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THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

MONDAY, JULY 24, 2017 ~ VOL. CCLXX NO. 19

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Last week: DJIA 21580.07 ▼ 57.67 0.3% NASDAQ 6387.75 ▲ 1.2% STOXX 600 380.16 ▼ 1.7% 10-YR. TREASURY ▲ 25/32, yield 2.232% OIL \$45.77 ▼ \$0.98 EURO \$1.1666 YEN 111.13

What's News

Business & Finance

Trump administration regulators have signaled they want to abandon plans to further regulate Wall Street pay, but events have already led to tighter controls. A1

◆ China reined in Wanda's foreign deals with Xi's approval, a sign a government crackdown on private firms comes from the top. A1

◆ KKR is nearing a deal to buy health-information provider WebMD. B1

◆ Wildfires in Canada are pushing up the price of lumber, threatening the supply to U.S. home builders. B1

◆ A complaint database has become the latest battleground for efforts to curb the CFPB's authority. B1

◆ Robot developers say they are close to a breakthrough on robotic "pickers" to process retail orders. B1

◆ OPEC ministers held talks about challenges to their oil-output-cutting deal ahead of a meeting in Russia. B3

◆ BMW denied it cooperated with rivals to manipulate diesel engines, after VW requested a probe. B3

◆ Fiat Chrysler faces calls to buy back diesel vehicles that allegedly used emissions-cheating software. B5

◆ Boeing shed more than 6,000 jobs in the first half, the fastest rate of staff cuts in over a decade. B2

World-Wide

◆ The White House on Sunday indicated Trump was likely to support legislation that would punish Russia for interfering in the 2016 election. A1

◆ Senate Republicans remain unsure what health-care legislation they will vote on, with a vote to open debate as early as Tuesday. A4

◆ Nine people died in San Antonio after enduring sweltering conditions inside a tractor trailer in a suspected human-smuggling case. A3

◆ Israel is doubling down in its standoff with Palestinian and Muslim religious authorities over metal detectors at a Jerusalem holy site. A7

◆ Protests in Poland spread as President Duda faced growing pressure to veto a bill that would dismiss the entire Supreme Court. A7

◆ Mexico said it is willing to discuss ways for the U.S. to cut its trade deficits under Nafta as long as they don't threaten Mexico's ability to export. A8

◆ The Philippine Congress approved the president's appeal to extend martial law on the island of Mindanao. A8

◆ Spieth won golf's British Open, gaining his third major title before the age of 24. A14

◆ Froome notched his fourth victory in five years in cycling's Tour de France. A14

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U.S. NEWS

THE OUTLOOK | By Josh Mitchell

Colleges Pull Back Tuition's Long Rise

U.S. college tuition is growing at the slowest pace in decades, following a nearly 400% rise over the past three decades that fueled middle-class anxieties and a surge in student debt.

Tuition at college and graduate school—after scholarships and grants are factored in—rose 1.9% in the year through June, broadly in line with overall inflation, Labor Department figures show.

By contrast, from 1990 through last year, tuition grew an average 6% a year, more than double the rate of inflation. In that time, the average annual cost for a four-year private college, including living expenses, rose 161% to about \$27,500, according to the College Board.

Some schools are offering more discounts and cutting prices.

Abundant supply is running up against demand constraints. The number of two-year and four-year colleges increased 33% between 1990 and 2012 to 4,726, Education Department data show.

But college enrollment is down more than 4% from a peak in 2010, partly because a healthy job market means fewer people are going back to school to learn new skills.

Longer-running economic and demographic shifts also are at play. Lower birthrates and the aging of baby boomer children have reduced the pool of traditional college-age Americans. The number of

new high-school graduates grew 18% between 2000 and 2010 but only 2% in the first seven years of this decade, Education Department data show.

Another factor: Congress last increased the maximum amount undergraduates could borrow from the government in 2008. Some economists have concluded schools raise prices along with increases in federal financial aid. A clampdown on aid, in turn, could limit the ability of schools to charge more.

Some of these trends may persist. The number of high-school graduates is projected to remain flat through 2023, according to an analysis by the Western Interstate Commission for Higher Education. White graduates, the most likely among races to attend college, are expected to decline over this period.

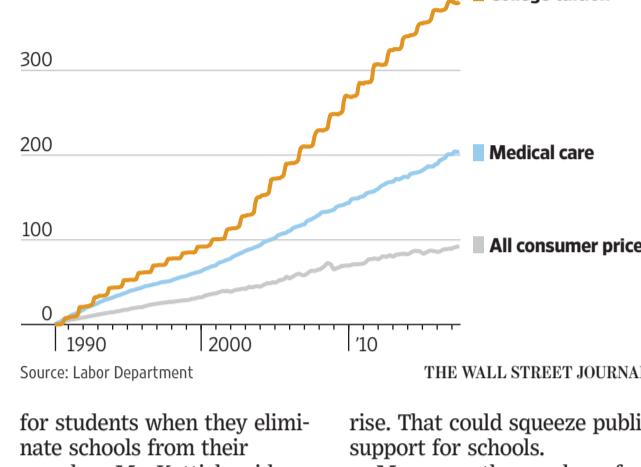
"The competition is bigger now than it has been, and I think we have more informed consumers," said Sarah Kottich, chief financial officer at College of Saint Mary in Omaha, Neb. The small private women's college cut out-of-pocket tuition 10% for the coming year, to an average \$14,600 after aid, its first reduction in at least two decades.

Officials made the move after analyzing research from SLM Corp.'s Sallie Mae, a private student lender, showing high prices are a major factor

Higher Education Inflation

College tuition has been among the fastest growing expenses for households in recent decades, rising even faster than health-care costs.

Prices, change since 1990



Source: Labor Department

for students when they eliminate schools from their searches, Ms. Kottich said.

Moody's Investors Service projects shifting consumer behavior will restrain pricing for years. "We don't think we will return anytime soon to some of the double-digit increases we saw postrecession," Moody's analyst Susan Fitzgerald said.

But other factors could keep cost pressures rising. George Pernsteiner, head of State Higher Education Executive Officers, a trade group that tracks state funding for schools, notes that many states are on track to experience budget crunches as the population ages and health-care and public pension costs

rise. That could squeeze public support for schools.

Moreover, the number of schools is declining in response to oversupply, particularly among for-profit schools.

For now, the shakeout is hitting private schools hardest. For-profit trade schools and many private nonprofit colleges are under pressure to justify high prices, particularly because some graduates are failing to land high-paying jobs.

The broad decline in undergraduate enrollment since 2010 has been concentrated mostly among small nonprofit colleges, for-profit trade schools and public community colleges, federal data show.

Public four-year colleges, which teach the majority of bachelor's candidates in the nation and tend to be cheaper than private schools, are benefiting from increases in direct state funding as tax revenues improve. That has eased schools' need to raise prices on students. During the recession, the reverse occurred. States cut funding to plug budget gaps and colleges raised tuition to offset cuts.

State officials have also pressured schools, through legislation and speeches, to rein in prices, and they are admitting more international students to boost revenues.

College remains a daunting expense for many households. Moreover, because tuition levels were high to begin with, even small percentage increases can translate into large dollar amounts.

Most undergraduates take on student loans, and graduate owing an average \$30,000, according to the nonprofit advocacy group the Institute for College Access & Success.

The sharp rise in tuition and student debt in the past generation stoked concerns that college became out of reach for many families.

A Federal Reserve survey released in May showed 37% of Americans age 30 and younger who hadn't attended college said it was because it was too expensive. About 43% of those who attended but dropped out pointed to the cost.

ECONOMIC CALENDAR

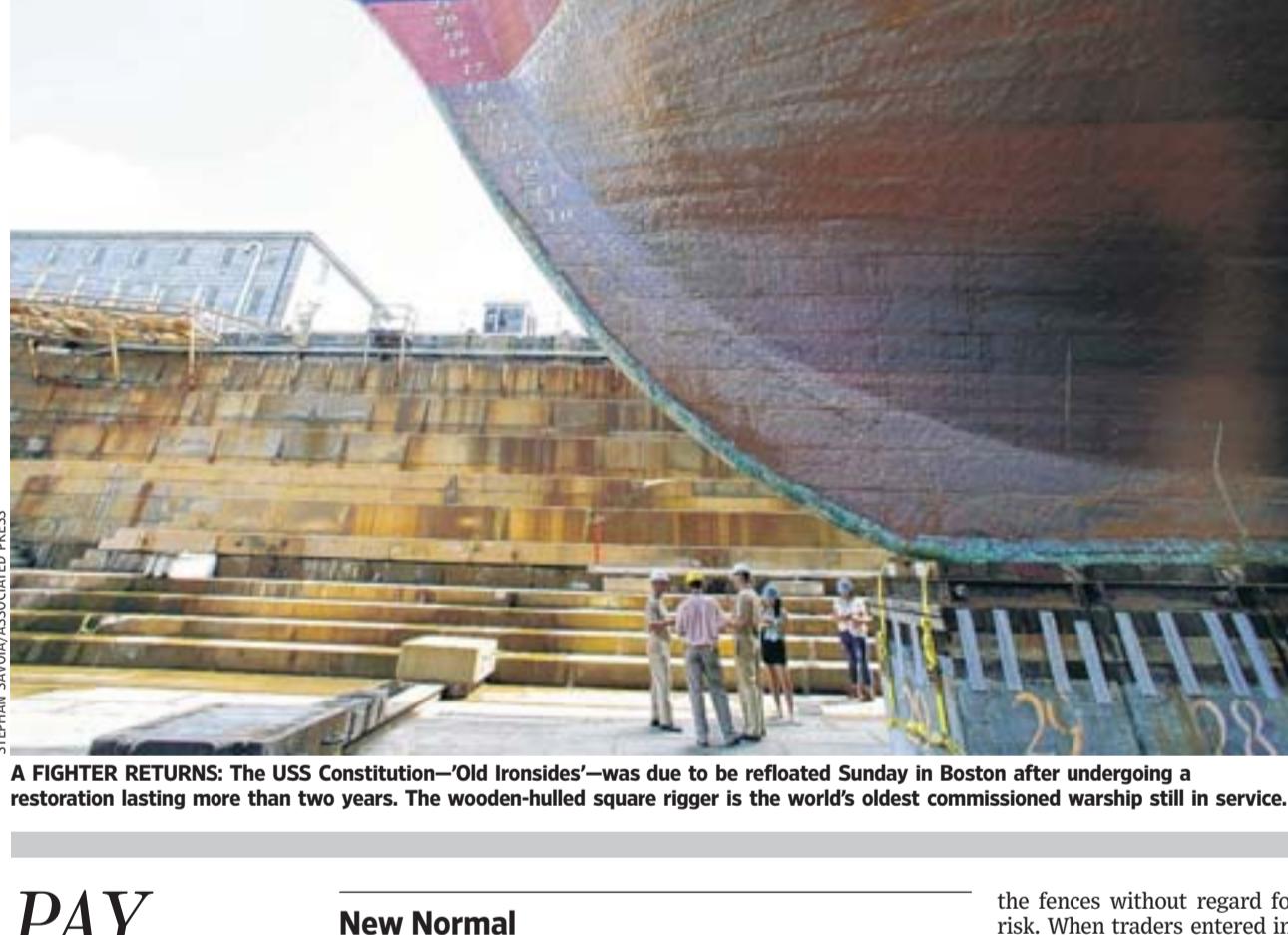
Monday: The National Association of Realtors' June **existing-home sales** report will shed light on the strength of home-buyer demand in light of fast-rising prices and tight inventory. Economists surveyed by The Wall Street Journal expect existing-home sales dropped 1.1% to an annual rate of 5.56 million.

Wednesday: Above-target inflation continues to squeeze Britons' wallets, causing them to rein in spending, which was until recently a key engine of economic growth. Economists surveyed by The Wall Street Journal expect preliminary second-quarter **gross domestic product** figures to show the U.K. economy grew a mere 0.3% in the second quarter of 2017, only 0.1 percentage point above the quarterly reading for the first quarter.

In the U.S., the main focus will be the **Federal Open Market Committee's monetary policy announcement**. Economists expect no change in the fed funds target rate, though some have speculated the Federal Reserve could announce the start date of its balance sheet runoff. Looking forward, the discussion will continue to circulate around escalating concerns over whether the recent slowdown in inflation is transitory.

Friday: The U.S. Commerce Department releases its advance estimate of **gross domestic product** for the second quarter. Economy watchers largely expect a bounceback from the first quarter's lackluster 1.4% revised growth rate. Annual revisions for the data will also be published. Economists are forecasting a 2.5% advance in the first reading for the second quarter.

