphabet Inc.'s Google and Singapore state-investment firm **Temasek Holdings**.

Ride-Hailing Sideswipes Car-Sharing Companies

By Adrienne Roberts

America's car-sharing industry is struggling as some major operators scale back because of weak demand in certain cities, vandalism and competition from ride-hailing services like Uber.

Enterprise Holdings Inc.'s Enterprise Rent-A-Car closed its CarShare membership service in six major cities in recent weeks, following similar moves by other providers.

Car sharing was gaining traction over the past decade, but membership growth has slowed lately as **Uber Technologies** Inc. and other ride-hailing and bike-sharing services have become pervasive, according to Ann Arbor, Mich.-based Center for Automotive Research, or CAR. In addition, cities have raised taxes on the car-sharing industry, but not the ride-hailing business.

Avis Co.-owned **Zipcar**, the largest car-sharing operator, doesn't appear to be scaling back, but the overall industry in the U.S. is encountering hurdles to growth.

"Other shared services may both complement and compete with car sharing," says Susan Shaheen, co-director of the Transportation Sustainability Research Center at the University of California, Berkeley.

Alternatives to traditional car ownership are expanding quickly, but it is still unclear which alternatives will prevail or how eager Americans are to forgo personal vehicles. In Europe, the biggest car-sharing market, the business continues to expand.

There are 1.4 million members of car-sharing services in the U.S., according to the Transportation Sustainability Research Center. That number is expected to grow to 3 million by 2021 as infrastructure improves, cities become denser and policy makers promote multimodal transportation, CAR estimates.

Global Market Insights, a market-research and consulting firm, says the industry will reach $16.5 billion by 2024. The projections assume that existing companies add members and that new companies enter the market. However, upstarts face the high initial expenses of acquiring a fleet, adapting to the needs of different cities and gaining brand recognition, according to CAR.

MIKE BLAKE/REUTERS

An electric vehicle outside the Car2Go service in San Diego, Calif.

The outlook is better for ride-hailing services such as Uber and Lyft Inc. Goldman Sachs Group Inc. expects the hailing industry to balloon to $285 billion by 2030, from about $36 billion now, overtaking taxis in most global cities. Lyft tripled its rides from 53 million in 2015 to 160 million last year.

Fleet management can be a big challenge for car-sharing operators. Unlike conventional car-rental services, with their closely monitored lots of cars for daily use, sharing services offer cars in unmonitored locations that can be secured via a smartphone app and borrowed for hours at a time.

Enterprise's CarShare network recently suffered a lack of vehicle availability in Chicago due to "significant vandalism, theft and fraud." The company has decided to end car-sharing in Chicago and other cities, including San Francisco, Salt Lake City, Washington, and Boston, though it characterized the move as a "long-term business decision" that had more to do with weak demand than vandalism. CarShare continues to operate in 21 U.S. cities, the U.K. and Canada.

BUSINESS WATCH

DRAFTKINGS

Proposed Merger With FanDuel Is Off

Online fantasy-sports operators **DraftKings** Inc. and **FanDuel** Inc., which set aside their rivalry last year and announced plans to merge, called off the tie-up on Thursday in the face of opposition from regulators.

The U.S. Federal Trade Commission filed an antitrust lawsuit last month to block the proposed merger amid concerns the deal would harm consumers.

Neither DraftKings nor FanDuel, in separate statements on Thursday, mentioned any legal or regulatory headwinds in the decision to call off the merger.

The private companies, which run the two largest daily fantasy-sports websites, announced their plan to merge in November.

—Chris Kirkham and Ezequiel Minaya

FIAT

Auto Maker Recalls 1.34 Million Vehicles

Fiat Chrysler Automobiles NV said Friday it would voluntarily recall 1.34 million vehicles across the globe, amid concerns component failures could lead to inadvertent air-bag deployments or be a potential fire hazard.

The auto maker said it was recalling 770,853 crossover vehicles after discovering wiring that chafes against steering-wheel trim pieces could cause a short circuit, triggering a process that could deploy the driver-side front air bag. Recalled vehicles include 2011-15 Dodge Journey crossovers in the U.S., Mexico and Canada, and 2011-15 Fiat Freemont crossovers outside of that region. Fiat also said it would recall 565,647 vehicles to replace alternators in an effort to prevent a potential fire hazard caused by diode wear.

—Ali Stratton

Google Team Fights Computing Riddles

By Sara Castellanos

A research scientist at **Alphabet** Inc.'s Google is working to solve two of the most pressing challenges of quantum computing, a field that could soon begin solving problems that are currently out of reach.

CIO JOURNAL

John Martinis, a physics professor at University of California, Santa Barbara, joined Google in 2014 to help build a quantum computer that might be able to sort through a vast number of variables—more than the number of atoms in the universe—to come up with a probable solution within a fraction of a second.

GOOGLE

Professor John Martinis

"The real excitement is, if you can do it efficiently, you can start solving problems that you couldn't even dream of solving on a classical computer," said Dr. Martinis, speaking Thursday from Russia, where on Friday he addressed the International Conference on Quantum Technologies in Moscow. The weeklong conference is the fourth of its kind since 2011.

This year, the conference is being held at a significant turning point for the quantum-computing field. Technology executives in sectors such as biotechnology and automotive and materials manufacturing have announced partnerships this year with technology vendors on quantum computing experiments, and China and other countries have made technological leaps in quantum computing.

Traditional computers use binary digits, or bits, which can either be 0s or 1s. Quantum computers use quantum binary digits, or qubits, which represent and store information in both 0s and 1s simultaneously. This means the computers have the potential to sort through a vast number of possibilities within a fraction of a second to come up with a probable solution.

Google is among several technology companies including Microsoft Corp. and International Business Machines Corp. working on building general-purpose scalable quantum computing machines. IBM has developed a cloud-based quantum computing service that is available for commercial business use. Microsoft is working on building a quantum computer that is fault-tolerant and scalable using a technology called topological quantum computing.

To commercialize quantum computing, Dr. Martinis said there are two essential problems that his research team is trying to solve: One is that qubits can't yet be made to maintain their quantum mechanical state for more than a fraction of a second, in part because they are easily disrupted by changes in temperature, noise or frequency. This is referred to by physicists as decoherence. Another challenge is that current quantum computing systems don't have fault tolerance like traditional computers, meaning the delicate qubits won't continue operating in the event of a disruption.

The Google team is working on solving those problems.

AT&T Plans New Units Post-Deal

By Drew FitzGerald

AT&T Inc. plans to split the management of its telecom operations and its media assets if it clinches a takeover of **Time Warner** Inc., putting veteran AT&T executive John Stankey in charge of the Time Warner business, according to people familiar with the matter.

The reorganization would create two divisions: One would contain AT&T's wireless business and its DirecTV satellite-television business, the people said, while the other would comprise the Time Warner assets it aims to acquire, including HBO, Warner Bros. and the Turner cable unit that houses CNN.

AT&T last year said it would take control of the entertainment company in a cash-and-stock deal worth about $85 billion.

The new structure would keep AT&T Chairman and Chief Executive Randall Stephenson atop the company with two top lieutenants, in an organization that would resemble **Comcast** Corp. Brian Roberts, Comcast's chairman and chief executive, has two segment chiefs: one in charge of the company's cable business and the other heading its NBCUniversal division.

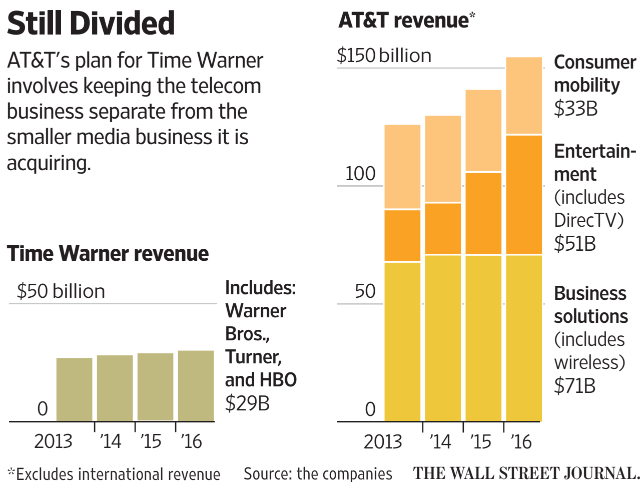
The U.S. Justice Department is conducting an antitrust review of the AT&T deal, although President Donald Trump's pick for antitrust chief, White House deputy counsel Makan Delrahim, is awaiting Senate confirmation. The Senate is locked in a broader political showdown over nominations, and it isn't clear when Mr. Delrahim might be confirmed.

Justice Department staffers have interviewed executives and collected information from the companies and competitors in the industry, but the process is in something of a holding pattern pending Mr. Delrahim's confirmation, according to a person familiar with the matter.

Mr. Trump vowed to block the deal when he was still a candidate but hasn't commented on it since taking office. The combination of two distinct businesses—video and the networks that distribute it—is considered unlikely to elicit an outright government challenge.

But authorities have imposed merger conditions on similar tie-ups, including Comcast's takeover of NBCUniversal.

The administration's feud with Time Warner subsidiary CNN adds another wrinkle to the process. White House officials have tangled with several national media outlets, but Mr. Trump has hit hardest at the cable news network's coverage.



PHONE

Continued from page B1

ple and Samsung. Mr. Mauro says peer-reviewed research reveals aesthetics matter much more than previously believed, as older surveys pegged looks as influencing only 7% of a phone purchase.

Consumers are upgrading en masse: Global smartphone shipments rose 5.6% for the first three months of 2017 versus the year-earlier period—representing the first sustained growth in two years, according to market researcher IHS Markit.

Samsung says Galaxy S8 sales hit one million units in its home market in half the time it took for the prior year's model, the Galaxy S7, now Samsung's best-selling smartphone.

The S8 is nudging the bar higher as Apple seeks to impress with its 10th anniversary iPhone this fall. For Apple to outdo Samsung on design, analysts said, it would need a new distinguishing feature, like a fingerprint sensor beneath the display rather than a physical home button.

SEONGJOON CHO/BLOOMBERG NEWS

The Galaxy S8 dropped most of the frame around the display.