Launched in 1797, a Veteran of the War of 1812 Returns to the Sea



A FIGHTER RETURNS: The USS Constitution—"Old Ironsides"—was due to be refloated Sunday in Boston after undergoing a restoration lasting more than two years. The wooden-hulled square rigger is the world's oldest commissioned warship still in service.

PAY

Continued from Page One
to resume some precrisis practices, such as cash bonuses that are free from multiyear vesting periods or dropping provisions that claw back pay for bad behavior.

But big banks already have made moves to rein in pay, pressured by shareholders seeking higher dividends and stock buybacks and as they work under higher capital requirements that have pressured profitability and squeezed the amount of money available for compensation.

"At this point, restrictions on comp may be superfluous," said Guy Moszkowski, a veteran banking analyst and managing partner at Autonomus Research. "None of these firms want to pay people more than they have to."

The average bonus paid in New York City by securities firms was \$138,200 in 2016, down 28% from its 2006 peak, according to a report by New York State Comptroller Thomas DiNapoli.

A senior trader who earned \$2 million in total compensation before the crisis would be making about \$1.2 million today, according to Michael Karp, chief executive of Wall Street recruiting firm Options Group.

New Normal

Pay and revenue on Wall Street have both declined since the financial crisis.

Goldman Sachs's annual revenue (■) and compensation (■)



High pay for traders and bankers has long been an issue, especially when Wall Street rebounded in 2009 due in part to \$245 billion in government aid to banks.

"I did not run for office to be helping out a bunch of fat cat bankers," Mr. Obama said that year. "You guys are drawing down \$10, \$20 million bonuses after America went through the worst economic year that it's gone through in decades."

Under that pressure, Wall Street reduced pay and deferred more of it so that employees' actions could be

the fences without regard for risk. When traders entered insurance-like contracts that generated instant revenue, they kept big cash bonuses—even if the trade blew up later and cost the bank billions. The incentive compensation restrictions in Dodd-Frank were designed to show there are consequences of making bad trading or management decisions.

"That's a serious issue that goes beyond whether these guys make too much money," said Mr. Frank.

Trading desks also produced many outsize gains for the banks. Individual traders would take a share of the winnings, sometimes raking in tens of millions. One oil trader, Andrew Hall, famously earned a roughly \$100 million bonus at Citigroup in 2008 after a run of profitable years.

Today, however, those desks are mainly shut down, and the swashbucklers who ran them have departed, largely for hedge funds. The Volcker rule, adopted as part of Dodd-Frank, bars deposit-taking banks from proprietary trading, or making bets on the bank's own behalf with borrowed or customer money.

Now, traders remaining at banks must complete paperwork attesting that when they do take bets, it facilitates or anticipates the needs of a client.

Accordingly, the revenue for banks' trading has shrunk from about \$205 billion in the precrisis era, to about \$160 billion in 2016, according to Morgan Stanley and consulting firm Oliver Wyman.

Still, Dodd-Frank called for bank regulators to pass a rule preventing incentive-pay structures that encouraged excessive risk-taking. Last year, Mr. Obama personally urged regulators to finish the rule before his term ended. In April 2016, the six agencies involved delivered a new proposal on incentive pay.

The Securities Industry and Financial Markets Associa-

tion, whose members include the largest broker-dealers, argued the rule was unnecessary, saying existing guidelines and industry practices sufficiently regulated pay practices and allowed a tailored approach for different banks.

The rule wasn't completed before President Donald Trump took office in January.

The Federal Reserve still has the rule on its near-term agenda, but the SEC and two other bank regulators took it off. For the rule to pass, Dodd-Frank called for multiple regulators to jointly adopt the same rule.

CORRECTIONS & AMPLIFICATIONS

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U.S. NEWS

Killings in Baltimore Spur Debate

The city is on track this year for its highest per capita homicide rate on record

BY SCOTT CALVERT

BALTIMORE—For the Rev. Donte Hickman, the recent spurt of violence in his church's East Baltimore neighborhood—where six people have been killed since April—is disheartening.

"We thought we ended the fires that were burning, but those fires have turned into gunfire," he said, referring to riots after the 2015 death of Freddie Gray from injuries the 25-year-old man sustained in police custody.

While Chicago gets more attention as being the center of urban crime in the U.S., Baltimore has long had a higher rate of homicide, and near-daily kill-

ings in 2017 have produced a nearly 20% increase in homicides from a year ago.

With 193 homicides in a city of 615,000 people, Baltimore is on track for its highest per capita homicide rate on record and one of the highest in the U.S. in years.

Other cities like New Orleans and Philadelphia are also contending with double-digit percentage surges in homicides. In Charlotte, N.C., homicides are up about 70%. After soaring last year, killings in Chicago are running 5% higher.

"We still see homicide numbers that are well beyond what they were even four years ago in a number of our cities," said Darrel Stephens, executive director of the Major Cities Chiefs Association, which represents police chiefs from the nation's largest cities.

This year is the third in a row with elevated violent-crime levels in a number of U.S. cities, though not all have experienced consistently high murder counts and violent crime nationwide remains well below 1990s levels, said University of Missouri-St. Louis criminologist Richard Rosenfeld. Both New York and Los Angeles have fewer homicides than Baltimore despite having several times its population.

"Baltimore has always been in the top tier of cities when it comes to lethal violence, but the surge especially this year is quite worrisome," he said.

The spree in Baltimore, which police say is fueled partly by gang warfare over drug turf, has sparked a tense debate among officials about how to tamp down the violence. Mary-



Baltimore police walked last year near a mural depicting Freddie Gray, who died in custody in 2015.

Official Calls for Tougher Sentences

Baltimore Police Commissioner Kevin Davis, echoed by Mayor Catherine Pugh, has called on judges to give tougher sentences for gun crimes. The police department analyzed 605 gun-related convictions since the beginning of 2016 and found 56% of defendants had more than half their prison sentence sus-

pended—meaning they wouldn't have to serve that time if they meet probation requirements.

The original sentences in the 339 cases averaged six years. Many of the convictions were for possessing a handgun without a state-issued license or carry permit, or for being a felon illegally possessing a firearm.

"They're emboldened because they're not being held accountable for the crimes they commit," Mr. Davis said of gun offenders.

A spokesman for the judiciary

didn't respond to requests for comment on the analysis but said sentences are guided by many factors, including appeals court rulings and the Constitution.

Ms. Pugh, a Democrat who took office in December, is pushing for a mandatory one-year sentence for illegal handgun possession within 100 yards of a school, church, park, public building or other public place of assembly—a description that would cover much of the city.

—Scott Calvert

arresting people with guns, we don't have as many gun arrests," said City Councilman Brandon Scott.

Gene Ryan, president of the local Fraternal Order of Police union, said one factor is hesitancy by officers who remain disillusioned by the prosecution of their six colleagues who were criminally charged in Mr. Gray's death. None of the six were convicted. Mr. Gray didn't have a gun when he was arrested for alleged illegal knife possession.

"It's certainly in the officers' minds: Could I wind up being charged and being put in jail for doing my job?" Mr. Ryan said.

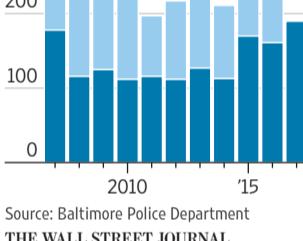
He also said police are short-staffed. The department had about 2,500 sworn officers in late 2016, down from nearly 3,000 in 2012.

Overall arrests in Baltimore are down by about one-third since 2015, a trend that emerged after the six officers were charged and has continued into 2017.

Baltimore Homicides

■ Rest of year

■ Through July 20



Source: Baltimore Police Department
THE WALL STREET JOURNAL.

land Gov. Larry Hogan, who deployed National Guard troops to Baltimore to quell the April 2015 riots, has had pointed words for police, prosecutors and judges.

"We're not doing as many arrests as we used to, and the ones that are getting arrested are not being prosecuted by the state's attorney," the Republican governor said in a recent radio

interview. "The ones the prosecutors do take, the court system is not giving them the time that they should get—they're letting them back on the streets to commit crimes again."

Baltimore's chief prosecutor, State's Attorney Marilyn Mosby, a Democrat, defended her office's record. She said prosecutors work closely with police in her office's gun-violence en-

forcement division and seek the strongest sentences possible in cases involving violence.

Meanwhile, gun arrests in Baltimore are down roughly 30% from last year. Police Commissioner Kevin Davis points to his decision to dismantle a centralized gun unit within 100 yards of a school, church, park, public building or other public place of assembly—a description that would cover much of the city.

"The simple fact is we're not

Nine Dead in Texas in Suspected Smuggling Case

BY SCOTT CALVERT
AND DAN FROSCH

Nine people died over the weekend in San Antonio after enduring sweltering conditions inside a tractor-trailer that authorities suspect was being used to smuggle them.

Rescuers found eight men dead inside the trailer early Sunday. Another passenger, also an adult male, later died at a hospital, officials said Sunday afternoon.

"We're looking at a human-trafficking crime here," San Antonio Police Chief William McManus said at a news conference.

The driver of the big rig is in federal custody and will be charged Monday, said Richard Durbin Jr., the U.S. attorney for western Texas. James M. Bradley Jr., 60 years old, is being held in federal custody in connection with the incident, according to a statement from Mr. Durbin's office. The office

didn't specify if Mr. Bradley was the driver. It wasn't immediately clear if Mr. Bradley had a lawyer.

Alton Bradley of Land O'Lakes, Fla., who said he is Mr. Bradley's nephew, said his uncle has been a long-haul trucker for decades. His uncle used to visit once or twice a year, depending on his driving schedule, and the two would discuss what he was hauling. "It was nothing out of the ordinary, regular stuff you pick up from a vendor, a manufacturer, and drop off somewhere else," Alton Bradley said. He last saw his uncle seven or eight years ago.

Brian Pyle, the owner of Pyle Transportation, a trucking company based in Schaller, Iowa, said Mr. Bradley had been his employee on and off for about five years.

"He was friendly. He seemed like the kind of guy who would give you the shirt off his back," Mr. Pyle said.

Mr. Pyle said Mr. Bradley

had originally worked for his company, which hauls meat and produce, as a driver. But he suffered from diabetes and had to quit earlier this year for several months to get his leg amputated. Mr. Pyle said Mr. Bradley returned to the company recently after getting fitted for a prosthetic leg and had since bought his own truck.

Mr. Pyle said he'd never had any issues with Mr. Bradley, and was stunned to learn what had happened. "I'm shocked—just speechless," he said.

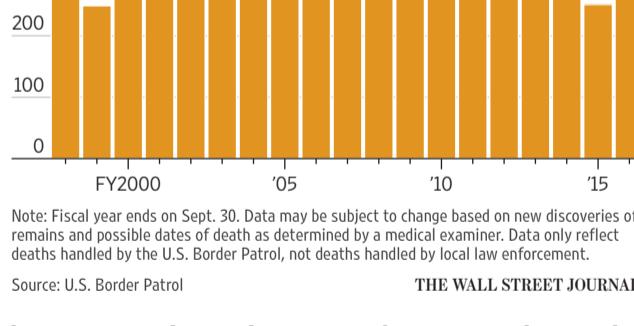
The male occupant who died at the hospital was among 30 individuals who were taken to area hospitals after rescuers pulled them from the trailer, parked near a Wal-Mart store, an Immigration and Customs Enforcement spokeswoman said.

Many were initially in serious or critical condition, San Antonio Fire Chief Charles Hood said Sunday. Paramedics reported that people had high

Deadly Crossing

Hundreds of migrants die each year trying to cross into the U.S., federal data show.

Southwest Border Deaths By Fiscal Year



Note: Fiscal year ends on Sept. 30. Data may be subject to change based on new discoveries of remains and possible dates of death as determined by a medical examiner. Data only reflect deaths handled by the U.S. Border Patrol, not deaths handled by local law enforcement.

Source: U.S. Border Patrol

THE WALL STREET JOURNAL.

heart rates and were hot to the touch, suffering from signs of heat stroke and dehydration, he said.

About 39 people were believed to be inside the truck, including at least two school-age children, when rescuers arrived,

authorities said. Chief McManus said he didn't know the occupants' countries of origin.

Police responded to the 18-wheeler after a man emerged from the vehicle and approached a store worker, asking for water. Inside the trailer, police and paramedics found eight people dead, and about 28 others among them, Chief Hood said.

One passenger fled but was found Sunday morning in a wooded area, prosecutors said.

Passengers are likely to be turned over to ICE for questioning after they have been treated, Chief McManus said.

Mr. Durbin, the region's top federal prosecutor, said the people in the trailer were "victims of ruthless human smugglers indifferent to the well-being of their fragile cargo."

The trailer wasn't air-conditioned and rescuers saw no sign occupants had access to water.

—Miguel Bustillo and Jim Oberman contributed to this article.

Federal Push on Elections Riles States

BY ALEXA CORSE



The voter-fraud panel can go jump in the Gulf of Mexico.

Delbert Hosemann,
Mississippi Secretary of State

all the requested information and expressed concerns about privacy and data-sharing. Others said they viewed the request as potential federal interference in what they say is a state matter.

Some said they thought the panel was unwarranted because experts say there isn't evidence of widespread voter fraud.

"They can go jump in the Gulf of Mexico, and Mississippi is a great state to launch from," said Delbert Hosemann, Mississippi Secretary of State and a Republican.

Since then, the commission has asked states to wait on submitting the voter records until U.S. District Judge Colleen Kollar-Kotelly in Washington issues a ruling in a lawsuit filed by a privacy advocacy group over the panel's request.

The commission asked only for information that is in many cases already publicly available and isn't trying to violate voters' privacy, said Bill Gardner, New Hampshire Secretary of State and a Democrat, who also is a member of the panel.

Tensions between federal and state authorities are also evident as Washington attempts

to help the states guard their election infrastructure against cyberattacks.

Department of Homeland Security official Jeanette Manfra said evidence suggests hackers may have targeted election computer systems in several states during the 2016 election, causing alarm in state capitals and Washington about the voting process.

Homeland Security Secretary John Kelly said this month that states that refuse federal cybersecurity help for their election systems are "nuts."

DHS began offering cybersecurity assistance to state and local officials last August.

In January, Jeh Johnson, the former secretary of homeland security, formally designated election systems "critical infrastructure," which federal officials said would help DHS place a higher priority on election-security efforts.

But state officials said it wasn't clear how the designation would help them. Several said they are worried states would provide information to DHS but might not get timely intelligence about potential threats in return.

Trial to Reveal World Of 'Botnet' Hackers

By NICOLE HONG

An accused hacker will head to Brooklyn federal court in a trial that will offer a rare look into the mechanics of how cybercriminals take control of computers to carry out large-scale attacks.

In a trial that starts Monday, prosecutors will accuse Fabio Gasperini, a 34-year-old Italian citizen living in Rome, of directing a network of computer servers around the world to carry out "click fraud," in which hackers defraud advertising companies by getting payment for fake clicks on online ads.

Law-enforcement officials believe this is the first click-fraud trial in the U.S., despite the fact that it has been a growing problem for years in the advertising industry.

Mr. Gasperini, an information technology professional who was arrested in Amsterdam last year and extradited to the U.S., has pleaded not guilty to five charges, including computer intrusion and wire fraud. If convicted on all counts, Mr. Gasperini could

face up to 70 years in prison.

Simone Bertolini, Mr. Gasperini's lawyer, sought to dismiss the case before trial, arguing the alleged crime didn't have enough of a connection to the U.S. "It's basically government overreaching to civil matters abroad," Mr. Bertolini said.

The trial will give jurors a detailed look at how attackers infect a network of computers with malicious software. Such networks, known as botnets, allow hackers to remotely control the computers and command them for criminal purposes, including to steal banking credentials, launch denial-of-service attacks and transmit viruses.

Law-enforcement officials say botnets play an increasing role in a wide range of crimes, heightening concerns that U.S. laws lag too far behind cyber-criminals.

Botnets have fueled a surge in ransomware—which encrypts and hijacks files on a computer system and demands money in exchange for decrypting them—attacks that have crippled computers and businesses around the world.

U.S. NEWS

Uncertainty Surrounds Health-Care Bill

A coming procedural vote is the focus as the GOP debates its next move on the ACA

WASHINGTON—Senate Republicans are expected to vote as early as Tuesday to begin debate on their sweeping health-care legislation—but they don't know yet what measure they will be voting on.

By Natalie Andrews,
Stephanie Armour
and Kristina Peterson

Some senators said Majority Leader Mitch McConnell (R., Ky.) has told them they would know before the vote whether they would be asked to allow debate on some version of a bill to repeal and replace the Affordable Care Act, or legislation that would repeal the ACA with a two-year expiration date.

GOP leaders' current strategy is to lean heavily on lawmakers to at least vote to allow debate on the bill, in the hopes that amendments and other tweaks could yield an agreement.

But the plan carries some risk. If the "motion to proceed" fails, it would mark a defeat for President Donald Trump and congressional Republicans, and could end their current efforts to overhaul the ACA, also called Obamacare, a seven-year Republican campaign promise.

There has been little evidence that senators who opposed the latest version of the bill earlier this month have reversed course.

Sen. Rand Paul (R., Ky.), a leading conservative, dismissed



MICHAEL REYNOLDS/EUROPEAN PRESSPHOTO AGENCY

The challenge for Senate Majority Leader Mitch McConnell, right, is that he can afford to lose no more than two Republican senators.

the Republican bill Sunday on CNN as a "porkfest" that bails out insurers. He said he would vote to begin debate as long as there would be an opportunity to vote on a repeal measure.

Mr. McConnell's challenge is that with a narrow 52-48 majority, he can afford to lose no more than two Republican senators, with Vice President Mike Pence breaking a 50-50 tie if necessary. Sen. John McCain (R., Ariz.) announced recently he has brain cancer, and the timing of his return to Congress

remains uncertain, making the math even more precarious.

Mr. McCain tweeted on Friday that he would "support whatever health-care plan" Arizona Gov. Doug Ducey, a Republican, endorses. Mr. Ducey criticized a version of the GOP health plan in June for not doing enough to help his state's Medicaid population.

Republican leaders are urgently trying to win back defectors among the conservative and centrist wings of their party. Negotiations with cen-

trists like Shelley Moore Capito of West Virginia, for example, are focusing largely on possible changes to soften the impact of the bill's Medicaid cuts, but so far none of the holdouts have announced a change of heart.

Sen. Bob Corker (R., Tenn.), who supports opening debate, said recently he was concerned about Republican leaders' moves to appease the reluctant senators.

"It's feeling like a bazaar, like ... we're throwing money in a lot of different directions but

potentially not moving in a place that's coherent," Mr. Corker told reporters recently.

Sen. Susan Collins (R., Maine) said on Sunday on CBS that senators had no idea what they would be voting on Tues-

day. "I don't think that's a good approach to facing legislation that affects millions of people and one-sixth of our economy," she said.

Mr. Trump, urging Republicans to unify, tweeted Saturday that "The Republican Senators must step up to the plate and,

after 7 years, vote to Repeal and Replace."

The president is traveling to West Virginia on Monday with Ms. Capito, but it is unclear if he will talk about health care. Republicans say their effort, which aims to cut back on the ACA's insurance regulations and significantly cut the Medicaid program, would lower premiums and give consumers more choice.

Democrats say it would leave many more Americans uninsured. The nonpartisan Congressional Budget Office estimated that under the GOP bill, about 22 million fewer people would have coverage by 2026 relative to the current law, and a repeal bill would leave an estimated 32 million fewer people insured.

Democrats are criticizing both the process and the content of the Republican effort, including the fact that no female senators were included in an initial GOP Senate working group, though Mr. McConnell later broadened the conversation to include all 52 Senate Republicans. Three female GOP senators—Ms. Collins, Ms. Capito and Lisa Murkowski of Alaska—have since emerged as strong opponents of the repeal-only option.

"It was a pretty stupid thing to just put men in that room. That likely comes with consequences," said Sen. Chris Murphy (D., Conn.).

Other GOP women senators noted that not all of them were opposing the procedural motion.

"Three out of five. Two of us aren't," said Sen. Deb Fischer (R., Neb.), referring to herself and Sen. Joni Ernst of Iowa.

Democrats Pitch Populist Election Agenda

BY NATALIE ANDREWS

Democrats are launching a new policy agenda focused on the economy that seeks to bridge gaps with voters amid polls showing most Americans don't know what the party stands for.

The proposals are in large part a response to Hillary Clinton's demoralizing loss to Donald Trump, Senate Minority Leader Chuck Schumer said Sunday, adding that his party was too cautious and "nambypamby" in 2016.

"When you lose an election with someone who has, say, 40% popularity, you look in the mirror and say, 'What did we do wrong?'" the New York senator told ABC. "And the number one thing that we did wrong is we didn't tell people what we stood for."

The agenda, dubbed "A Better Deal" and scheduled to be rolled out Monday, is the re-

sult of months of polls and research. Democrats plan to hold an event in the district of Rep. Barbara Comstock, a Virginia Republican sitting in a district that Democrats see as vulnerable in 2018.

With a focus on winning congressional seats next year, the Democrats' new agenda has a distinctly populist tone, though it includes ideas the party's centrists can get behind as well, such as lower prescription-drug costs and improved access to broadband in rural areas. It also calls for a \$15-an-hour minimum wage and more regulation of Wall Street.

Sen. Bernie Sanders (I., Vt.) called for the \$15 minimum wage during the presidential campaign, a higher rate than urged by Mrs. Clinton.

Among the most vexing issues for Democrats and Republicans is health care, given the widespread agreement

that President Barack Obama's Affordable Care Act can be improved and the GOP's struggle to craft a replacement.

"Many things are on the table," Mr. Schumer said. "Medicare for people above 55 is on the table. A buy-in to Medicare is on the table. Buy-in to Medicaid is on the table. On the

Schumer said Sunday that his party in 2016 was too cautious and 'nambypamby.'

broader issues, we will start examining them once we stabilize the system."

Medicare is the health-care program for people age 65 and older, while Medicaid serves the poor and disabled.

The question is whether the

"Better Deal"—an echo of Franklin Roosevelt's "New Deal"—can unite the Democratic factions against a party led by a president who wrote "The Art of the Deal."

The Democrats' plan will compete in the political arena against House Republicans' "Better Way" agenda, which promotes conservative proposals such as deregulation and a hawkish national security stance.

Democrats have debated since the election whether to move in a more populist direction, in a nod to the success of Messrs. Trump and Sanders, or to focus on turning the traditional Democratic base that powered former Mr. Obama to two victories.

"It will only be as good as we are disciplined," said Sen. Chris Murphy (D., Conn.). "Our failing historically has been to focus on very targeted demographic messages, cultural is-

sues, rather than broad-based economic themes."

Republicans hold a narrow 52-48 lead in the Senate. But they have few vulnerable members in that chamber, while 10 Democratic senators are facing re-election campaigns in states Mr. Trump won.

In the House, Democrats would need to take 24 seats to win the majority. To do that, the party is targeting 23 districts that Mrs. Clinton won as a starting point, as well as hoping to pick up ones that Mr. Trump won by a slim margin.

The Republican Senate campaign committee is fundraising off of the Democrats' announcement, saying in a news release that "Democrats are struggling to find a message, but even if they do finally find a message that works, the odds of a Democrat-controlled Senate are still slim."

Ginsburg Reflects On Tenor Of Debate

BY BRENT KENDALL

WASHINGTON—A reflective Justice Ruth Bader Ginsburg offered something of a lament Saturday night for the polarized state of national politics, speaking to a theater audience following a play about her late friend and ideological sparring partner, Justice Antonin Scalia.

The court's senior liberal justice was on hand at Arena Stage in Washington, D.C., for a new run of *The Originalist*, named after Justice Scalia's method for interpreting the Constitution according to its perceived original meaning. The play centers on a fictional relationship between the conservative lion and a self-described "flaming liberal" law clerk, whom Justice Scalia hires to keep his debating skills sharp.

The law clerk comes to grow fond of Justice Scalia even as she dislikes many of his views. The clerk also comes to detest rigid liberal and conservative fault lines that can dominate debate in the U.S.

"I love this play and the idea behind it that people with very different views on important things can genuinely like each other," Justice Ginsburg said during a question-and-answer session after the show.

The 84-year-old Justice Ginsburg said she and Justice Scalia, who died last year, found common ground more often than most people realize, even as they jostled fiercely on hot-button constitutional cases.

The justice also spoke longingly of the days when nominations to the Supreme Court didn't spark the all-out partisan combat that defines the process now, noting her own 96-3 Senate confirmation vote in 1993 and Justice Scalia's 98-0 vote in 1986.

Justice Ginsburg thrust herself directly into the heated political debate last summer when she publicly criticized Donald Trump during the presidential campaign and suggested he would be bad for the Supreme Court and the nation, remarks she later said she regretted.

The justice made no mention of the president Saturday night, though current events clearly hung over the discussion.

RUSSIA

Continued from Page One
"hasn't made the decision yet to sign that bill," but suggested he wasn't sure what would happen because it has "second or third day on the job." Mr. Scaramucci was named the White House's new communications director on Friday.