Apple pioneered modern smartphone design in 2007 with the original iPhone, popularizing the concept of the home button and the touch screen. Samsung distinguished itself by introducing a large 5.3-inch screen in 2011 and more recently by removing the horizontal frame around the Galaxy S8's display—a change analysts expect the new iPhone to adopt later this year.

Some design experts wonder if the Galaxy S8's visual leap says more about Apple and its chief executive, Tim Cook, whose operational skills contrast with the visionary talents of his predecessor, Steve Jobs. "It's not so much that Samsung has gotten better, but Apple has fundamentally changed," said Hugh Dubberly, a former Apple creative director and former member of Samsung's global design advisory board. "The pipeline that Steve [Jobs] started is over." Apple didn't respond to requests for comment on its pipeline.

Design has been a heated issue between the companies since 2011, when Apple filed suit against Samsung, accusing it of copying the iPhone and committing patent infringement—and seeking damages representing all of the South Korean firm's smartphone profits at the time.

The U.S. Supreme Court in December ruled that a lower court should reconsider how much money Samsung owes Apple for alleged patent infringement relating to the iPhone's design.

Citigroup Revenue Exceeds Estimates

By Telis Demos

A softer-than-expected decline in trading revenue helped **Citigroup** Inc. defy Wall Street expectations and grow quarterly revenue by 2% from the year-earlier period.

After a late-June uptick in trading activity around global interest rates, the bank on Friday reported quarterly revenue of $17.901 billion, beating forecasts of a decline from the $17.548 billion posted a year earlier. Analysts had anticipated a drop to $17.4 billion.

Quarterly profit at the New York-based bank was $3.872 billion, down 3% from $3.998 billion a year earlier, thanks in part to the overall trading decline and higher costs associated with credit cards. Shares fell 0.5% Friday as part of a broader bank-stock selloff driven by fears of slower loan growth and a less favorable interest-rate outlook.

Citigroup's per-share earnings rose to $1.28 from $1.24 in the year-earlier period as the bank continued to buy back shares at a fast pace. Analysts, on average, had expected $1.21 a share.

Citigroup's second-quarter trading revenue fell 7% to $3.906 billion from $4.208 billion a year ago. Last month, Chief Financial Officer John Gerspach predicted trading revenue would be down by 12% to 13% from a year earlier.

Fixed-income trading was off by 6%, while equities trading dropped by 11%.

The decline halted momentum in Citigroup's relatively undersized stock-trading business, in which the bank has been investing heavily to bring it more in-line with rivals.

Citigroup reported a surge in investment-banking revenue as it stole share from rivals in the business of advising companies on mergers and underwriting stock and bond offerings. Revenue was up 22% to $1.486 billion.

The quarter's trading result is a blip in what is otherwise shaping up to be a turnaround year. Chief Executive Michael Corbat, who is seeking to convince investors that the bank is poised for sustained growth, has delivered on one major promise already—substantially increasing capital returns.

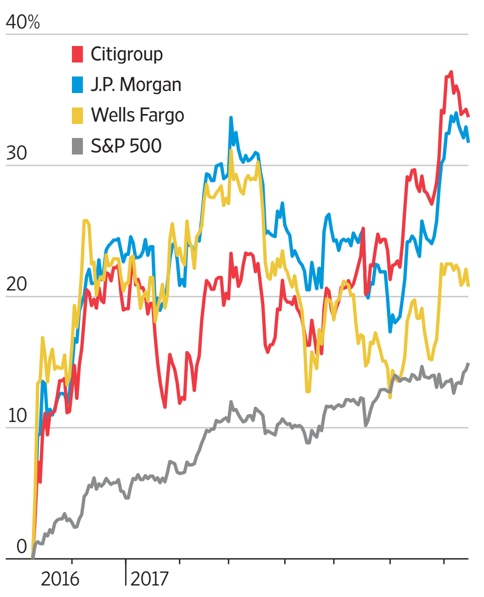
The bank received permission from the Fed, following its successful passage of the stress tests, to pay back $19 billion to shareholders over the next year. That was more than analysts were anticipating and a big boost from last year.

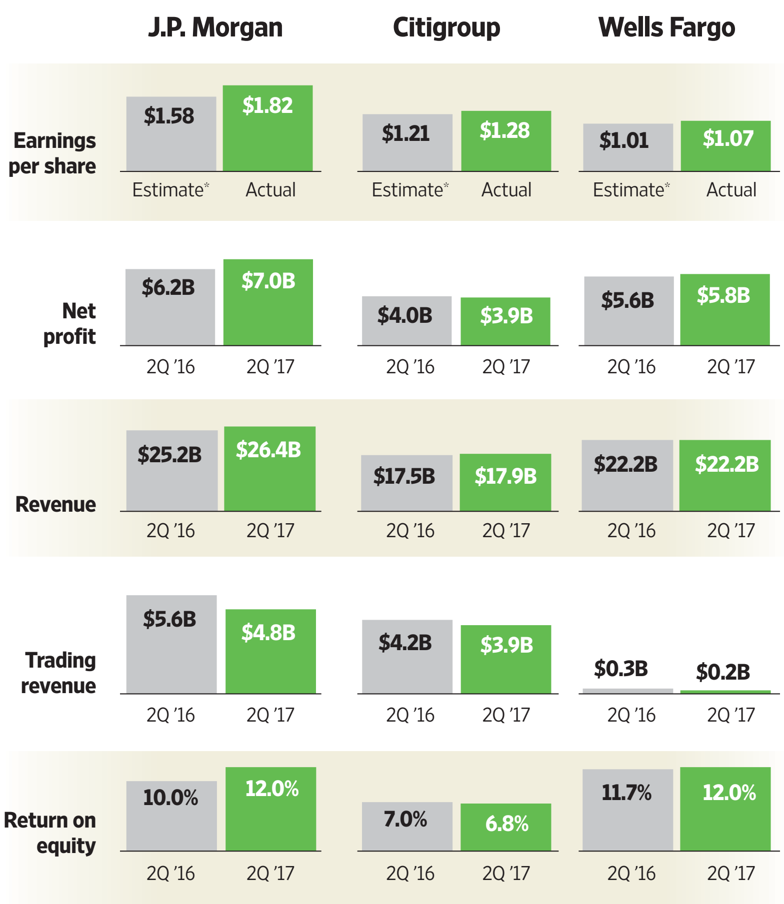
◆ Citi's Prestige card is getting an overhaul................ B7

Bank Account

J.P. Morgan, Wells Fargo and Citigroup posted solid earnings Friday. But shares fell, reflecting soft underlying returns and concerns that a postelection rally is vulnerable to a reversal.

Stock and index performace
Change since the U.S. election





*Average of analysts' estimates
Sources: company filings (results); FactSet (stocks, index)

THE WALL STREET JOURNAL.

Wells Fargo Earnings Rise Along With Rates

By Peter Rudegeair

Wells Fargo & Co. reaped the benefits of higher interest rates in the second quarter, which helped push profit at the third-largest bank in the U.S. up by 4.5%.

The San Francisco-based bank's shares fell 1.1% on Friday, however, as stagnant lending, weaker revenue in areas like mortgage banking and higher costs overshadowed progress on the bottom line.

Shares of Wells Fargo and other big banks had been on a tear since the U.S. presidential election as investors wagered that the Trump administration would take a more cordial approach to regulating Wall Street and fostering growth. But with little change to either the economic outlook or policy toward banks, it is unclear when banks' earnings potential will catch up to higher valuations.

"Much of [the run-up in stocks] was probably aggressive or not fully warranted," said John Shrewsberry, Wells Fargo's finance chief, in an interview. "The realized outcome doesn't look any different than the realized outcome a year ago. So I think markets have to grapple with what does that actually mean."

Wells Fargo reported a profit of $5.81 billion, or $1.07 a share. That compares with $5.56 billion, or $1.01 a share, in the same period of 2016. Analysts polled by Thomson Reuters had expected earnings of $1.01 a share.

The bank's results included a $186 million tax benefit during the second quarter, most of which was related to a deal it reached in June to sell its commercial insurance business. That boosted per-share earnings by 4 cents.

Net interest income at the bank rose 6.4%, to $12.48 billion, from the same period last year. The rates Wells Fargo charges customers to borrow on credit cards, home equity lines of credit and other loan types vary along with the Federal Reserve's target, so the central bank's policy moves in recent months have directly improved banks' lending income.

Net interest margin, a measure of how profitably Wells can lend out its customers' deposits, rose to 2.9% from 2.86% last June, and its return on equity rose to 11.95% from 11.7%.

About $110 million in additional charges related to remedying Wells Fargo's operations following the sales-practice scandal contributed to a 5.2% increase in expenses, which totaled $13.54 billion.

J.P. Morgan Net at Record

Bank rides wave of strong lending but now sees business faltering and its shares drop

By Emily Glazer


RICHARD DREW/ASSOCIATED PRESS

Finance chief Marianne Lake trimmed the loan-growth forecast.

J.P. Morgan Chase & Co. posted a record profit for the second quarter as a lending boost in both its consumer and commercial businesses offset weaker trading results.

But the bank trimmed its full-year outlook for growth in lending and net interest income. That caused J.P. Morgan's shares to fall, despite it posting net income of $7.03 billion, up 13% from a year earlier.

J.P. Morgan continued to increase revenue, which rose 4.7% from a year earlier to $26.41 billion. That topped analyst expectations of $24.96 billion.

Return on equity, a measure of profitability, was 12% in the second quarter compared with 10% a year earlier.

Earnings per share were $1.82. Those were boosted by a legal benefit of $406 million after taxes related to a settlement involving Washington Mutual, which the bank bought during the financial crisis. That helped boost earnings per share by 11 cents. Absent that, the bank would have posted $1.71 a share in earnings. That, though, was still above expectations for $1.58, according to analysts polled by Thomson Reuters.

Total loans rose 4.1% from a year earlier to $908.77 billion. Net interest income climbed 7.6% to $12.21 billion.

Finance chief Marianne Lake trimmed forecasts for growth in both these areas, however. She said that loan growth, previously forecast at 10%, was likely to come in at 8% for the year as a whole. Net interest income is now expected to rise by $4 billion, Ms. Lake said, down from earlier guidance of $4.5 billion.

One area of weakness in the bank's results came from trading, which was hampered by a lack of volatility and customer activity. Trading revenue decreased 14% to $4.8 billion.