The Trump team's messages have diverged at times, not just on the sanctions bill but also the president's inquiries about pardons and whether Robert Mueller, the special counsel appointed by the Justice Department to handle the Russia probe, and his attorneys have conflicts of interest that would taint the investigation.

In an interview following Mr. Scaramucci's CNN appearance, Ms. Sanders said there was no discrepancy between her comments and Mr. Scaramucci's. She said the administration supported the bill but wouldn't commit to signing it until a final version passes Congress. "There could still be more changes," she said.

Congressional negotiators reached a deal late Friday to advance the bill, so such changes are unlikely.

Mr. Trump has questioned the findings of the U.S. intelligence community that Russia meddled in the 2016 presidential election, and Russia has denied the accusations. Investigators are also looking into any potential collusion between Trump campaign associates and the Russians, and the



The person arranging the meeting told Mr. Trump Jr. that the Russians could provide negative information on Democrat Hillary Clinton as part of Moscow's effort to help Mr. Trump get elected.

The White House says nothing of significance occurred at the meeting. "It was a non-event," Mr. Scaramucci said Sunday on CNN. "It had no impact on the campaign."

The House is slated to vote Tuesday on a package of sanctions against Russia, Iran and North Korea, according to guidance released by House Majority Leader Kevin McCarthy (R., Calif.).

On Sunday, Ms. Sanders said on ABC's "This Week" that necessary changes had been made to the legislation.

"Look, the administration is supportive of being tough on Russia, particularly in putting these sanctions in place," she said. "The original piece of legislation was poorly written, but we were able to work with the House and Senate....And we support where the legislation is now."

The new deal is a compromise between Republican and Democratic leaders. It also makes some concessions to oil-and-gas companies. The legislation would tighten restrictions on the extension of credit to Russian entities and limit Russian businesses in the energy and defense sectors from partnering with U.S. citizens.

The three men, part of the Trump campaign's inner circle, attended a meeting with Russians during the campaign.

"We have not, and I continue to not, have conversations with the president of the United States regarding pardons," Mr. Sekulow said. "Pardons have not been discussed, and pardons are not on the table."

Speaking around the same time on Fox News Sunday, Mr. Scaramucci said he had talked to the president in the White House about his power to pardon officials as it related to the Russia probe. "I'm in the Oval Office with the president last week, we're talking about that," Mr. Scaramucci said. "He brought that up" while saying he doesn't need to be pardoned, Mr. Scaramucci said.

Mr. Trump tweeted about the Russia investigation Sunday afternoon, saying "As the phony Russian Witch Hunt

continues, two groups are laughing at this excuse for a lost election taking hold, Democrats and Russians!" He added, "It's very sad that Republicans, even some that were carried over the line on my back, do very little to protect their president."

On Monday, Mr. Kushner, the president's son-in-law and senior adviser, will meet with the Senate Intelligence Committee behind closed doors. On Wednesday, Donald Trump Jr. and Mr. Manafort, Mr. Trump's former campaign chairman, are scheduled to meet privately with the Senate Judiciary Committee.

The three men, part of the

Trump campaign's inner circle, attended a meeting with Russians during the campaign.

It also would require the president to seek Congress's permission to relax any sanctions against Russia.

Standing Up for American Jobs

Our Pledge

Pratt Industries
Executive Chairman
Anthony Pratt recently
pledged \$2 billion
to create 5,000
high-paying
manufacturing jobs.



President Trump applauds Anthony Pratt's pledge announcement.

The Latest Installment on That Pledge - Rockwall, Texas



This new \$100 million box making factory brings
our total American workforce to 7,300 employees.

WORLD NEWS

Japan, India Slowed in Bid to Curb China

Military ties are hobbled as Beijing builds up in the region; new focus on Sri Lanka

By DANIEL STACEY
AND ALASTAIR GALE

BAY OF BENGAL—Japan recently dispatched the largest warship it has built since World War II to a naval exercise here to signal its heightened commitment, alongside India and the U.S., to counter China's expanding ambitions in the Indian Ocean.

The problem, however, is that Japan's growing cooperation with India is moving slowly and tentatively, while China has moved by leaps and bounds in developing vital ports and facilities in other countries around the Indian Ocean in recent years.

Japan's relationship with India has become increasingly important in the effort to contain China amid uncertainty in both countries over the extent of the U.S. military's commitment to the region.

Japan, which relies heavily on seaborne trade and free sea lanes, has been beefing up its maritime defense forces and trying to forge stronger security ties with India through offers to build vital infrastructure and sell it amphibious aircraft and other military equipment.

Japanese officials have expressed growing concern that tensions in the South and East China Seas could spread to the Indian Ocean, jeopardizing the country's important trade links with fast-growing nations in Africa, as well as with Middle Eastern countries that supply Japan with around 90% of its crude-oil needs.

But cooperating with India has proved incremental and challenging. This month, the U.S., Japan and India held their annual Malabar joint naval exercises, involving subs, destroyers and jet fighters. Hailed

as one the effort's most celebrated achievements was the successful sale and transfer of small amounts of fuel by the Indian navy to a Japanese ship.

The fuel sale was a "very historic event" that demonstrated increased trust between the countries, said Rear Adm. Yoshihiro Goka, Japan's commander for the exercises, speaking with The Wall Street Journal aboard the USS Nimitz.

U.S. officials said they also purchased fuel from India's navy, the first use of a logistics-sharing agreement signed last August with India that marked a major shift away from India's decades of military neutrality toward the U.S.

"We are increasingly operating at further ranges from our own shores, and our integral logistics are quite stretched," said Rear Adm. Biswajit Dasgupta, India's commander for the exercise.

India's baby steps toward a deeper and more meaningful partnership with Japan and the U.S. come as the country is being confronted by China's rapid progress in the region.

Experts say India has long believed its vast land and sea borders were best left undeveloped to avoid providing useful infrastructure for potential invaders. Now, with China building highways along India's Himalayan border and constructing ports in neighboring countries, India is facing the reality that it needs to spend heavily to keep up.

Key strategic sites in the Andaman and Nicobar Islands, an Indian archipelago at the eastern gateway to the Indian Ocean, haven't been developed, even as China has forged ahead with new ports in Pakistan and Sri Lanka.

The U.S. has been largely hamstrung in its offers to help. Indian authorities have rejected six requests by the U.S. Navy to dock ships at the Andamans in recent years, an official said, linking those rejections to China's expressions of growing



Bulking Up in The Indian Ocean

As China expands its military profile in the region, Japan is joining India and the U.S. in trying to counter it with a greater naval presence there.

■ China ■ India ■ Japan
■ United States

■ Diego Garcia Base

THE WALL STREET JOURNAL.



U.S. and Japanese ships at Chennai for joint naval exercises with India.

sponse to China's increasingly assertive role in the seas from the east coast of Africa to the Pacific. That followed a bilateral India-Japan agreement, signed in late 2015, on the transfer of defense technology.

So far, however, Japanese offers to help India develop the Andamans have stalled.

Japan has shifted some of its attentions to Sri Lanka, strategically located in the Indian Ocean midway between East Asia and Africa. Following a meeting with his Sri Lankan counterpart in April, Mr. Abe announced 1 billion yen (\$9 million) in grant aid to develop the port of Trincomalee in Sri Lanka's northeast.

Euan Graham, director of the International Security Program at the **Lowy Institute**, an Australian think tank, says Trincomalee port has "great potential" as a naval base, including for Japanese submarines, countering Chinese port access elsewhere in the island country.

Indian Weapons Programs Set Back

A number of India's critical homegrown weapons programs have stalled or been scrapped, while China has ramped up its navy.

More Chinese submarines have been spotted passing through the Malacca Straits and past the Andaman Islands into the Indian Ocean, troubling India's navy, which has relatively meager tools to track submarines.

India's planned fleet of aircraft carriers is years behind schedule and facing criticism for design shortcomings. A homegrown naval jet program was scrapped last year, and naval jets India bought from Russia have experienced engine and maintenance problems.

Border disputes with China have also forced India to invest heavily in roads and military facilities in remote regions, drawing attention and resources away from the Indian Ocean.

This month's Malabar naval exercises, an annual tradition between the U.S. and India that expanded two years ago to formally include Japan, tried to move the needle the other way. It marked the first overseas mission of Japan's newly built Izumo-class helicopter destroyer, as large as many conventional aircraft carriers.

India's Rear Adm. Biswajit Dasgupta said the three navies had become comfortable enough operating alongside each other to respond adequately "should there be a requirement to meet up at sea some day and make a response to any challenge."

"But there's no master plan as such to say 'in this area this guy will do this and that guy will do that,'" he said. "Not yet."

—Daniel Stacey
and Alastair Gale

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AWASH IN LITERATURE: People lined up on Sunday at the entrance to the International Book Fair in Hong Kong. Earlier, a typhoon alert had caused the event to temporarily close.

Seoul Law Aims for Growth

By EUN-YOUNG JEONG

SEOUL—South Korea's National Assembly passed a nearly \$10 billion supplementary budget on Saturday after a contentious week of legislative debate, approving a key component of the new left-leaning president's plan to boost Asia's fourth-largest economy through public-sector hiring.

South Korean President Moon Jae-in, who took office in May after his predecessor was forced from office in March, has pledged to create 810,000 new public-sector jobs over his five-year term.

Saturday's agreement will provide budget support for 2,575 public-sector positions, including police and airport personnel.

The approval of the supplementary budget comes as South Korea faces slowing growth at its large conglomerates, an economic standoff with its biggest trading partner China, a declining population and growing concerns over U.S. trade protectionism.

Domestically, South Korea is tackling challenges from youth unemployment, an issue Mr. Moon has said could become a "national disaster" unless urgently addressed.

Half the country's roughly 1 million unemployed workers are between 15 and 29 years old.

The extra budget will ensure the creation of more quality jobs and improve employment, a spokesman for the presidential Blue House said.

The plenary session to pass the bill came to a standstill early Saturday after members of the conservative opposition party walked out, depriving the legislature of a quorum. The bill was ultimately passed just before noon with 140 votes in favor, 31 against and eight abstentions.

WORLD NEWS

Mexico Pushes for More Trade With U.S.

Economy minister says such a move could help imbalance amid Nafta uncertainty

BY SANTIAGO PÉREZ

MEXICO CITY—Mexican authorities are willing to discuss ways for the U.S. to reduce its trade deficits under the North American Free Trade Agreement as long as they don't threaten to curb Mexico's ability to export, the country's economy minister said.

The Trump administration made no mention of tariffs or other trade barriers when it set out its objectives for renegotiating Nafta. But topping the wish list was cutting U.S. trade deficits with Mexico and Canada, an approach that has been criticized on grounds that trade policy isn't the cause of the deficits.

"I'm not going to go and argue about whether it's right or wrong to define trade deficits as a goal, that's not my role in the U.S.," Mexico's Economy Minister Ildefonso Guajardo said in an interview.

"We don't rule out the possibility of reviewing the trade balance among the partners of North America as long as any solution we propose is through expanded trade, not restrictions on trade," he added.

Mexico's recent opening of its energy industry to foreign investment is a case in point, the U.S.-trained economist said. Pipelines are being built across the U.S.-Mexico border and Mexico is buying increasing amounts of U.S. natural gas. Foreign oil firms arriving in Mexico will need to buy imported equipment.

Carla Hills, the former U.S.



ASSOCIATED PRESS

Crates of U.S.-made parts were prepared for shipment to Mexico in early June at Freight Dispatch Service Agency in Pharr, Texas.

trade representative who signed the original Nafta in the mid-1990s, said the broad U.S. objectives to update the treaty were reasonable. "I have a trade deficit with my grocer, and a surplus with my company, which pays me," Ms. Hills said. "I'd like to keep it that way."

John Melle, the assistant U.S. trade representative for the Western Hemisphere who will serve as chief negotiator for the Nafta talks, will have to balance the economics and politics involved in trade deals.

The U.S. had a \$63 billion deficit with Mexico in goods trade last year. But the services sector, where Mexico

runs a \$10 billion deficit, must also be considered, Mr. Guajardo said.

Adding e-commerce and energy provisions to the pact could help the U.S. narrow its trade gap, Mr. Guajardo added. Their inclusion, along with an update to intellectual-property rules, could bolster U.S. private-sector support for the Trump administration's efforts to overhaul Nafta, said Jaime Zabludovsky, a member of the Mexican team that negotiated the original trade deal.

Concerns that renegotiation could hurt Mexico's export-dependent industries have eased in recent months, helping the

peso reach a 14-month high against the U.S. dollar, as bilateral relations have warmed after a rocky start under the Trump administration.

A compromise agreement in June on Mexican sugar exports to the U.S. showed the two sides understand Nafta's complexity and commercial dynamics, Mr. Guajardo said.

"It was the first agreement that the Trump administration closed with a foreign government regarding a conflict over trade practices," he said.

Mexico's private sector has been lobbying U.S. policy makers to convince them of the benefits of Nafta, seeking sup-

port among U.S. governors, lawmakers and mayors, particularly in states that rely on trade with Mexico.

"We have made progress in countering some points of the protectionist rhetoric, but we have to be on guard," said Moisés Kalach, a businessman who leads the effort. He put together a team of some 50 experts to prepare possible responses to different scenarios the U.S. might pursue.

Mexico is open to reviewing rules of origin, which determine how much content of goods has to come from within the region to enjoy tariff-free benefits of the pact, Mr. Guajardo said. But revising rules of origin for thousands of products is detailed work.

The timing of the talks—which officials on both sides hope to complete by year-end—is a challenge, with Mexico holding presidential elections and the U.S. midterm elections next year.

A bone of contention could be the U.S. goal of eliminating Chapter 19 of Nafta, a mechanism for challenging anti-dumping duties imposed by governments to protect domestic industries or sectors.

—Juan Montes and Robbie Whelan contributed to this article.

WORLD WATCH

PHILIPPINES

Martial Law Set to Continue on Island

The Philippine Congress overwhelmingly approved the president's appeal for martial law in the southern island of Mindanao to be extended to the end of the year, a boost to the offensive aimed at quelling a two-month siege by Islamic State-linked militants. Senators and House members voted 261-18 on Saturday in favor of granting President Rodrigo Duterte's request.

The military chief of staff warned during the session that aside from the siege in the city of Marawi, extremists could stage similar attacks in other southern cities. Since the Marawi fighting began May 23, more than 500 people have been killed and half a million residents have been displaced.

—Associated Press

VENEZUELA

President Promises Vote Will Go Ahead

Defying pressure from abroad and at home, President Nicolás Maduro said Sunday that a controversial election would be held next weekend for a new congress his opponents fear will institutionalize dictatorship.

"The imperial right wing believes it can give orders to Venezuela, the only ones who give orders here are the people," Mr. Maduro said in reference to a threat from President Donald Trump to impose economic sanctions if the vote isn't aborted.

Opponents are boycotting the Constituent Assembly vote, which they see as designed to ensure a majority for a government with minority popular support, and demanding conventional free elections.

—Reuters

WANDA

Continued from Page One
unease with their high leverage and rising influence. The measures serve as a warning to other big companies that loaded up on debt to buy overseas assets, officials and analysts said.

Targeted along with Wanda are HNA Group Co., Anbang Insurance Group and Fosun International Ltd.—all of which had reputations for well-cultivated political ties.

"It feels like an avalanche," said Jingzhou Tao, a lawyer at Dechert LLP in Beijing who does mergers and acquisitions work. "This is sending a shock wave through the business community."

Since 2015, the four companies completed a combined \$55 billion in overseas acquisitions—or 18% of Chinese companies' total. In recent days, Wanda's billionaire founder, Wang Jianlin, has been shrinking his empire by selling assets and paying back the company's bank loans.

Mr. Xi acted after China's cabinet set the government machinery in gear by directing financial regulators, the economic planning agency and other bureaucracies to take a hard look at foreign acquisitions, once seen as a means for China to show off its economic might, these people said.

Chinese banking regulators last month ordered banks to scrutinize loans to Anbang and other highfliers, including airlines-and-hotels conglomerate HNA Group, which has pulled back from overseas investments.

Officials at Wanda and at Anbang declined to comment. HNA said in a statement it continued to take a "disciplined approach" to identifying "strategic acquisitions across our core areas of focus."

Officials at Fosun said the firm has "overseas funds and other stable financing channels," including a fund of around \$1 billion to invest, but

emphasized it "fully respects the government regulations both in China and overseas markets." Fosun has a listed unit in Hong Kong, and its strategy to invest in health care and technology "adheres to China's global investment strategy," said a spokesman, Chen Bo.

Some believe China's private companies will have trouble getting capital in the future, which would help transfer financial clout further in favor of big state-owned enterprises.

Beijing's sterner line comes as big private businesses and others have been amassing capital and influence that challenge the authoritarian Chinese leadership's firm hold on the economy.

Its grip has been tested over a bumpy few years. After a 2015 stock-market meltdown and a botched government rescue, a gush of money flowed out of the country looking for better returns. That in turn put pressure on China's tightly controlled yuan and foreign-

exchange reserves, both seen by Beijing as barometers of confidence in the economy.

The latest scrutiny is a watershed moment in the Communist government's relations with a private sector it has never been comfortable with. Though some senior leaders, particularly Premier Li Keqiang, are urging a new culture of startups and small businesses, Mr. Xi has promoted plans to make already large state enterprises larger and strengthen their sway over the economy.

Chinese companies completed \$187 billion in outbound deals last year, according to Dealogic, as private firms

snapped up trophy properties, soccer clubs and hotels, while Chinese with means bought homes and pushed up real-estate prices from Texas to Sydney, Australia.

The private sector's share of overseas spending shot up from barely above zero about a decade ago to nearly half of China's total overseas investments in 2016, before slipping back to 36.9% in the first half of 2017, according to Derek Scissors, a China expert at the American Enterprise Institute.

Amid the rush of investments, Beijing burned through nearly a trillion dollars in foreign-exchange reserves trying to steady the yuan. That ultimately led government regulators to control money leaving the country and to scrutinize all proposed major offshore investments.

"Those companies have borrowed a lot to fund their deals overseas, and that means risks to Chinese banks if the deals go bad," a Chinese official involved in policy-making said.

The official said China is acutely aware that as Japan rose to economic prominence in the 1980s, its companies splurged on American real estate and other trophy assets, resulting in losses that cascaded through Japan's banking sector.

Mr. Tao, the Beijing lawyer,

said the government's new aggressive posture is driven in large measure by a need for control.

"State-owned assets, whether in China or abroad, are still state assets," he said.

"But when private entrepreneurs take their money out, it's gone. It's no longer something that China can benefit from or the Chinese government can get a handle on."

Not all cross-border investment is out of favor. Beijing wants companies to support initiatives such as Mr. Xi's signature "One Belt, One Road"

initiative, which is intended to

draw China's neighbors into Beijing's economic orbit through transit hubs and industrial parks. Investments are being approved for industrial robots and other advanced technologies to facilitate the country's ambition to move up the value chain.

An early sign of government discomfort with overseas spending was Anbang's unsuccessful \$14 billion bid for Starwood Hotels & Resorts Worldwide Inc. in 2016. Authorities expressed displeasure with the bold move, believing that Anbang had offered too much, according to a person with knowledge of the situation.

Anbang, which had ap-

peared unstoppable in 2014 when it struck a \$2 billion deal to buy the U.S. Waldorf Astoria hotel, fell deeper in trouble.

This past June, special government investigators looking into alleged economic crimes detained Anbang's chairman, Wu Xiaohui, who hasn't ap-

peared in public since. Anbang has said Mr. Wu couldn't per-

form his duties at the company due to personal reasons.

In the case of Wanda, regu-

lators acted in the belief the company overpaid in efforts to expand beyond shopping centers and hotels and into enter-

tainment, according to the people with knowledge of the action.

Its largest such acquisition

was of Legendary Entertain-

ment, the Hollywood producer and financier behind films including "Jurassic World" and "The Dark Knight." Wanda spent \$3.5 billion to buy Legendary in 2016; In Hollywood, industry insiders widely believed the company paid too much. Legendary said this week that it is well-capitalized, operating normally and able to fund its film and television productions.

—Wayne Ma, Grace Zhu

and Liyan Qi

contributed to this article.

THE WALL STREET JOURNAL.

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China's Shopping Spree

Chinese private companies have bid for a variety of foreign assets, including movie theaters and soccer clubs.

Buyer	Target	Industry	Year*	Deal value
Anbang	Starwood Hotels	Hospitality	2016	\$14 billion**
HNA Group	Hilton Worldwide [†]	Hospitality	2016	6.5
Wanda	Legendary	Entertainment	2016	3.5
Anbang	Waldorf Astoria	Hospitality	2014	2.0
Rossoneri Sport Investment	AC Milan Soccer	Sports	2016	0.8

*Date of deal announcement **Anbang later dropped its bid. [†]For a 25% stake

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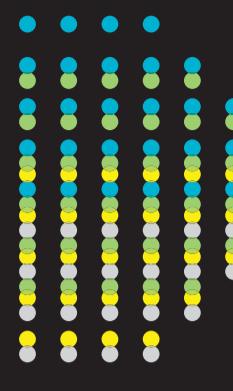
Former Governor Is Ordered to Trial

Mexican prosecutors say an ex-governor accused of corruption and other crimes has been ordered to stand trial. A judge ruled that Javier Duarte be tried on charges of organized crime and money laundering, the Attorney General's Office said Saturday.

Mr. Duarte fled to Guatemala after resigning as governor of the state of Veracruz. He was extradited to Mexico last week. Prosecutors allege Mr. Duarte embezzled millions of dollars and used much of the money to buy properties. He and his lawyers have called the charges baseless and politically motivated.

The case is sensitive for Mexico's ruling Institutional Revolutionary Party, which is trying to clean up its image before next year's presidential vote.

—Associated Press



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IN DEPTH

DRUGS

Continued from Page One

More than a dozen cities and counties are suing, in addition to the four states, assisted by outside attorneys who include Paul Hanly Jr. of Alton, Ill.-based Simmons Hanly Conroy LLC and Linda Singer and Joe Rice of Motley Rice LLC, based in Mount Pleasant, S.C.

Like Mr. Moore, Mr. Rice has strong ties to the tobacco litigation, having been outside counsel to two dozen states and a lead negotiator in the settlement talks. Mr. Rice said he expects attorneys helping with opioid litigation to stay in close touch with each other, just as in the tobacco suits. In many cases they stand to win up to 25% of settlements or judgments.

Government bodies' use of outside lawyers to sue for damages is criticized by the suits' targets and by some conservative voices in the legal profession, who say the states are improperly outsourcing law-enforcement powers to firms that have a profit motive.

Court challenge

In New Hampshire, where the state hired an outside law firm to help investigate opioid marketing and potentially pursue litigation, the targeted companies filed a court challenge to the firm's involvement, saying the contingent-fee arrangement "tainted" the investigation. The state's supreme court last month rejected that challenge, allowing the law firm to keep working.

Attorneys general who use outside lawyers say a contingent-fee arrangement can help them pursue worthwhile litigation they haven't the resources to mount alone. In most such arrangements, outside law firms bear the cost of the litigation and are paid only if it succeeds.

More than 300,000 Americans have died of opioid overdoses since the late 1990s, according to the Centers for Disease Control and Prevention. Many public-health officials maintain that aggressive pharmaceutical-company marketing and lax prescribing helped cause addiction that for many people progressed to heroin and other illicit drugs.

Drug companies targeted by the state, city and county suits include Purdue Pharma L.P., Johnson & Johnson, Teva Pharmaceutical Industries Ltd., Allergan PLC and the Endo Health Solutions unit of Endo International PLC.

Asked by the Journal about the suits, Johnson & Johnson and Purdue denied the allegations. Both companies, as well as Allergan and Teva, said they are committed to the appropriate use of opioids. Endo declined to comment.

Ten years ago an affiliate of Purdue Pharma called the Purdue Frederick Co. and three of its executives pleaded guilty in federal court to criminal charges of misleading the public about the addictive qualities of Purdue's painkiller OxyContin. Purdue Frederick and the executives agreed to pay \$634.5 million in government penalties and costs to settle civil litigation.

The Mike Moore Law Firm of Flowood, Miss., is one of six retained by Ohio to work on an opioid civil suit that state filed



Mike Moore, right center, met with other lawyers in Florida in June to discuss ways to help cities and states sue opioid makers.

After talking to physicians, he said he became convinced drugmakers were soft-pedaling the addiction risk.

In December 2015 Mr. Hood filed a suit that was drafted largely by Davidson Bowie PLLC, a Flowood, Miss., law firm run by a friend of Mr. Moore, John Davidson. The law firm's agreement with the state entitles the firm to fees similar to those in Ohio but with no maximum.

Mr. Moore is consulting on the case. He said he had no agreement specifying how he would be paid. It "doesn't concern me," he said.

Mr. Moore donated \$13,500 to Hood campaigns between 2008 and 2016, state campaign-finance records show.