The performance was dragged down by a 19% decline in fixed-income trading compared with the prior-year period.

The results, though, were largely in line with Ms. Lake's comments at an investor conference in May that trading at that point was down by about 15% from a year earlier. She said Friday that it is too early to comment on July trading.

While trading was weak, investment-banking activity helped bolster overall results for J.P. Morgan's corporate and investment banking business. Profit at this unit increased 8.7% from a year earlier to $2.71 billion. Advisory revenue rose 7.9%, while equity underwriting revenue jumped 29%.

> *Trading revenue decreased 14% in the quarter, hampered by a lack of volatility.*

Among J.P. Morgan's other businesses, the commercial bank earned $902 million, a 30% increase from the year-earlier quarter. The bank's asset-management unit reported a profit of $624 million, up 20%. Both were record profits for those businesses.

Conditions in the consumer bank were more challenging. Profits fell to $2.22 billion in the quarter, down from $2.66 billion a year earlier.

J.P. Morgan extended $23.9 billion in mortgages in the quarter, a decrease of 4.4% from the $25 billion the bank extended a year earlier. Revenue in the bank's mortgage division, one of the largest in the U.S. by volume, was $1.43 billion, down 26% from a year earlier.

Ms. Lake said the mortgage market is smaller and more competitive, and "fewer loans have met our hurdle rate."

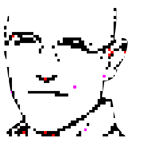
Overall, J.P. Morgan set aside $1.22 billion in the second quarter to cover loans that could potentially turn bad. That compares with $1.4 billion in the second quarter of 2016 and $1.32 billion in the first quarter of 2017.

The bank lost $1.2 billion to loan defaults, or 0.56% of its overall portfolio, compared with a 0.79% charge-off rate in the first quarter of 2017.

The bank's provision for credit losses fell to $1.22 billion from $1.4 billion a year earlier.

THE INTELLIGENT INVESTOR | Jason Zweig

The Risks of Investing Where You Work



The perennial question about company stock in 401(k) and other retirement plans is timely again.

On June 15 and 16, shares in **Kroger** Co., the Cincinnati-based supermarket holding company, fell more than 26%, largely on the news that **Amazon.com** Inc. would expand in the grocery business by acquiring **Whole Foods Market** Inc. With Kroger's biggest retirement plans holding just under 28% of their assets in the company's shares, employees lost about 7% of that collective nest egg in two days. It still hasn't recovered.

The loss might not be permanent, of course. "Kroger has competed and won against an ever-changing competitive landscape for 134 years," says spokeswoman Kristal Howard.

Such sharp, shocking losses are a reminder that investing where you work is riskier than it feels.

Buying your company's stock feels safe partly because of what psychologists call the illusion of control: the unrealistic belief that we can make the future conform to our wishes.

The idea isn't new. An employee buying stock where he works "is in a position to know about the business and to watch his investment," economists Robert Foerster and Else Dietel wrote in their book "Employee Stock Ownership in the United States," published in 1926.

The Pittsburgh Coal Co., National Biscuit Co. and Firestone Tire and Rubber Co. began offering stock through profit-sharing plans around the beginning of the 20th century. **Procter & Gamble** Co. launched its plan in the 1880s. In those days, companies often paid cash "bonuses" on shares that employees held for at least one year. Others sold stakes to employees at an alluring discount from the market price.

Today, corporations with traditional pension plans can fund them partly with company stock, avoiding the need to contribute cash, although those shares can't exceed 10% of pension assets. In retirement accounts organized as employee-stock ownership plans, contributions of company stock are partly tax-deductible to the employer.

The company stock held by employees in 401(k) and other defined-contribution plans is typically contributed from the boss's capital. That makes it feel like found money.

And everyone has heard stories of workers at **Berkshire Hathaway** Inc. or Google or **Microsoft** Corp. becoming millionaires as their few initial shares burgeoned into a fortune over time.

Still, company stock bristles with a uniquely ruinous kind of risk: It's most likely to plunge in price when your job itself is in jeopardy. Just think of the employees at **Enron** Corp. and **Lehman Brothers Holdings** Inc. who suddenly found their retirement plans wiped out and themselves on the street at the same time.

Letting go isn't easy. Efren Beltran, a logistics manager at Procter & Gamble, retired last September, a few months before he turned 62. By the time he was 50, recalls Mr. Beltran, P&G shares—through stock options, the 401(k), the profit-sharing plan and stock he had bought in his personal account with after-tax money—were at least half his net worth, including his house.

He began selling company stock shortly after he turned 50 and became eligible to do so in the profit-sharing plan.

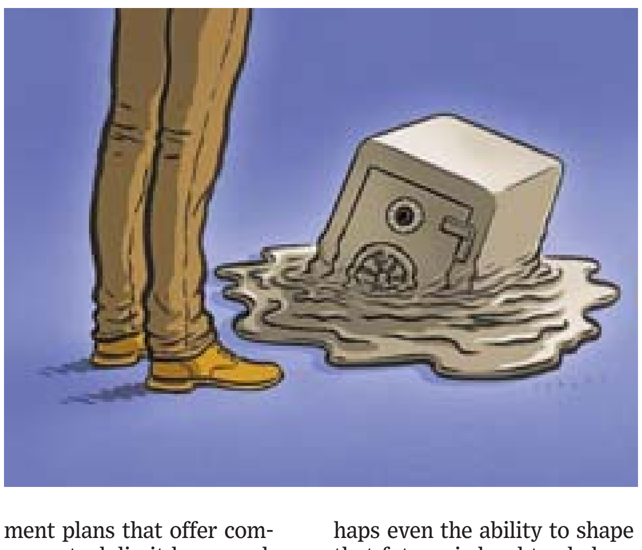
"P&G is a wonderful company," he says, "but I could not personally handle the risk of being that concentrated in one stock. I love P&G, but I love to sleep well even more."

Working with financial planners at Truepoint Wealth Counsel in Cincinnati, Mr. Beltran sold the last of his P&G shares this February. "I've had some emotions, divesting from the company I love, but it's the right thing to do," he says.

As of June 2016, P&G employees have allocated 87.8% of their net assets in the company's $11.6 billion profit-sharing plan to its common stock and a class of preferred stock that carries special tax advantages for employees. That's more than twice the allocation required by the company.

Spokeswoman Jennifer Corso says P&G "can't offer investment advice" but does "offer additional diversification opportunity" in its retirement plans.

Remarkably, according to the Plan Sponsor Council of America, fewer than one-third of employer-sponsored retirement plans that offer company stock limit how much employees can invest in it.


CHRISTOPHE VORLET

Many workers probably don't want them to. In surveys of investors, behavioral economist Shlomo Benartzi found that only 16% to 33% felt their own company's shares were riskier than the stock market as a whole.

The belief that your job automatically makes you a corporate insider, with special insight on the future and perhaps even the ability to shape that future, is hard to shake.

But more than half of all companies, over the course of their lifetimes as publicly traded stocks, haven't even outperformed cash.

So putting most or all of your money in only one company, no matter how well you think you understand it, is risky. And putting most or all of your money in the company where you work borders on reckless.

MARKETS DIGEST

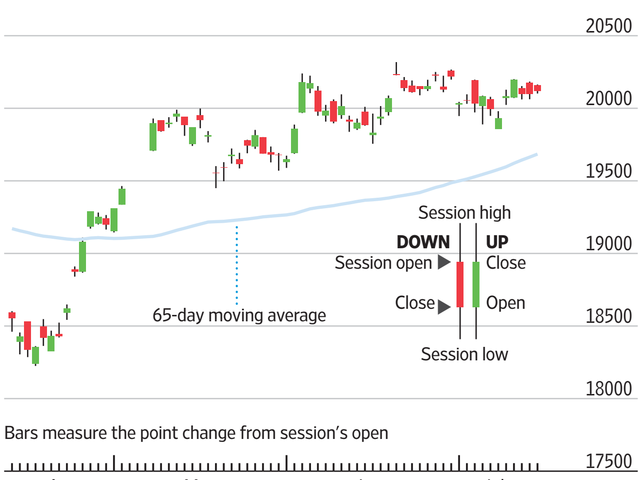
Data as of Friday, July 14, 2017

Nikkei 225 Index

20118.86 ▲19.05, or 0.09%

High, low, open and close for each trading day of the past three months.

Year-to-date		▲ 5.26%
52-wk high/low	20230.41	16083.11
All-time high	38915.87	12/29/89



Bars measure the point change from session's open

STOXX 600 Index

386.84 ▲0.70, or 0.18%

High, low, open and close for each trading day of the past three months.

Year-to-date		▲ 7.03%
52-wk high/low	396.45	328.80
All-time high	414.06	4/15/15

S&P 500 Index

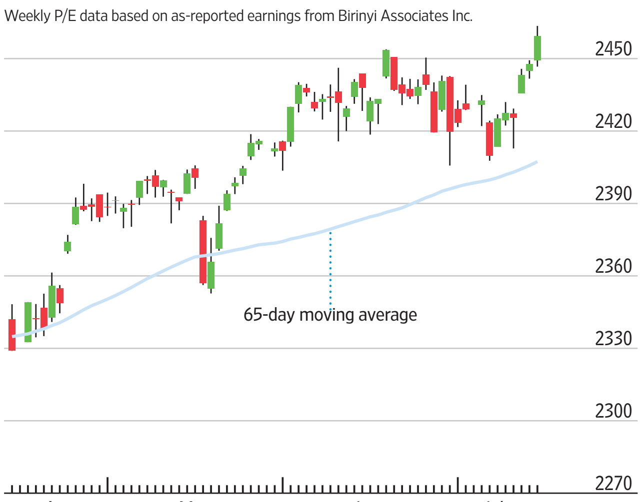
4 p.m. New York time

2459.27 ▲11.44, or 0.47%

High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	24.29	24.85
P/E estimate *	18.80	18.37
Dividend yield	1.99	2.13
All-time high:	2459.27, 07/14/17	

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.