Push to sue

Mr. Moore sought to persuade other states to sue, including Ohio. There the attorney general is Mike DeWine, a former Republican senator. Mr. Moore knew from the tobacco-litigation days.

Mr. Moore and Mr. Woods flew to Ohio to talk to him. According to Mr. Moore, Mr. DeWine said he would get in touch if and when he was ready to move. Ohio filed an opioid-maker lawsuit on May 31.

Mr. DeWine said opioid addiction has sparked a huge public-health crisis in Ohio. Drug companies "helped create the problem, they misled people, and they need to be part of the solution," he said.

Mr. Moore described Ohio's lawsuit as a "clarion call to others that it was safe to jump in the water—Republicans, everyone."

At the meeting in Grayton Beach, he said he was considering ways to bring suits against pharmaceutical distributors, too. Some states and counties have already targeted them for allegedly failing to control painkiller distribution.

Earlier this year, two distributors, Cardinal Health and AmerisourceBergen, agreed to pay West Virginia a total of \$36 million to settle the state's litigation alleging they didn't adequately control distribution of prescription drugs including painkillers. Cardinal Health denied the allegations. AmerisourceBergen said it was working to "support appropriate access to medications."

Mr. Moore said he is in touch with addiction-treatment experts to find out what they need to extend treatment to more people. The model for a settlement, Mr. Moore said, "has got to be all the company officials, the treatment community, everyone sitting around a table."

The tobacco settlement was hastened across the finish line in part because industry whistleblowers stepped forward to say companies weren't being truthful about nicotine's addictive nature. The deposition of one such person, former Brown & Williamson Tobacco Corp. research chief Jeffrey Wigand, helped bolster Mississippi's case. Mr. Moore played himself in the 1999 tobacco-litigation movie "The Insider," re-creating scenes where he shuttled Mr. Wigand to court.

Asked whether any whistleblowers have surfaced to aid the opioid cases, Mr. Moore was cryptic. "There are some marketers and advertisers who have been helpful to us," he answered. "That's enough said."

in May. The firms are entitled to 25% of any settlement or judgment up to \$10 million and smaller shares of amounts above that, to a maximum fee of \$50 million, according to their contract with the state.

Mr. Moore said he isn't pursuing the opioid litigation as "a money grab." He said he is spending a lot of time advising on cases in which he has no financial stake because he wants to share his expertise to bring about a resolution. A young relative's struggles with addiction also motivated him, he said.

"I want there to be a huge amount of resources available for treatment, and I want the industry to change its practices," he said.

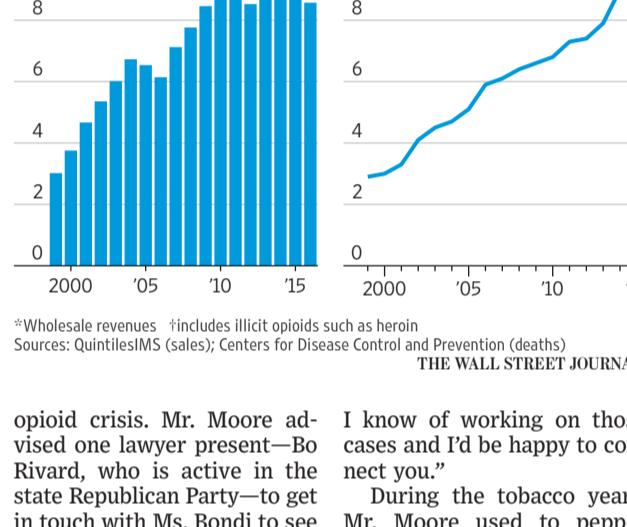
There is money to be had. Opioid painkillers are a \$9 billion-a-year market in the U.S., and pharmaceutical companies have earned many billions from their sale.

Mr. Moore has been crisscrossing the country to meet with what he calls a coalition of two dozen lawyers to coordinate arguments and work with government lawyers. He has been reaching out to some state attorneys general and fielding calls from others.

On a recent morning, he convened a meeting with five other lawyers in Grayton

Deadly Problem

As prescription opioid sales have increased, so have opioid-related deaths.



*Wholesale revenues †includes illicit opioids such as heroin
Sources: QuintilesIMS (sales); Centers for Disease Control and Prevention (deaths)

THE WALL STREET JOURNAL.

opioid crisis. Mr. Moore advised one lawyer present—Bo Rivard, who is active in the state Republican Party—to get in touch with Ms. Bondi to see if there were ways the commission could help work toward a settlement with drugmakers or ways the lawyers could help the commission.

"If you could talk with Pam Bondi about it, I'll call Roy Cooper," Mr. Moore said, referring to North Carolina's governor, who is also on the Trump commission.

Mr. Cooper's spokesman said the governor did speak with Mr. Moore about "strategies to address the opioid crisis" but they didn't discuss litigation. Ms. Bondi's office didn't respond to a request for comment.

During the Grayton Beach meeting, Mr. Moore's phone rang. "Hmmm, Mobile, Alabama," he said, glancing at the number, one he didn't recognize. He answered anyway, eliciting chuckles. "Mike always answers his phone," said JoJo Tann, who grew up playing baseball with Mr. Moore's son.

The caller wanted advice on filing personal-injury suits on behalf of people who became addicted. Mr. Moore listened patiently and then said, "The other thing I'd look at is opioid-addicted babies. In your town, in Mobile, there are probably hundreds, and people really care about it."

He added, "There are people

I know of working on those cases and I'd be happy to connect you."

During the tobacco years, Mr. Moore used to pepper other attorneys general with calls and visits to prod them to sue cigarette makers, said Grant Woods, an Arizonan who was the first Republican state attorney general to file such a suit. Now his firm, Grant Woods Law, is among the six helping Ohio with drug-firm litigation.

Scott Harshbarger, a former Democratic attorney general of Massachusetts, remembers Mr. Moore urging him to sue the tobacco industry. Once he did, he said, Mr. Moore pressed for a meeting—during Mr. Harshbarger's vacation—to discuss initial signs of a settlement.

Mr. Moore says he wore a suit and tie to it; Mr. Harshbarger wore shorts.

"Mike was a real pioneer—he was very convincing," said Mr. Harshbarger, who is now at the Boston firm Casner & Edwards and isn't involved in opioid litigation.

Mr. Moore had gained national attention in 1994 when, as the Democratic attorney general of Mississippi, he filed the first state suit against cigarette makers. He helped popularize states' use of outside counsel, a practice whose critics included the Republican governor of his own state at the time, the late Kirk Fordice. Mr. Fordice called it a gravy

train for lawyers.

Among outside lawyers Mr. Moore hired was a law-school classmate and friend of his, Richard Scruggs, who went on to represent 30 states against tobacco companies, earning his law firm fees Mr. Scruggs estimated at \$1.2 billion.

Mr. Scruggs, who a decade later was imprisoned for conspiring to bribe a judge in a matter unrelated to tobacco, said the tobacco litigation was a risky undertaking, as previous plaintiffs had had little luck suing the industry. It was "really high-risk but high-reward litigation," he said.

Mississippi ultimately received a \$4.1 billion settlement from the cigarette industry. Mr. Moore said he hadn't agreed to let the outside lawyers have a share of any settlement, and they ended up being paid separately by the tobacco companies.

Mr. Moore left the attorney general post in 2004. He got involved in opioid-painkiller litigation soon after, he said, when Simmons Hanly Conroy hired him to help with its cases against OxyContin maker Purdue Pharma. The 5,000 Simmons Hanly clients said they had become addicted after taking the medicine as prescribed. They settled with Purdue for \$75 million in 2007, according to the law firm, around the same time Purdue's affiliate and the three executives pleaded guilty to criminal charges.

Mr. Moore said his experience with the law firm's opioid cases prompted him to push Mississippi to consider litigation.

His successor as Mississippi attorney general, Jim Hood, remembers Mr. Moore bringing up the topic when they were at a law-enforcement conference in 2007. They listened to a talk addressing Rush Limbaugh's painkiller addiction, which the conservative radio host had said he developed after taking the pills for pain following back surgery. Mr. Hood recalls Mr. Moore saying, "Man, this is just going to be a huge epidemic," and suggesting the state consider litigation.

Mr. Hood said that at first he couldn't understand how "you sue someone for something that is FDA-approved."

the past three years. It offers a vasectomy package that includes a Utah Jazz basketball ticket giveaway, goody bags and basketball-shaped ice packs. This year, its surgeons performed more than three times as many vasectomies in March compared with the average number done in the other months through May, according to the health center's internal marketing data.

A U.S. survey by the Centers for Disease Control and Prevention found most women who rely on vasectomies for birth control have as many children as they or their partner want. A vasectomy is faster, safer and less expensive than a common sterilization procedure for women called tubal ligation, according to the American Urological Association.

Megan Gerald saw the fancy setup at Obsidian Men's Health when she joined her 38-year-old fiancé, lawyer David Dischley, for his appointment.

"I gave birth to two children, and this is so easy," said Ms. Gerald, 32, a wedding photographer from Centreville, Va. "It's not fair!"

PARTY

Continued from Page One

urologist who snipped Messrs. Ferretti and Lopez. Leather sofas, TVs and wood paneling at Dr. Geib's Obsidian Men's Health in Tysons Corner, Va., help put patients at ease, he said.

Urologist Paul Turek, who has clinics in Beverly Hills, Calif., and San Francisco, said group vasectomies are a growing trend. When a group arrives, he closes the office to accommodate the men comfortably.

A limousine recently delivered a group of biotech employees from the same firm, he said. With jazz playing in the background, "I move like the wind," Dr. Turek said, finishing each man after a song or two, about eight minutes.

Vasectomies are considered a permanent form of birth control, although they can be reversed. Dr. Turek said his patients include fathers as well as single men who freeze their sperm before their vasectomy



Friends Jeb Lopez, left, and Rob Ferretti in a recovery room at Obsidian Men's Health in Tysons Corner, Va., where the two went for vasectomies together—and also enjoyed booze and steaks.



ROB FERRETTI (PHOTOS)

Friends Jeb Lopez, left, and Rob Ferretti in a recovery room at Obsidian Men's Health in Tysons Corner, Va., where the two went for vasectomies together—and also enjoyed booze and steaks.

to retain "ownership over contraception."

Having vasectomies together provides comfort in numbers, Dr. Turek said. One group, friends since college, had vasectomies together, and they "took fewer pain pills, felt better faster and returned to work earlier than the average, go-it-alone-out-on-the-plank, tubed patient," he wrote on his blog last year.

Urologist Ernest Sussman, of Las Vegas Vasectomy in Nevada, said pairs of men arrive

together for the procedure a few times a year, usually visitors attending business conferences or watching sporting events together.

"It's almost like a fraternity mentality, where one guy says they may do it," Dr. Sussman said, piquing the interest of "the other guys who've been contemplating it. All of a sudden they have the energy or courage."

Messrs. Ferretti and Lopez got good and relaxed before their recent procedure, accord-

ing to their video of the afternoon posted on YouTube.

After the short operation, the two friends retired to the recovery room in bathrobes and slippers, where they ordered a steak dinner and relaxed for a couple of hours watching TV and "laughing it up," said Mr. Ferretti, who lives in Englewood, N.J.

Doctors allow patients to go home the same day, although they can't drive themselves if they have taken strong pain pills or alcohol.

Doctors allow patients to go home the same day, although they can't drive themselves if they have taken strong pain pills or alcohol.

Other clinics advertise on radio and social media that the benefits of vasectomies reach beyond family planning. The pitch: Doctor's orders are a perfect excuse to watch the NCAA basketball tournament in its entirety.

"Ready for some wife-approved couch time? Have your vasectomy on a Thursday or Friday. Then you can recover over the weekend while watching some great games!" said a Urology of Indiana advertisement ahead of this year's March Madness.

Ads by the practice, based in Greenwood, Ind., seem to work, said Chief Operations Officer Charles Dotson, who saw a surge in March business.

"This a procedure that's going to require them to be down for a couple of days, limited mobility, they're going to probably be doing that anyway if they're watching basketball all weekend, it just becomes an easy conversation to have with the other half," Mr. Dotson said.

The University of Utah Health in Salt Lake City has run March Madness promotions for

GREATER NEW YORK

Split on Constitutional Convention

Unusual alliances form ahead of fall vote over holding a referendum; occurs every 20 years

By MIKE VILENSKY

Activists are facing off with New York's political establishment in a fight over holding the state's first constitutional convention in 50 years.

In November, New Yorkers will vote on whether to hold the convention. At such an event, specially elected delegates from the state's legislative districts can propose amendments to New York's constitution.

Those favoring a "yes" vote include a coalition of conservatives and liberals who say they are frustrated with the status quo and want to bypass the governor and state Legislature to make changes.

The proponents are hoping the grass-roots activism and calls for radical change that buoyed presidential candidates Bernie Sanders and Donald Trump in the 2016 election could carry over into the referendum.

On the other side, the governor, legislative leaders, New

York City's mayor and other skeptics have suggested it could be a waste of time or money.

Backing "no" campaigns is also a coalition of some of the state's most influential groups, including Planned Parenthood, the United Federation of Teachers and the Rifle and Pistol Association.

J.H. Snider, an expert on state constitutional conventions who is editing the New York State Constitutional Convention Clearinghouse, said lawmakers and the groups that work with them have an incentive to oppose the event.

"It's a legislative bypass that takes away their gatekeeping powers," Mr. Snider said. "Any interest group that has invested heavily in a legislature and has a track record of success is going to view this as a Pandora's box."

By state law, New York puts a convention up for referendum every two decades. If "yes" wins, delegates would be elected next year and the event held in 2019. Amendments to the constitution would be codified only if they win another referendum.

At New York's last referendum for a constitutional convention, in 1997, the issue was



New York state's last constitutional convention took place in 1967.

voted down. The state last held a constitutional convention in 1967, but none of its amendments were passed by voters in the later referendum.

In struggling upstate areas, a push to divide the state into two autonomous regions through a constitutional amendment is gaining steam among conservatives. Its backers say the policies that work for New York City have hurt upstate New York, and splitting the two would solve the problem.

"What do you have to lose?" said Carl Paladino, an upstate Tea Party conservative who

backs the convention. "Things can't get any worse."

Downstate, liberal activists are pushing a variety of issues, including some that take aim at lawmakers, such as imposing term limits and campaign-finance restrictions.

"Most of the opposition is coming from groups for whom the current system is working," said Evan Davis, a New York City attorney backing the convention. "But for most people, state government is not going swimmingly."

Politicians, unions and others wary of the convention have expressed several concerns.

Money Is Flowing Into Both Sides

Small donors and some wealthy activists have begun giving to "yes" campaign committees, while unions and other organizations are funding "no" campaigns.

A fundraising campaign for a "no" vote on the constitutional convention, New Yorkers Against Corruption, recently received \$50,000 from teachers union NYSUT and \$250,000 from health-care union SEIU 1199, state campaign-finance records show.

The group has raised some

\$635,300 overall. "Our coalition is robust and diverse," a spokesman said.

A competing fundraising group for a "yes" vote, Committee for a Constitutional Convention, has raised some \$67,000, mostly from individual donors giving small amounts.

Separately, liberal donor Bill Samuels has given more than \$100,000 to "yes" campaigns.

New Yorkers are still learning about the issue. In a Siena College poll this month, 67% of voters said they know nothing about it.

—Mike Vilensky

Drea Stewart-Cousins, a Yonkers Democrat, said "corporate interests" could take over the convention. "While the intent of one may be good, the reality is much different," she said.

Bertha Lewis, the former chief executive of organizing group Acorn and a longtime liberal activist, is campaigning to hold the convention.

She said "yes" activists, which span the ideological and geographical spectrum, are "strange bedfellows," but their alliance would end if a convention came to be. "Let's have a fair fight," she said. "But first, 'yes' has to win."

Soft-Rock Star Adjusts His Pitch for a Musical

By CHARLES PASSY

Rock stars haven't always found success in the theatrical world. Just ask Paul Simon or Sting, whose Broadway musicals were both flops at the box office.

But Graham Russell, one of the founders of the platinum-selling soft-rock duo Air Supply, thinks he might have an edge as he prepares to launch his first show, "A Wall Apart." He has a dramatic background, having appeared in a production of the rock opera "Jesus Christ Superstar" that played Australia and New Zealand in the '70s.

"I've always loved theater," said Mr. Russell, speaking during a recent break in prepping "A Wall Apart" at a Manhattan rehearsal space. The show, one of the highlights of the 14th annual New York Musical Festival, opens Tuesday at the Acorn Theatre at Theatre Row in Midtown Manhattan for a five-day run.

Not that the English-born Mr. Russell, who is 67 years old, will be on stage: His role is strictly as composer and lyricist. But either way, he feels his show has a powerful and relevant story to tell.

"A Wall Apart" is about three brothers living between East and West Berlin during the Berlin Wall era of the '60s through the '80s. The idea for the show came well before President Donald Trump's talk of a border wall separating Mexico and the U.S., so Mr. Russell doesn't claim that was part of the inspiration.

But now that the musical is being readied for its debut, the timeliness is hard to ignore, say those involved with the production. "The story feels incredibly resonant right now," said NYMF Producing Artistic Director Rachel Sussman.

The back story behind "A Wall Apart" is also quite the tale, one that involves creative types well beyond the New York theater community.

Sam Goldstein, a neuropsy-

chologist with a second career as a screenwriter, largely spearheaded the development of the show. With his writing partner Craig Clyde, he had been looking to create the book for a musical about a historical event. As he said, "No. 1 on my list was the Berlin Wall."

What led him to Mr. Russell? The two knew each other through a musical connection—Mr. Goldstein has also played in rock bands—and they both live in Utah. An artistic partnership soon evolved, with work on the musical starting in 2015.

Mr. Russell says the songs came quickly to him during the show's gestation, adding that he especially liked the fact the musical allowed him to step out of his musical comfort zone.

"I found it very exciting to write grungy, raw guitar-driven songs," he said. "Air Supply couldn't do that."

'I found it very exciting to write grungy, raw guitar-driven songs.'

The goal is to eventually take "A Wall Apart," which was developed in partnership with New York Rep, a theater company in the city, to a bigger stage, with Broadway remaining a goal. Mr. Goldstein says about \$200,000 has been invested in the show to date, though he declined to reveal who is putting up the money.

In the meantime, Mr. Russell is featuring some songs from the show at Air Supply concerts, which means "A Wall Apart" might already be finding a sizable audience. The rock group does about 130 dates a year.

Mr. Russell adds that he isn't quite ready to give up his day job, despite his renewed footing in the musical-theater world.

"Performers love to perform," he said.



Graham Russell, a founding member of the group Air Supply, rehearses with the cast of the new musical 'A Wall Apart.'

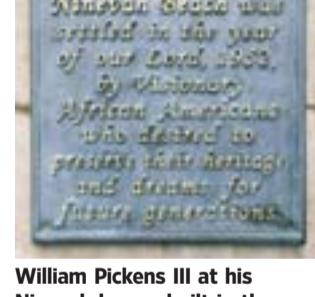
New Homes Worry Hamptons Enclave

By LESLIE BRODY

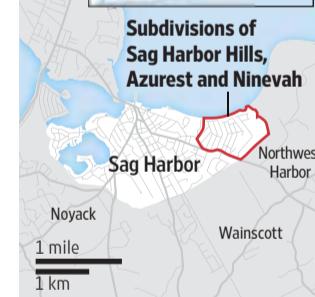
SAG HARBOR, N.Y.—As Renée Simons drives through a patch of the Hamptons that has drawn black families for generations, she points with pride at modest homes that once hosted such luminaries as singer Lena Horne and poet Langston Hughes.

But Ms. Simons shakes her head when she sees construction equipment. Some homeowners in this section of town have cashed in, selling their properties to investors who have torn down older structures to put up multimillion-dollar luxury homes, and more are under way. Like many residents, Ms. Simons worries the community spirit in this traditionally black summer retreat is threatened by development as real-estate prices soar.

Ms. Simons is leading a group hoping to persuade state officials to designate the woodsy haven a historic landmark, to honor its cultural leg-



William Pickens III at his Ninevah house, built in the 1970s. A plaque, above, marks the history of the area.



Source: Village of Sag Harbor
THE WALL STREET JOURNAL

acy and protect its old-fashioned feel.

"If we don't say anything we'll lose the essence of this neighborhood," she says. "Children won't remember what it took to be here."

The area became a magnet after World War II, when discrimination barred African-Americans from getting mort-

gages and enjoying beaches elsewhere. It is among a handful of similar waterfront resorts, such as Oak Bluffs in Martha's Vineyard, Mass., and Highland Beach, Md.

Sag Harbor, a former whaling village, was suffering economically in the late 1940s, when a landowner sold a swath of unused land to two

African-American sisters. They recruited buyers for lots for about \$1,000 or less. Word-of-mouth drew others looking for a carefree respite from racial tensions.

Now roughly 300 houses make up three subdivisions called Sag Harbor Hills, Azurest and Ninevah. Some residents hope a landmark designation of those neighborhoods will push village officials to add teeth to restrictions on development and bar new homes that some see as out of scale.

"We're not interested in megamansions, we're interested in family life, enduring friendships and connections," said William Pickens III, a former management consultant whose grandfather was an early organizer of the NAACP. "There are over 5,000 miles of beachfront in America," he said, "and we have this little slice."

At 80 years old, Mr. Pickens

Please turn to page A10B

Mayor Pushes Back Against Governor on Subway Troubles

By MIKE VILENSKY

New York City Mayor Bill de Blasio fired back Sunday at state and transit officials who have been trying to pin the subway's problems on him.

"The state of New York is responsible for making sure our subways run, period," Mr. de Blasio said.

Gov. Andrew Cuomo and Metropolitan Transportation Authority chief Joseph Lhota have spent the past several days suggesting subways are the city's responsibility and the city should be paying more.

Mr. de Blasio begged to differ, saying the MTA has spent its money on projects unre-

lated to the subways at the state's direction, and left other funds languishing.

"The state of New York has used the MTA as a piggy bank," he said. "They need to spend the money on what matters."

Mr. Lhota late Sunday said the mayor's comments were "completely disingenuous" knowing that the MTA is set to present its 30-day overhaul plan this week. We know we have a problem and our job now is to fix it."

The finger-pointing marks the latest issue in a yearslong feud between Messrs. Cuomo and de Blasio, both Democrats.

Despite recently appearing together at an event criticizing

a Republican federal health-insurance bill, animosity between the governor and the mayor over the transit system is running high.

The governor has more sway than the mayor over the MTA's budgeting, leadership and other personnel, and Mr. Cuomo has directed the agency to fund and finish a number of his pet projects, like the Second Avenue subway.

But amid a recent rash of subway delays and derailments, and growing crowds underground, the governor has tagged the mayor with the problems. "It's the city's legal obligation to be funding it," Mr. Cuomo said last week.

The mayor office also distributed a "fact sheet" Sunday showing that the city already pays more than two-thirds of the MTA's \$15 billion operating budget through taxes, fares, and other means.

Recent polls show more New Yorkers hold the governor accountable for the MTA, but they want a bigger investment in the subways from both the state and the city.

Mr. de Blasio is up for reelection in November and is the front-runner to win. He rode the train Sunday from his former neighborhood in Park Slope to his new campaign headquarters in downtown Brooklyn.

GREATER NEW YORK



SoHo was among the busiest Manhattan neighborhoods for retail lease deals in the second quarter, with 13 signed, according to CBRE.

Retailers Shop for Deals on Leases

By KEIKO MORRIS

Lower rents and generous tenant incentives persuaded more Manhattan retailers to check out potential shop space in the second quarter, but leasing remained slow as merchants wait to see just how good a deal they can secure, brokers and analysts said.

Asking rents for ground-floor spaces dropped in 11 of 16 prime Manhattan shopping corridors from a year ago, with some falling as much as 22% on stretches such as Spring Street and Broadway in the Flatiron District, according to real estate services firm CBRE Group Inc.

Overall, asking rents fell 8.6% from the same period last year, as the number of available retail spaces rose 34% to 203 in the 16 prime corridors, CBRE data showed.

"If you are a tenant in this market that is highly sought after, you are in a good place for making better deals," said Da-

vid LaPierre, a CBRE vice chairman. "For these retailers, the question is if these better deals are good enough."

Real-estate brokers and analysts expect further decreases as rents reset from the steep run-up in prices that occurred after the recession, and growing online shopping has forced national and international chains to rethink their stores and reduce locations. But significant rent drops in neighborhoods such as SoHo have helped generate lease deals.

In SoHo, average asking rents on Broadway fell 16% to \$667 a square foot from the second quarter in the previous year, according to CBRE. Rents on Spring Street decreased 22% to \$828 a square foot, CBRE said.

SoHo had 13 retail lease deals, for almost 80,000 square feet of space, signed in the second quarter, ranking among the busiest Manhattan neighborhoods, according to CBRE.

Availability rates rose in seven of the 12 major shopping corridors tracked by real estate

services firm Cushman & Wakefield in the second quarter. Fifth Avenue between 42nd and 49th streets had the highest availability rate at 32.8%, according to Cushman's report.