International Stock Indexes

Data as of 4 p.m. New York time

Region/Country	Index	Latest Close	Latest NetChg	Latest % chg	52-Week Range Low	52-Week Range Close	52-Week Range High	YTD % chg
World	**The Global Dow**	2829.44	17.46	0.62	2384.42		2829.44	11.8
	MSCI EAFE	1918.74	13.85	0.73	1614.17		1918.74	13.9
	MSCI EM USD	1047.05	6.33	0.61	838.96		1047.05	21.4
Americas	**DJ Americas**	592.00	2.90	0.49	503.67		592.00	9.6
Brazil	**Sao Paulo Bovespa**	65436.18	257.83	0.40	55578.24		69052.03	8.6
Canada	**S&P/TSX Comp**	15174.81	39.81	0.26	14349.10		15922.37	−0.7
Mexico	**IPC All-Share**	51162.23	193.47	0.38	44364.17		51162.23	12.1
Chile	**Santiago IPSA**	3799.13	10.63	0.28	3127.54		3799.13	17.9
U.S.	**DJIA**	21637.74	84.65	0.39	17888.28		21637.74	9.5
	Nasdaq Composite	6312.47	38.03	0.61	5029.59		6321.76	17.3
	S&P 500	2459.27	11.44	0.47	2085.18		2459.27	9.8
	CBOE Volatility	9.51	−0.39	−3.94	9.51		22.51	−32.3
EMEA	**Stoxx Europe 600**	386.84	0.70	0.18	328.80		396.45	7.0
	Stoxx Europe 50	3168.28	4.37	0.14	2730.05		3276.11	5.2
Austria	**ATX**	3182.10	2.31	0.07	2166.58		3209.58	21.5
Belgium	**Bel-20**	3902.78	8.20	0.21	3365.38		4041.03	8.2
France	**CAC 40**	5235.31	−0.09	−0.002	4321.08		5432.40	7.7
Germany	**DAX**	12631.72	−9.61	−0.08	9981.24		12888.95	10.0
Greece	**ATG**	856.47	2.93	0.34	551.61		856.47	33.1
Hungary	**BUX**	35915.42	−227.95	−0.63	27023.94		36143.37	12.2
Israel	**Tel Aviv**	1456.12	...	Closed	1378.66		1478.96	−1.0
Italy	**FTSE MIB**	21492.29	−29.62	−0.14	16098.37		21787.90	11.7
Netherlands	**AEX**	521.07	1.96	0.38	438.61		536.26	7.8
Poland	**WIG**	62127.72	109.04	0.18	45540.60		62336.39	20.0
Russia	**RTS Index**	1044.27	14.38	1.40	903.04		1195.61	−9.4
Spain	**IBEX 35**	10655.10	−3.20	−0.03	8263.50		11135.40	13.9
Sweden	**SX All Share**	588.07	1.45	0.25	485.25		596.72	10.0
Switzerland	**Swiss Market**	9034.57	31.00	0.34	7593.20		9127.61	9.9
South Africa	**Johannesburg All Share**	53597.96	297.00	0.56	48935.90		54548.91	5.8
Turkey	**BIST 100**	105175.73	965.51	0.93	71594.98		105175.73	34.6
U.K.	**FTSE 100**	7378.39	−35.05	−0.47	6634.40		7547.63	3.3
Asia-Pacific	**DJ Asia-Pacific TSM**	1650.86	12.49	0.76	1407.97		1650.86	16.0
Australia	**S&P/ASX 200**	5765.10	28.30	0.49	5156.60		5956.50	1.8
China	**Shanghai Composite**	3222.42	4.25	0.13	2953.39		3288.97	3.8
Hong Kong	**Hang Seng**	26389.23	43.06	0.16	21574.76		26389.23	19.9
India	**S&P BSE Sensex**	32020.75	−16.63	−0.05	25765.14		32037.38	20.3
Japan	**Nikkei Stock Avg**	20118.86	19.05	0.09	16083.11		20230.41	5.3
Singapore	**Straits Times**	3287.43	51.76	1.60	2787.27		3287.43	14.1
South Korea	**Kospi**	2414.63	5.14	0.21	1958.38		2414.63	19.2
Taiwan	**Weighted**	10443.91	−16.24	−0.16	8902.30		10513.96	12.9

Source: SIX Financial Information; WSJ Market Data Group

Global government bonds

Latest, month-ago and year-ago yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds around the world. Data as of 3 p.m. ET

Coupon	Country/ Maturity, in years	Yield	Spread Over Treasurys, in basis points Latest	Previous	Month Ago	Year ago	Yield Previous	Month ago	Year ago
2.750	**Australia** 2	**1.844**	**50.4**	47.1	29.4	**95.6**	**1.834**	1.633	**1.633**
2.750	10	**2.725**	**40.3**	35.0	28.5	**43.3**	**2.696**	2.413	**1.970**
3.000	**Belgium** 2	**-0.476**	**-181.5**	-185.4	-192.6	**-126.2**	**-0.491**	-0.587	**-0.584**
0.800	10	**0.870**	**-145.3**	-146.6	-156.8	**-132.5**	**0.880**	0.560	**0.213**
0.000	**France** 2	**-0.374**	**-171.3**	-174.4	-185.7	**-121.6**	**-0.380**	-0.518	**-0.539**
1.000	10	**0.868**	**-145.4**	-146.4	-154.1	**-135.2**	**0.883**	0.587	**0.186**
0.000	**Germany** 2	**-0.607**	**-194.6**	-197.4	-205.5	**-133.2**	**-0.610**	-0.716	**-0.654**
0.500	10	**0.600**	**-172.3**	-181.0	-189.8	**-163.6**	**0.537**	0.229	**-0.098**
0.050	**Italy** 2	**0.105**	**-123.4**	-126.0	-163.7	**-72.4**	**0.104**	-0.298	**-0.047**
2.200	10	**2.292**	**-3.0**	-2.5	-19.7	**-30.9**	**2.322**	1.930	**1.229**
0.100	**Japan** 2	**-0.107**	**-144.6**	-147.4	-145.2	**-103.3**	**-0.110**	-0.113	**-0.356**
0.100	10	**0.080**	**-224.2**	-226.5	-206.3	**-180.0**	**0.081**	0.064	**-0.263**
4.000	**Netherlands** 2	**-0.561**	**-190.0**	-195.1	-202.6	**-128.6**	**-0.588**	-0.687	**-0.608**
0.750	10	**0.718**	**-160.4**	-161.9	-168.9	**-146.3**	**0.728**	0.438	**0.074**
4.750	**Portugal** 2	**0.089**	**-125.0**	-127.5	-132.6	**1.6**	**0.089**	0.013	**0.693**
4.125	10	**3.125**	**80.3**	82.1	69.6	**157.2**	**3.167**	2.823	**3.109**
2.750	**Spain** 2	**-0.234**	**-157.3**	-161.7	-163.3	**-81.9**	**-0.254**	-0.294	**-0.142**
1.500	10	**1.651**	**-67.2**	-66.2	-76.1	**-37.2**	**1.684**	1.366	**1.165**
4.250	**Sweden** 2	**-0.653**	**-199.2**	-202.3	-207.4	**-131.1**	**-0.660**	-0.735	**-0.634**
1.000	10	**0.683**	**-163.9**	-165.2	-173.3	**-134.9**	**0.694**	0.395	**0.188**
1.750	**U.K.** 2	**0.328**	**-101.1**	-103.7	-125.0	**-53.4**	**0.327**	0.089	**0.143**
4.250	10	**1.309**	**-101.4**	-104.6	-119.5	**-74.2**	**1.301**	0.933	**0.795**
1.250	**U.S.** 2	**1.339**	...	...	...	...	**1.363**	1.339	**0.677**
2.375	10	**2.323**	...	...	...	...	**2.347**	2.128	**1.538**

Commodities

Prices of futures contracts with the most open interest — 3:30 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; **CME:** Chicago Mercantile Exchange; **ICE-US:** ICE Futures U.S.; **MDEX:** Bursa Malaysia Derivatives Berhad; **TCE:** Tokyo Commodity Exchange; **COMEX:** Commodity Exchange; **LME:** London Metal Exchange; **NYMEX:** New York Mercantile Exchange; **ICE-EU:** ICE Futures Europe. *Data as of 7/13/2017

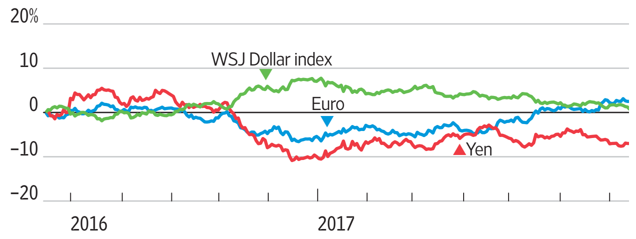
Commodity	Exchange	Last price	One-Day Change Net	One-Day Change Percentage	Year high	Year low
Corn (cents/bu.)	CBOT	376.25	6.50	1.76%	404.75	364.50
Soybeans (cents/bu.)	CBOT	1002.75	15.25	1.54	1,047.00	907.00
Wheat (cents/bu.)	CBOT	516.50	4.75	0.93	574.50	430.75
Live cattle (cents/lb.)	CME	117.900	0.075	0.06	122.850	99.125
Cocoa ($/ton)	ICE-US	1,912	40	2.14	2,281	1,767
Coffee (cents/lb.)	ICE-US	133.40	2.20	1.68	163.75	115.50
Sugar (cents/lb.)	ICE-US	14.18	0.04	0.28	20.50	12.74
Cotton (cents/lb.)	ICE-US	66.60	0.23	0.35	75.72	66.15
Robusta coffee ($/ton)	ICE-EU	2154.00	9.00	0.42	2,286.00	1,885.00
Copper ($/lb.)	COMEX	2.6900	0.0285	1.07	2.8495	2.4850
Gold ($/troy oz.)	COMEX	1227.20	9.90	0.81	1,300.30	1,155.00
Silver ($/troy oz.)	COMEX	15.890	0.199	1.27	18.780	14.340
Aluminum ($/mt)*	LME	1,929.00	35.50	1.87	1,972.00	1,688.50
Tin ($/mt)*	LME	19,880.00	5.00	0.03	21,225.00	18,760.00
Copper ($/mt)*	LME	5,920.00	6.00	0.10	6,156.00	5,491.00
Lead ($/mt)*	LME	2,316.50	-22.50	-0.96%	2,445.00	2,022.00
Zinc ($/mt)*	LME	2,826.50	-21.50	-0.75	2,958.50	2,450.50
Nickel ($/mt)*	LME	9,230.00	unch.	unch.	11,095.00	8,780.00
Rubber (Y.01/ton)	TCE	201.60	1.70	0.85	n.a.	n.a.
Palm oil (MYR/mt)	MDEX	2566.00	9.00	0.35	2966.00	2390.00
Crude oil ($/bbl.)	NYMEX	46.70	0.45	0.97	58.36	42.29
NY Harbor ULSD ($/gal.)	NYMEX	1.5155	0.0188	1.26	1.8065	1.3703
RBOB gasoline ($/gal.)	NYMEX	1.5281	0.0228	1.51	1.8366	1.3805
Natural gas ($/mmBtu)	NYMEX	2.971	0.023	0.78	3.5490	2.8300
Brent crude ($/bbl.)	ICE-EU	48.85	0.43	0.89	60.18	44.60
Gas oil ($/ton)	ICE-EU	448.25	4.50	1.01	532.25	405.50

Sources: SIX Financial Information; WSJ Market Data Group

Currencies

London close on July 14

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso-a	0.0593	16.8677	**6.3**
Brazil real	0.3138	3.1867	**−2.1**
Canada dollar	0.7897	1.2663	**−5.8**
Chile peso	0.001521	657.50	**−1.8**
Colombia peso	0.0003312	3019.50	**0.6**
Ecuador US dollar-f	1	1	**unch**
Mexico peso-a	0.0569	17.5729	**−15.3**
Peru sol	0.3083	3.2435	**−3.3**
Uruguay peso-e	0.0348	28.760	**−2.0**
Venezuela bolivar	0.098842	10.12	**1.2**
Asia-Pacific			
Australia dollar	0.7813	1.2799	**−7.8**
China yuan	0.1474	6.7844	**−2.3**
Hong Kong dollar	0.1281	7.8083	**0.7**
India rupee	0.0156	64.2700	**−5.4**
Indonesia rupiah	0.0000750	13339	**−1.4**
Japan yen	0.008878	112.64	**−3.7**
Kazakhstan tenge	0.003054	327.49	**−1.9**
Macau pataca	0.1245	8.0327	**1.5**
Malaysia ringgit-c	0.2330	4.2925	**−4.3**
New Zealand dollar	0.7330	1.3643	**−5.5**
Pakistan rupee	0.0095	105.220	**0.8**
Philippines peso	0.0198	50.524	**1.9**
Singapore dollar	0.7290	1.3717	**−5.2**
South Korea won	0.0008859	1128.80	**−6.6**
Sri Lanka rupee	0.0065075	153.67	**3.5**
Taiwan dollar	0.03303	30.280	**−6.7**
Thailand baht	0.02960	33.780	**−5.7**
Europe			
Bulgaria lev	0.5855	1.7079	**−8.1**
Croatia kuna	0.1547	6.465	**−9.9**
Euro zone euro	1.1455	0.8730	**−8.2**
Czech Rep. koruna-b	0.0439	22.762	**−11.4**
Denmark krone	0.1540	6.4920	**−8.2**
Hungary forint	0.003741	267.30	**−9.2**
Iceland krona	0.009636	103.78	**−8.1**
Norway krone	0.1219	8.2019	**−5.1**
Poland zloty	0.2724	3.6714	**−12.3**
Russia ruble-d	0.01690	59.173	**−3.4**
Sweden krona	0.1200	8.3305	**−8.5**
Switzerland franc	1.0362	0.9651	**−5.3**
Turkey lira	0.2825	3.5394	**0.5**
Ukraine hryvnia	0.0384	26.0150	**−3.9**
U.K. pound	1.3080	0.7645	**−5.6**
Middle East/Africa			
Bahrain dinar	2.6514	0.3772	**−0.003**
Egypt pound-a	0.0557	17.9635	**−0.9**
Israel shekel	0.2813	3.5555	**−7.6**
Kuwait dinar	3.3001	0.3030	**−0.9**
Oman sul rial	2.5974	0.3850	**0.01**
Qatar rial	0.2710	3.690	**1.4**
Saudi Arabia riyal	0.2666	3.7504	**−0.01**
South Africa rand	0.0767	13.0422	**−4.8**

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	87.41	−0.50	−0.57	**−5.95**

Sources: Tullett Prebon, WSJ Market Data Group

Cross rates

London close on Jul 14

	USD	GBP	CHF	JPY	HKD	EUR	CDN	AUD
Australia	1.2799	1.6741	1.3261	0.0114	0.1639	1.4660	1.0108	...
Canada	1.2663	1.6561	1.3122	0.0112	0.1622	1.4504	...	0.9894
Euro	0.8730	1.1419	0.9045	0.0077	0.1118	...	0.6894	0.6820
Hong Kong	7.8083	10.2132	8.0915	0.0693	...	8.9447	6.1664	6.1006
Japan	112.6390	147.3200	116.7400	...	14.4260	129.0400	88.9600	88.0000
Switzerland	0.9651	1.2622	...	0.0086	0.1236	1.1056	0.7621	0.7540
U.K.	0.7645	...	0.7923	0.0068	0.0979	0.8757	0.6038	0.5973
U.S.	...	1.3080	1.0362	0.0089	0.1281	1.1455	0.7897	0.7813

Source: Tullett Prebon

Key Rates

	Latest	52 wks ago
Libor		
One month	**1.22611%**	0.48330%
Three month	**1.30361**	0.68785
Six month	**1.45600**	0.99380
One year	**1.73983**	1.30825
Euro Libor		
One month	**-0.40000%**	-0.37000%
Three month	**-0.37586**	-0.30429
Six month	**-0.30471**	-0.19243
One year	**-0.18486**	-0.06686
Euribor		
One month	**-0.37300%**	-0.37100%
Three month	**-0.33100**	-0.29300
Six month	**-0.27300**	-0.18700
One year	**-0.15100**	-0.05700
Yen Libor		
One month	**-0.02900%**	-0.08786%
Three month	**-0.00871**	-0.04543
Six month	**0.01129**	-0.03521
One year	**0.11643**	0.06107

	Offer	Bid
Eurodollars		
One month	**1.3200%**	1.2200%
Three month	**1.3400**	1.2400
Six month	**1.4900**	1.3900
One year	**1.8300**	1.7300

	Latest	52 wks ago
Prime rates		
U.S.	**4.25%**	3.50%
Canada	**2.70**	2.70
Japan	**1.475**	1.475
Hong Kong	**5.00**	5.00
Policy rates		
ECB	**0.00%**	0.00%
Britain	**0.25**	0.50
Switzerland	**0.50**	0.50
Australia	**1.50**	1.75
U.S. discount	**1.75**	1.00
Fed-funds target	**1.00-1.25**	0.25-0.50
Call money	**3.00**	2.25
Overnight repurchase rates		
U.S.	**1.08%**	0.52%
Euro zone	**n.a.**	n.a.

Sources: WSJ Market Data Group, SIX Financial Information, Tullett

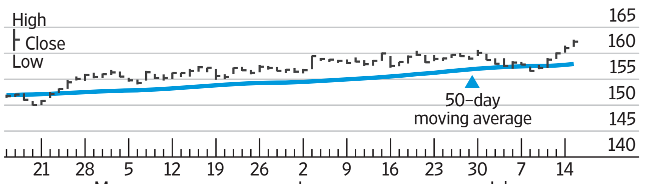
Top Stock Listings

4 p.m. New York time

Cur	Stock	Sym	Last	% Chg	YTD% Chg
Asia Titans					
HK$	AIAGroup	1299	58.10	-1.02	32.80
¥	AstellasPharma	4503	1360.50	-0.69	-16.20
AU$	AustNZBk	ANZ	28.86	0.98	-5.13
AU$	BHP	BHP	25.13	0.52	0.28
HK$	BankofChina	3988	3.80	...	10.47
HK$	CKHutchison	0001	100.60	-0.20	14.45
HK$	CNOOC	0883	8.69	0.23	-10.41
AU$	CSL	CSL	130.89	-1.41	30.36
¥	Canon	7751	3790.00	-0.13	15.02
¥	CentralJapanRwy	9022	17915	0.45	-6.84
HK$	ChinaConstructnBk	0939	6.40	0.16	7.20
HK$	ChinaLifeInsurance	2628	25.00	-0.40	23.76
HK$	ChinaMobile	0941	82.25	0.30	0.06
HK$	ChinaPetro&Chem	0386	5.96	0.17	8.36
AU$	CmwlthBkAust	CBA	83.12	0.68	0.86
¥	EastJapanRailway	9020	10715	0.23	6.09
¥	Fanuc	6954	22435	1.84	13.22
¥	Hitachi	6501	724.10	0.81	14.57
TW$	Hon Hai Precisn	2317	115.50	...	37.17
¥	HondaMotor	7267	3134.00	1.39	-8.23
KRW	HyundaiMtr	005380	154000	3.36	5.48
HK$	Ind&Comml	1398	5.27	0.19	13.33
¥	JapanTobacco	2914	3837.00	-0.08	-0.18
¥	KDDI	9433	2920.00	-0.02	-1.33
¥	Mitsubishi	8058	2420.50	1.13	-2.79
¥	MitsubishiElectric	6503	1656.00	0.98	1.63
¥	MitsubishiUFJFin	8306	731.80	0.65	1.61
¥	Mitsui	8031	1615.50	1.03	0.53
¥	Mizuho Fin	8411	201.00	0.55	-4.19
¥	NTTDoCoMo	9437	2640.50	-0.28	-0.84
AU$	NatAustBnk	NAB	30.15	0.94	-1.70
¥	NipponTeleg	9432	5350.00	0.43	8.92
¥	NissanMotor	7201	1150.50	0.48	-2.13
¥	Panasonic	6752	1527.00	0.69	28.37
HK$	PingAnInsofChina	2318	57.20	1.78	47.42
$	RelianceIndsGDR	RIGD	47.40	1.72	50.24
KRW	SamsungElectronics	005930	2524000	-0.16	40.07
¥	Seven&I Hldgs	3382	4520.00	0.04	1.50
¥	SoftBankGroup	9984	9106.00	0.26	17.27
¥	Sony	6758	4499.00	0.47	37.37
¥	Sumitomo Mitsui	8316	4293.00	0.26	-3.74
HK$	SunHngKaiPrp	0016	119.30	0.51	21.73
TW$	TaiwanSemiMfg	2330	213.00	-0.70	17.36
¥	TakedaPharm	4502	5681.00	-0.61	17.50
HK$	TencentHoldings	0700	284.80	0.14	50.13
¥	TokioMarineHldg	8766	4750.00	-0.77	-0.96
¥	ToyotaMtr	7203	6258.00	0.77	-9.01
AU$	Wesfarmers	WES	41.55	0.48	-1.40
AU$	WestpacBanking	WBC	31.40	0.32	-3.68
AU$	Woolworths	WOW	26.37	1.42	9.42
Stoxx 50					
CHF	ABB	ABBN	24.12	...	12.29
€	ASMLHolding	ASML	121.60	1.00	14.02
€	AXA	CS	25.21	-0.45	5.13
€	AirLiquide	AI	109.40	0.55	3.55
€	Allianz	ALV	182.80	-0.57	16.43
€	AB InBev	ABI	99.29	0.18	-1.25
£	AstraZeneca	AZN	4998.50	-0.29	12.64
€	BASF	BAS	83.72	1.23	-5.20
€	BNP Paribas	BNP	66.30	-0.93	9.50
£	BT Group	BT.A	300.65	-0.31	-18.06
€	BancoBilVizAr	BBVA	7.68	0.30	20.90
€	BancoSantander	SAN	5.79	-0.94	16.86
£	Barclays	BARC	208.50	-1.33	-6.69
€	Bayer	BAYN	112.75	-0.09	13.74
£	BP	BP.	444.80	-0.46	-12.72
£	BritishAmTob	BATS	5277.00	-0.25	14.18
€	Daimler	DAI	64.87	-0.43	-8.27
€	DeutscheTelekom	DTE	15.84	-0.63	-2.18
£	Diageo	DGE	2285.00	-0.04	8.29
€	ENI	ENI	13.24	0.23	-14.41
£	GlaxoSmithKline	GSK	1608.50	-0.59	2.98
£	Glencore	GLEN	316.10	0.49	13.97
£	HSBC Hldgs	HSBA	733.90	-1.36	11.72
€	INGGroep	INGA	15.70	-0.29	17.43
£	ImperialBrands	IMB	3499.50	0.55	-1.21
€	IntesaSanpaolo	ISP	2.86	0.42	18.05
€	LVMHMoetHennessy	MC	219.75	1.55	21.14
£	LloydsBankingGroup	LLOY	66.94	-0.68	7.09
€	LOreal	OR	184.15	0.57	6.20
£	NationalGrid	NG.	930.10	-0.56	-10.40
CHF	Nestle	NESN	84.00	0.24	14.99
CHF	Novartis	NOVN	79.90	0.25	7.83
DKK	NovoNordiskB	NOVO-B	277.70	0.54	9.03
£	Prudential	PRU	1762.50	-1.48	8.29
£	ReckittBenckiser	RB.	7744.00	0.26	12.46
£	RioTinto	RIO	3448.00	0.82	9.17
CHF	RocheHldgctf	ROG	245.90	1.15	5.72
£	RoyDtchShell A	RDSA	2050.00	-0.65	-8.58
€	SAP	SAP	91.34	-0.02	10.30
€	Sanofi	SAN	84.58	-0.75	9.99
€	SchneiderElectric	SU	68.68	-0.79	3.89
€	Siemens	SIE	120.30	-0.17	3.00
€	Telefonica	TEF	9.29	-0.47	5.37
€	Total	FP	43.34	0.52	-9.27
CHF	UBSGroup	UBSG	16.86	-0.06	5.71
€	Unilever	UNA	49.55	0.49	26.69
£	Unilever	ULVR	4263.50	-0.27	29.49
€	Vinci	DG	77.89	-0.09	20.39
£	VodafoneGroup	VOD	218.80	-0.93	9.48
CHF	ZurichInsurance	ZURN	291.00	0.21	3.78
DJIA					
$	AmericanExpress	AXP	85.28	-0.11	15.12
$	Apple	AAPL	149.04	0.86	28.68
$	Boeing	BA	208.51	1.11	33.93
$	Caterpillar	CAT	108.77	0.28	17.28
$	Chevron	CVX	104.44	0.30	-11.27
$	CiscoSystems	CSCO	31.42	0.48	3.97
$	Coca-Cola	KO	44.68	0.56	7.77
$	Disney	DIS	105.09	0.77	0.83
$	DuPont	DD	84.75	1.13	15.46
$	ExxonMobil	XOM	81.28	0.38	-9.95
$	GeneralElec	GE	26.78	-0.04	-15.25
$	GoldmanSachs	GS	228.60	-0.78	-4.53
$	HomeDepot	HD	152.88	-0.27	14.02
$	Intel	INTC	34.68	1.29	-4.38
$	IBM	IBM	154.24	0.40	-7.08
$	JPMorganChase	JPM	92.25	-0.91	6.91
$	J&J	JNJ	132.60	0.56	15.09
$	McDonalds	MCD	155.28	0.15	27.57
$	Merck	MRK	63.06	0.27	7.12
$	Microsoft	MSFT	72.78	1.41	17.12
$	Nike	NKE	58.00	0.10	14.11
$	Pfizer	PFE	33.43	0.45	2.92
$	Procter&Gamble	PG	87.10	0.46	3.59
$	3M	MMM	211.77	0.32	18.59
$	Travelers	TRV	125.72	0.23	2.70
$	UnitedTech	UTX	123.41	0.28	12.58
$	UnitedHealth	UNH	186.90	0.77	16.78
$	Visa	V	96.93	1.03	24.24
$	Verizon	VZ	43.56	0.16	-18.40
$	Wal-Mart	WMT	76.34	1.72	10.45

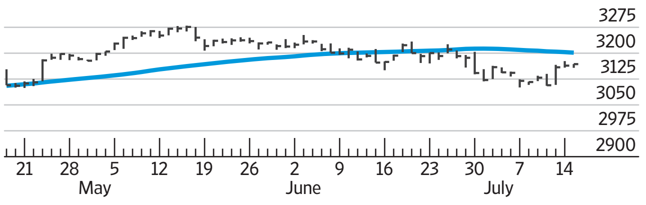
Asia Titans 50

Last: **162.25** ▲ 1.27, or 0.79% — YTD ▲ **15.1%**



Stoxx 50

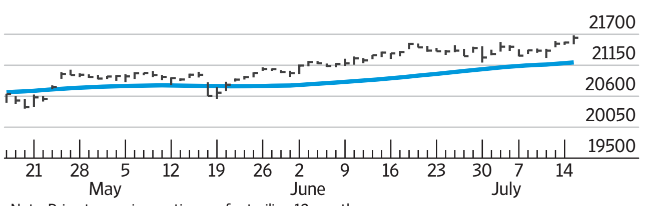
Last: **3168.28** ▲ 4.37, or 0.14% — YTD ▲ **5.2%**



Dow Jones Industrial Average

P/E: 21

Last: **21637.74** ▲ 84.65, or 0.39% — YTD ▲ **9.5%**



Note: Price-to-earnings ratios are for trailing 12 months
Sources: WSJ Market Data Group; Birinyi Associates

Citi Prestige Card To Get Overhaul

By AnnaMaria Andriotis

The rewards war in the premium-card market isn't subsiding.

Citigroup Inc. is revamping some of the benefits on its Prestige card in an effort to sweeten the deal for coveted affluent consumers who exceed high spending thresholds.

The bank giant is expected to announce Monday that it will raise the sign-up bonus on the high-end card to 75,000 points from 40,000. It also is raising the minimum amount that card holders must spend in the first three months to earn the reward to $7,500 from $4,000. Both changes take effect July 23.

Citigroup's is the latest shot in a competitive market for high spenders.

Points have become a valued currency for many consumers, especially in the travel sector where they can be redeemed for airfare and hotel stays. Premium cards geared at big spenders in particular have taken off because consumers who put most of their expenses on cards view them as a way to get discounts or free travel worth hundreds or thousands of dollars.

Citigroup's is the latest shot in an increasingly competitive market for high spenders. **American Express** Co. dominated the segment for decades, but that started to change in recent years. Citi jumped into the market in 2013 with Prestige and competition intensified last summer when **J.P. Morgan Chase** & Co. launched the Sapphire Reserve card.

"The market has many options, though, with these annual fees, many eligible consumers will not be taking multiple cards," says Brian Riley, director of the credit advisory service at Mercator Advisory Group Inc. He says he expects other lenders to quickly react to Citi's latest changes.

The bank's executives, led by CEO Michael Corbat, are making the credit-card moves as the overall business becomes more important to the company.

Citigroup's revenue for the second quarter beat analysts' expectations, rising 2% from a year prior, helped in part by credit cards. Revenue for Citi-branded North America cards increased 10% to $2.1 billion, though the bank's credit costs continue to rise as it grows its card portfolio.

Citigroup is also beefing up the Prestige card's hotel benefit. Under the changes, Citi will allow card holders to get their fourth night in a hotel free, regardless of whether they paid for the first three with dollars or points.

J.P. Morgan has been looking at ways to use Sapphire Reserve to get consumers to sign up for other products. In May, it began offering the 100,000 points for people who apply for a new mortgage from the bank through Aug. 6 and receive one.

Citi's changes aren't all upgrades. Under another one going into effect July 23, Prestige card holders who use their points to book airfare will see the value of each point drop to 1.25 cents from a range of 1.33 cents to 1.6 cents.

It is also increasing the redemption value for consumers who cash out their points to 1 cent per point.

Vanguard Taps New Chief

By Sarah Krouse

Vanguard Group named a new chief executive who will have to confront a challenge most companies wish they had: intense growth.

Mortimer J. "Tim" Buckley, a one-time assistant to the firm's founder Jack Bogle and currently chief investment officer, will replace F. William McNabb III in January.

Vanguard, a pioneer of low-cost indexing mutual funds and the world's second-largest asset manager, has pulled in new assets at a record pace in recent years as investors lost faith in more-traditional money managers who handpick stocks and bonds.

Vanguard now has $4.4 trillion in assets under management, trailing only **BlackRock** Inc. in total size.

Vanguard's dominance in the industry was perhaps most apparent last year as it attracted more new investor cash than all its rivals combined.

During the first six months of this year, it pulled in roughly $214 billion in net new money. Industrywide, U.S. mutual funds and exchange-traded funds attracted a net $387.3 billion in the first half of the year, according to Morningstar Inc.

The new CEO isn't expected to take Vanguard in a new direction. But he will face a number of challenges as more rivals rush to match Vanguard in price, and stock pickers assert that passively managed shareholders like Vanguard have become too deferential to company management, a claim Vanguard executives reject.

Other tasks will be to expand overseas, attract more money to a relatively new financial-advisory service and improve customer services amid the company's meteoric rise.

Vanguard's clients now range from millions of mom-and-pop investors to some of the world's largest pension plans and sovereign-wealth funds.

It is a sizable shareholder in a number of giant American corporations, giving it increasing power over the fates of chief executives, takeovers and other crucial boardroom decisions.

Passive Vanguard mutual and exchange-traded funds owned 5% or more of shares in

VANGUARD

CEO designate 'Tim' Buckley.

485 companies in the S&P 500 at the end of March, up from 12 in 2008, according to a Wall Street Journal analysis of data from Morningstar Inc. and S&P Global Market Intelligence.

Mr. Buckley, 48 years old, will also face pressure to keep Vanguard's fund fees low and control operational expenses.

Mr. McNabb, 60, started an internal campaign to reduce Vanguard's average asset-weighted fund fee to 0.10% by 2020. That figure stood at 0.12% at the end of 2016, a spokeswoman said.

Continually lowering fund costs for the firm required both continued asset gathering and controlling spending. Head count has fallen more than 10% during Mr. McNabb's tenure.

Mr. McNabb revised Vanguard's strategy overseas, paring its network of offices and making the U.K. a bigger priority. Earlier this year, Vanguard began selling funds directly to investors there for the first time.

Messrs. McNabb and Buckley are both longtime insiders at Vanguard who have worked together on a variety of firmwide projects. Mr. Buckley started as an assistant to Mr. Bogle in 1991 and Mr. McNabb met him during his interview. Mr. McNabb began his career with Vanguard in 1986 and became CEO in 2008, when Vanguard had $1.25 trillion in assets.

Mr. McNabb will remain as chairman next year and eventually pass that role to Mr. Buckley as well. After passing the chairman role to Mr. Buckley, Mr. McNabb says he plans to spend time with his family and on philanthropic work in addition to advising or teaching at universities he attended.

Warehousing Firm GLP Draws Big Bid

By Jake Maxwell Watts

SINGAPORE—A China-backed consortium made an offer for one of the world's largest warehousing companies, **Global Logistic Properties** Ltd., in what would be the biggest deal ever recorded in Southeast Asia.

The offer values the Singapore-listed firm at about 16 billion Singapore dollars (US$11.6 billion), excluding debt.

Under the terms of the bid, the consortium—which includes GLP's chief executive and Chinese investors **Hillhouse Capital Group** and **Hopu Investment Management** Co.—would pay S$3.38 a share for the warehousing firm, GLP said Friday.

The group was chosen by GLP's board over several other potential investors, including **Warburg Pincus** LLC and **Blackstone Group** LP, which both sought to bid for GLP.

The offer represents a premium of more than 25% to GLP's last quoted price of S$2.70 a share before trading was halted Thursday. GLP shares have risen sharply since the start of the year, when its largest shareholder, Singapore sovereign-wealth fund **GIC Pte** Ltd., said it asked for a strategic review of GLP's options.

GIC, which owns 37% of GLP, has committed to vote in favor of the deal, according to stock-exchange filings.

The deal must receive approvals from shareholders and the Singapore courts, which GLP said it would request.

GLP Chairman Seek Ngee Huat said the company chose the Chinese-backed consortium because it believed the offer was "compelling and value-enhancing for all shareholders."

Chinese regulators in recent months have carefully reviewed big purchases abroad and sought to limit capital leaving the country. However, the funding for the deal will come from outside China, which helped enhance the offer, said a person familiar with the matter. The deal will include debt financing of just less than US$5 billion, people familiar with the matter said.

ICE Will Conduct Silver-Price Auctions

By Alexander Osipovich

Intercontinental Exchange Inc. will take over supervision of a key measure of silver prices, adding a new prize to the family of benchmarks run by the New York-based exchange operator.

ICE and the **London Bullion Market Association** said Friday that ICE, beginning in the fall, would start running the daily electronic auctions that determine the LBMA Silver Price.

CME Group Inc. and **Thomson Reuters** Corp. have jointly run the benchmark since 2014.

Formerly known as the silver fix, the benchmark is used by mining companies, precious-metal refiners and commodity traders as a reference price in physical supply contracts. It is similar to the LBMA Gold Price, the former gold fix, which ICE has run since 2015. The two measures also set the price of some derivatives contracts and exchange-traded funds.

Until several years ago, both the gold and silver fixes were set in daily conference calls held by a small number of bullion-trading banks.

ICE beat out the London Metal Exchange, owned by Hong Kong Exchanges & Clearing Ltd., which had also been seeking to run the LBMA's silver benchmark, a person familiar with the situation said.

ICE Benchmark Administration, the unit that will handle the silver price, makes money by collecting a slice of the licensing fees paid by companies using its gold and interest-rate benchmarks for their own products and activities.

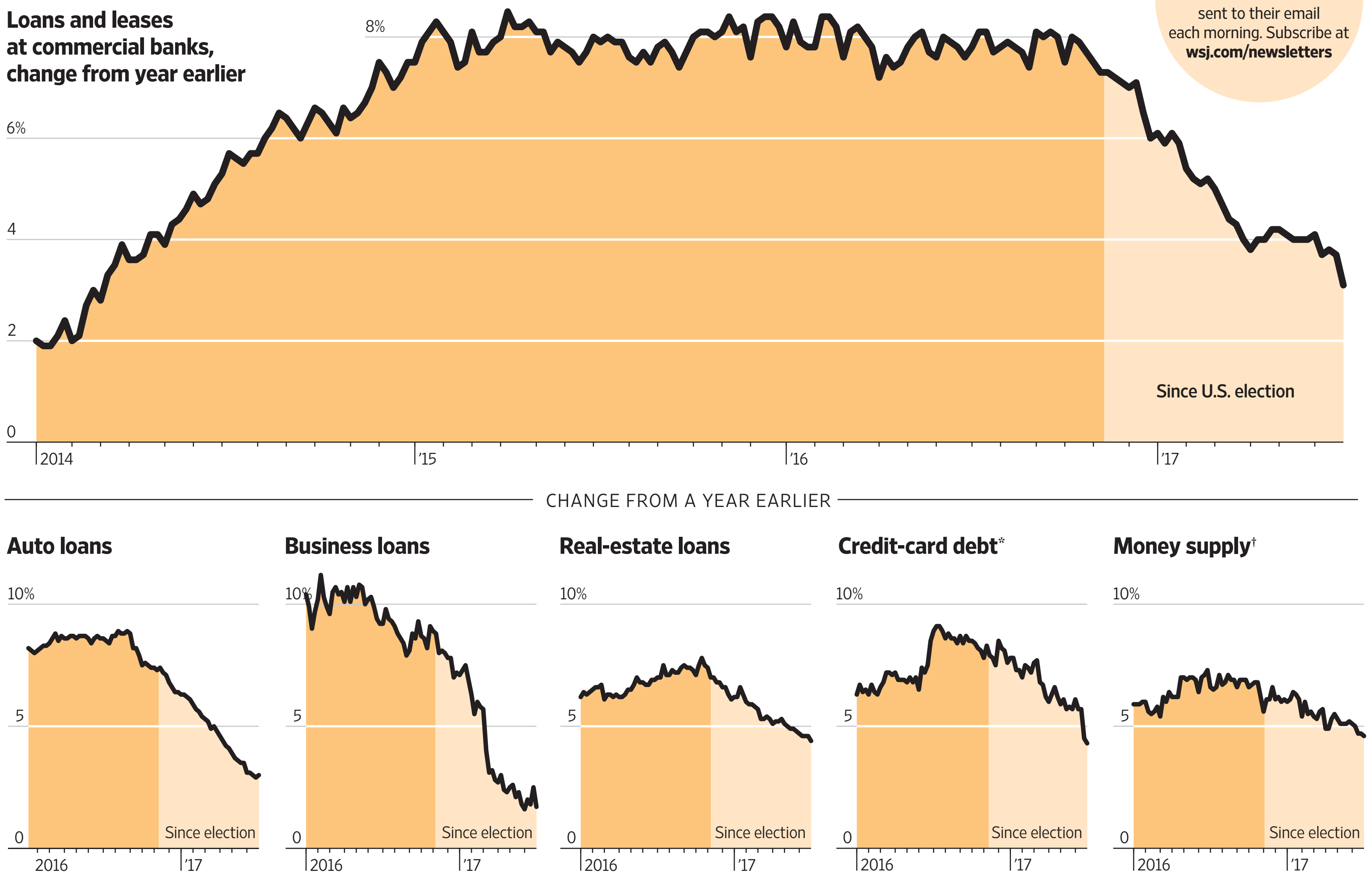
MARKETS

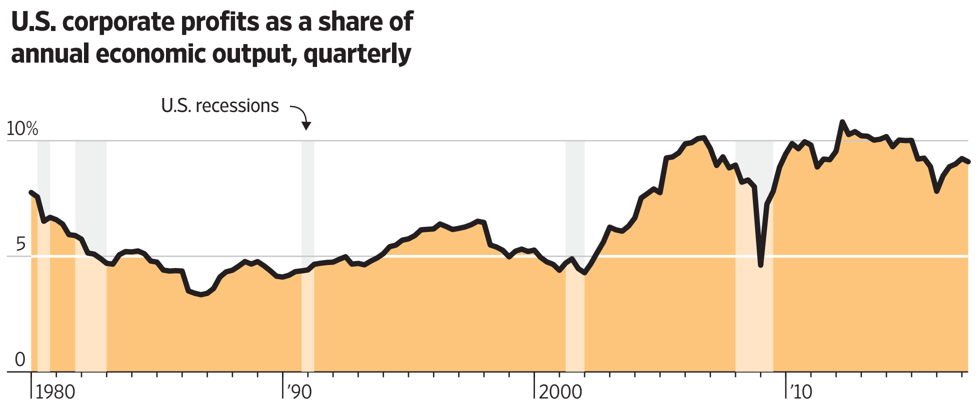
THE DAILY SHOT | By Lev Borodovsky and Colin Barr

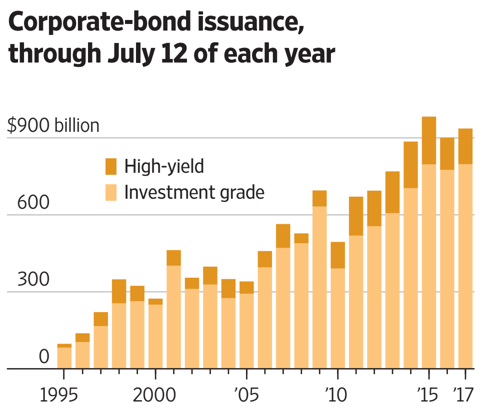
Lending Slowdown Won't Derail U.S. Economy

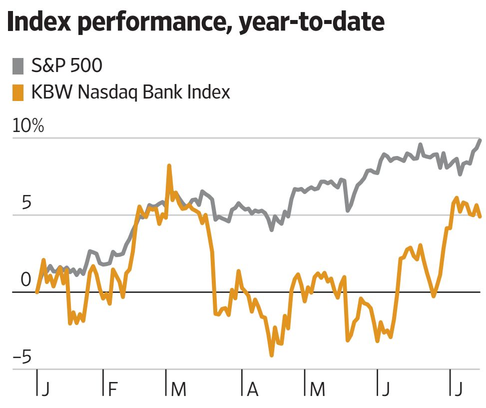
A broad slowdown in bank lending is the latest economic riddle to confront investors. Does a pullback in bank loans, the lifeblood of economic growth, herald the end of a tepid expansion well into its ninth year, with malign implications for stocks and many other assets? Or is the U.S. economy simply taking a welcome breather that will keep inflation low and restrain the Federal Reserve, setting the stage for a fresh 'goldilocks' advance in major stock indexes?

Though major categories from car and home loans to credit cards and business debt are all weakening, many analysts believe it's early yet to fret about recession. Booming capital markets and solid corporate earnings make it easy for companies to raise money, salving default fears. Hopes for a Republican rollback of corporate taxes and many regulations have been deferred rather than abandoned, lending support to stretched-looking valuations. Even the Fed is playing along for now, with quiet inflation data leaving the slow-and-steady outlook for rate increases intact. The party will end eventually, but don't bank on it just yet.









*Credit-card loans outstanding at U.S. banks; includes other revolving debt †MZM, money supply at zero maturity, reflecting cash and checking or savings deposits plus some money funds
Sources: Federal Reserve (loan growth, money supply); U.S. Bureau of Economic Analysis (earnings); Dealogic (issuance); WSJ Market Data Group (indexes)

THE WALL STREET JOURNAL.

HEARD ON THE STREET

Email: heard@wsj.com FINANCIAL ANALYSIS & COMMENTARY **WSJ.com/Heard**

Luxury Lives—on Chinese Phones

Chinese buyers of designer handbags are back. But this time many of them are buying at home—and on their smartphones.

Luxury sales in China have picked up since the beginning of the year, underpinned by easy credit and a booming property market. The weaker yuan has also encouraged the Chinese to spend at home rather than on foreign shopping sprees. **Bain** expects luxury sales to increase 6% to 8% in mainland China this year.

Luxury brands suffered in late 2015 and 2016, after China's anticorruption drive and currency devaluation hit sales. Luca Solca of Exane BNP Paribas estimates that between 70% and 80% of the sector's recent rebound in growth has been driven by Chinese spenders.

One pocket of success: web-savvy Chinese consumers. According to Deloitte, 13.5% of China's overall retail sales are online, much higher than the global average of 8.6%. Gucci launched an online shop there this month.

ARND WIEGMANN/REUTERS

Burberry has started selling handbags through WeChat.

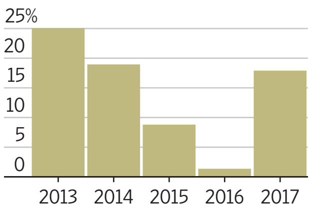
Burberry and Longchamp have also started selling handbags through WeChat, China's largest social-media platform. Burberry's online sales to consumers in China doubled year to year last quarter, thanks to its marketing campaign on WeChat.

Makers of luxury goods have hesitated to go online, fearing it could cheapen their brands. Fakes in China make the problem worse, a complaint made by many retailers against China's dominant e-commerce marketplaces run by **Alibaba Group Holding**.

WeChat, a messenger app and social-media portal that allows brands to directly send messages to users who follow them, seems an ideal tool for marketing and sales, because the brands maintain control of the sales process. Users buy directly from their online shops without leaving the app. It is still early, but this is an important first step for **Tencent Holdings**, which owns WeChat, to challenge Alibaba's dominance in China's e-commerce market.

Shopaholic

Burberry's annual sales in China, year-on-year change



Source: S&P Global Market Intelligence

THE WALL STREET JOURNAL.

Other incumbents are considering the opportunity, too. China's second-biggest e-commerce firm after Alibaba, JD.com, invested $397 million in London-based Farfetch, an online marketplace for luxury goods.

Alibaba could go further and buy into a specialist platform of its own. The stock price of Milan-listed **Yoox Net-a-Porter Group**, a large online marketplace for luxury, has risen 9% since news of JD.com's investment, probably exacerbated by a short squeeze. Paris-listed LVMH Moët Hennessy Louis Vuitton last month launched its own multibrand website, 24sevres.com.

Being big in China is important for luxury brands. But being online in China seems more important at the moment.

—Jacky Wong and Stephen Wilmot

OVERHEARD

Of the many businesses spawned to serve millennials, Dr. David Shusterman's sperm-storage cryobank might require the most foresight from its clients.

Dr. Shusterman, the founder of NYUrology, says millennials are having children later in life, and men need to freeze sperm to boost their chances of having offspring and making sure they are healthy.

"For just $2,000, you can freeze your children, the fee also includes sperm viability testing," the company says.

As with many marketing strategies aimed at young men, the payoff here is more women.

"You can have an upper hand in the playing field as more women will be looking for men with frozen goods," the company says.

Millennials, those born in the 1980s and 1990s, have to hurry because, Dr. Shusterman says, a donor's ideal age for freezing sperm is about 20 years.

Retailers Can't Catch A Break

The price isn't right for retailers. Neither is much of anything else.

U.S. retail sales were weak last month. The Commerce Department on Friday reported that overall sales in June fell 0.2% on the month after slipping 0.1% in May. Compared with a year earlier, they were up just 2.8%.

Digging into the details of the report didn't make it look any better. Sales at department stores, restaurants and bars, grocery stores and clothing stores were among the categories that were down on the month, and growth in other categories, such as furniture stores, was anemic.

Part of the problem for retailers is that prices are weak. The Labor Department on Friday reported that its broad measure of consumer prices was unchanged on the month in June, putting it just 1.6% higher versus a year earlier. The news for goods rather than services was worse. Overall, goods prices were down 0.4% on the year.

One thing that makes price declines so pernicious for many retailers is that costs are going up. Wages are rising, albeit slowly. In some cases, wholesale costs are going up, too. The Labor Department on Thursday reported that producer prices for women's, girls' and infants' apparel were up 1% from a year earlier.

Even factoring in the retail price declines, the retail-sales report looked weak, putting consumer spending on a poorer trajectory heading into the current quarter. When low prices and a solid labor market aren't getting people to spend, it is a struggle to think of what would.

— Justin Lahart

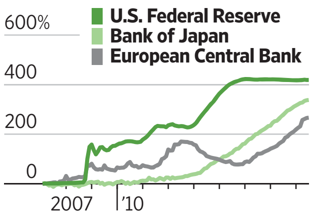
How to Prepare When Central Banks Go In Same Direction

The central-bank landscape has changed. Divergence is dead, and convergence is in the cards. Such transitions are when things start to get tricky.

The turn in the tide at central banks—whether it be the European Central Bank charting a path to reducing bond purchases, the Federal Reserve preparing to rein in its balance sheet, the Bank of Japan's stealth tapering, the Bank of England talking of a rate rise, or the Bank of Canada actually raising rates for the first time in seven years—has led to speculation about coordinated action. The idea that a secret cabal of central bankers have conspired to work together was dismissed recently by ECB executive board member Peter Praet.

Cruising Altitude

Change in central-bank balance-sheet size



Source: Federal Reserve Bank of St. Louis

THE WALL STREET JOURNAL.

The more likely explanation is simply that central banks are reacting to a global economy moving in the same direction for the first time in years. After a decade of crisis-fighting policy, there is no obvious crisis to fight. Output gaps are closing and economic volatility is low. The threat of deflation has faded. Inflation is below target in many countries, with the exception of the U.K. But central bankers are generally making the argument that softness in headline measures is transitory, with growth holding up and labor markets tightening.

That shift matters for markets. It tips the balance for future policy actions: Economic data would need to deteriorate persistently for a change in tone. And it allows room for central bankers to consider other risks, in particular the steep rise in asset prices that their policies have engendered and which may yet pose a threat to financial stability.

The question is whether markets have taken that on board. Last week's action highlights that. First, markets put a dovish spin, perhaps unwarrantedly, on Fed Chairwoman Janet Yellen's testimony Wednesday and the "everything rally" resumed: prices for stocks, bonds and gold all rose. But to the extent that markets ease financial conditions, they may actually encourage central bankers to tighten policy.

Clouding the picture, markets could yet do some of the tightening for central banks, particularly when it comes to currencies. For instance, the ECB may have a problem if the euro charges higher, as a 10% rise in the trade-weighted exchange rate could shave 0.5 percentage point off inflation, notes Lombard Street Research.

This push-and-pull seems likely to lead to higher volatility. Central bankers have for a long time been investors' best friends. Now the relationship is a lot more complicated.*—Richard Barley*