"Landlords have become more realistic," said Robert K. Futterman, CEO of retail real estate services firm RKF.

For the past year to two years, there was a dearth of tenants looking for Manhattan retail space, but that has changed, said Patrick A. Smith, a vice chairman at real estate services firm JLL. More potential tenants, including those looking to explore new retail concepts, are touring spaces.

"A bunch of new tenants are sniffing around, coming into the market, primarily driven by price," Mr. Smith said. "They believe they can come into New York at an overall occupancy cost they probably haven't been able to get in the past 10 years."

Young entrepreneurs and local or regional retailers are among the merchants viewing spaces, said Chase Welles, exec-

utive vice president at real-estate-services firm SCG Retail. Home-furnishing and do-it-yourself home-improvement retailers, many of which were once shut out of the Manhattan market, are scouting locations in Manhattan and surrounding suburbs, Mr. Welles said.

"The rents are much more in line with the traditional percentage of sales they are used to seeing," Mr. Welles said.

But landlords who believe their properties are worth more than the rents tenants are offering to pay now also might wait a bit, said Joanne Podell, executive vice chairman at Cushman & Wakefield.

In some markets, such as Fifth Avenue between 49th and 60th streets, the availability rate rose 1.5 percentage points to 14.5% and the asking rent for ground floor space increased to \$3116 a square foot, a 2.6% rise, according to Cushman.

"That corridor, while there is more availability, people believe in the market and rents are going up," Ms. Podell said.

PROPERTY WATCH

CO-WORKING

The Wing Signs Lease To Expand in Dumbo

A women's co-working space and community that says it has a waiting list of 8,000 is expanding to the Dumbo neighborhood in Brooklyn.

The Wing signed a 10-year lease to take about 8,500 square feet at the base of the condominium tower at 1 Main St., said Two Trees Management Co., the owner of the retail condo. The Wing has raised \$10 million in funding, the company said.

Since the co-working space and community opened its first location in the Flatiron District in October, it has attracted women from a range of industries, including "Girls" creator and star Lena Dunham and editor Tina Brown. A SoHo site is expected to open in October, with another space in the works in Washington.

The Brooklyn space will debut in January, said Audrey Gelman, The Wing's chief executive and co-founder. The Wing is also scouting spaces in Los Angeles and San Francisco.

"There's something unique, a kinetic energy when large groups of women gather together," Ms. Gelman said. "For us, the vision is sort of like, if you are tired of hitting up against the glass ceiling, just build a whole new house."

AFFORDABLE COMPLEX

Group Takes Space At New Development

The New York Foundling, a nonprofit serving children and families, has consolidated several offices and programs in a new South Bronx affordable development that is nearing completion.

The New York Foundling has taken 22,000 square feet of ground-floor space at a 425-unit apartment affordable complex called Crossroads in the Mott Haven neighborhood, said Jeffrey Levine, chairman of Douglaston Development, the developer behind the project.

The New York Foundling site is housed at 501 Southern Blvd., one of three buildings in the project that also features a prekindergarten program and a landscaped plaza.

The \$150 million Crossroads project is one of many in the Bronx Mr. Levine has tackled over the years. He said he has been involved in creating affordable housing in the Bronx since the 1970s and 1980s, developing major vacant-building projects.

For New York Foundling, the new space allowed the charity to bring together its child-welfare and developmental disability programs, consolidating two Bronx offices and one Harlem location, said Bill Baccaglini, chief executive of the New York Foundling.

—Keiko Morris



EDITH YOUNG

HOMES

Continued from page A10A
remembers boyhood summers spent cutting through neighbors' yards to go swimming and being offered a cookie along the way. Like other residents, he says people of any background are welcome here, but he hopes everyone treats the place like a "community, not a commodity."

Susan Henriques, whose family has been here since 1946, is concerned about investors changing the feel of a place where many longtimers have deep emotional attachments.

"It's not a color thing, it's a cultural thing," she said.

A landmark designation wouldn't change the construction regulations in Sag Harbor, but some residents hope it would inspire the village's Board of Trustees to take more protective steps.

Other residents, however, are concerned that adding new rules could limit their ability to make home improvements or hurt their property values in a hot real-estate market. Restaurateur B. Smith, for example, sold her home for nearly \$8 million in April.

Mayor Sandra Schroeder declined to comment.

Builders and some residents say the new homes are beautiful upgrades that obey local codes, and, in some cases, replace bungalows that were falling apart. Hyman Rabinovitch, a retired urologist from one of the first white families to move into Nineveh 17 years ago, said the "magnificent" improvements made it more desirable.

"Times change, this is America," he said. "No rules have been broken."

Bruce Bronster, an attorney who said he bought 11 properties in the area with partners in the past three years, said he loves the area's collegial nature and intends to move in with his family someday.

"I've been welcomed in this community by the vast majority of people who regularly come up to me and encourage all of the positive change," Mr. Bronster said.

But tensions were clear at a hearing this month at the village's Board of Historic Preservation and Architectural Re-

view, which decides whether to approve construction projects. Mr. Bronster sought to demolish a home and build a six-bedroom house with a detached two-car garage and swimming pool.

Other residents are concerned that new rules could hurt property values.

A half dozen residents got up to complain, saying developers have already cleared too many trees and are creating space for so many guests that the beach will get too crowded.

"I understand the anguish in this community," said Anthony Brandt, chairman of the board.

He said if houses meet local codes, the board must allow them, and so far the proposals were well designed. "We can't save your community. You have to do it, and I know you're working to that end."

The board approved the new house.

Supporters of a landmark designation have raised \$25,000 for a preservation consultant. They plan to document the roughly 300 properties with pictures and oral histories to bolster an application to the State Historic Preservation Office.

Peter Cook, an architect working on some of the new projects, disputed the assumption that buyers wouldn't embrace the area's friendly ways. He said: "It's unfair to say that someone buying one of these houses doesn't want to sit on their front porch and wave to you as you walk by."

Luminaries of Sag Harbor



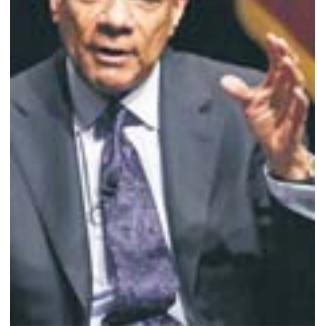
Attorney Johnnie Cochran, who died in 2005.



B. Smith, a restaurateur, recently sold her home.



Earl G. Graves Sr., founder of Black Enterprise magazine.



American Express Chairman and CEO Kenneth Chenault.

CLOCKWISE FROM TOP LEFT: ASSOCIATED PRESS; GETTY IMAGES (2); ASSOCIATED PRESS

He saw the moon as just the beginning.

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LIFE & ARTS



FROM TOP: DAVID MCCLISTER FOR THE WALL STREET JOURNAL; BISHOP MARCUSSEN

MUSIC

Why Vinyl's Latest Boom Is Over

As purists complain about low quality and high prices, vinyl sales taper off;
Gillian Welch and David Rawlings cut their own records

BY NEIL SHAH

FOLK MUSIC DUO Gillian Welch and David Rawlings were frustrated by the quality of vinyl LPs being produced today. So they decided to cut their records themselves.

"What people do nowadays is take a digital file and just run vinyl off that," says Mr. Rawlings, a lanky musician who plays a 1935 Epiphone Olympic guitar. "In my mind, if we were going to do it, I wanted to do it the way the records I love were made—from analog tapes."

The Nashville-based singer-songwriters, who gained fame with "O Brother, Where Art Thou" in 2000, spent \$100,000 to buy their own record-cutting contraption in 2013. The cutting lathe makes the master copy of a record—the one sent to a pressing plant for mass reproduction. The couple's first LP, a re-issue of their 2011 Grammy-nominated "The Harrow & the Harvest," arrives July 28.

Ms. Welch and Mr. Rawlings have gone to extreme lengths to solve a problem many music aficionados say is an open secret in the music industry: Behind the resurgence of vinyl records in recent years, the quality of new LPs often stinks.

Old LPs were cut from analog tapes—that's why they sound so high quality. But the majority of today's new and re-issued vinyl albums—around 80% or more, several experts estimate—start from digital files, even lower-quality



CDs. These digital files are often loud and harsh-sounding, optimized for ear-buds, not living rooms. So the new vinyl LP is sometimes inferior to what a consumer hears on a CD.

"They're re-issuing [old albums] and not using the original tapes" to save time and money, says Michael Fremer, editor of Analog-Planet.com and one of America's leading audio authorities. "They have the tapes. They could take them out and have it done right by a good engineer. They don't."

As more consumers discover this disconnect, vinyl sales are starting to slow. In the first half of 2015, sales of vinyl records jumped 38% compared to the same period the prior year, to 5.6 million units, Nielsen Music data show. A year later, growth slowed to 12%. This year, sales rose a modest 2%. "It's flattening out," says Steve Sheldon, president of Los Angeles pressing plant Rainbo Records. While he doesn't see a bubble bursting—plants are busy—he believes vinyl is "getting close to plateauing."

When labels advertise a re-issued classic as mastered from the original analog tapes, the source can be more complicated. Sometimes they are a hodge-podge of digital and analog. Often "labels are kind of hiding what's really happening," says Russell Elevado, a veteran studio engineer and producer who has earned two Grammys working with R&B singer D'Angelo.

Mr. Rawlings says a Netherlands-based label, Music On Vinyl, used a CD to make vinyl copies of Ms. Welch's 2003 album "Soul Journey," getting a license from Warner Music Group. Ms. Welch and Mr. Rawlings, who didn't have rights to re-

lease the album in the U.K., found out when fans saw the vinyl selling on the Internet. They successfully convinced Music On Vinyl to destroy the 500 copies that had been pressed, reimbursing the firm 3,300 euros for its costs. "This is commonplace," Mr. Rawlings says. A representative of Music On Vinyl could not be reached.

Major labels say they use original analog masters when possible. Sometimes tapes are too brittle to be used to make a vinyl master.

Low-quality re-issues may

be the result of less-reputable labels that can't afford to shell out big bucks for engineering and record-pressing, says Billy Fields, a veteran vinyl expert at Warner Music Group. Universal Music Group and Sony Music Entertainment, the two other leading music companies, didn't make anyone available to comment.

Today's digital files can sound fantastic—especially for hip-hop and dance music. But engineers say they need to be mastered separately for vinyl in order to have the right sound. To meet deadlines for releasing new albums, labels can't always cut vinyl to the absolute best audio quality, says Mr. Fields, who declined to discuss specific examples on the record because it might alienate others in the industry.

Another culprit for vinyl's slowdown is cost: Mr. Sheldon estimates

David Rawlings, left, and Gillian Welch bought their own lathe, below, to cut high-quality LPs themselves.

Songs are generally recorded in a studio digitally today. (In Ms. Welch and Mr. Rawlings' case, they chose to record using analog tape.) A mastering engineer then fine-tunes the recorded music to ensure the album, often the product of myriad studios, sounds consistent. Using a lathe, the music is engraved onto a "lacquer," the technical term for the master copy from which copies are pressed in plants.

The goal is to put as much sonic information on the record as possible. A high-quality LP can give listeners the sensation of instruments or sounds occupying different points in space—a "three-dimensional" quality that Mr. Fremer says evokes a live performance. Ms. Welch likens it to the difference between "fresh basil and dried basil."

The vinyl version of "The Harrow & the Harvest" is "mesmerizing," says Mr. Fremer, who heard a test copy. On Aug. 11, the couple, which often records as "Gillian Welch," will release a new album, "Poor David's Almanack," under the "David Rawlings" name, before re-releasing more old albums. Having launched a label and souped up a derelict Nashville studio years ago, they may cut and re-issue albums by other artists, they said, effectively becoming a full-service, vertically-integrated—if tiny—old-school music company.

Ms. Welch and Mr. Rawlings, whose careers took off as the CD era crashed into the age of iTunes, feel like putting out vinyl now brings them full circle. "It's like an author who has only ever released an e-Book," Mr. Rawlings says. "You see a book in print and bound and you feel like you've finally done what you were aiming to do."

ENTERTAINMENT | By Ben Fritz

THE COOLEST ATTRACTIONS OUTSIDE COMIC-CON



Fans of the coming film, 'Blade Runner 2049,' could visit a space depicting a dystopian Los Angeles decades from now.

San Diego
THE SUN WAS starting to set on the first day of Comic-Con and sisters Alison and Valerie Taylor and their friend Iman Fayek were having the time of their lives—with out having actually gone inside the world's biggest pop-culture convention.

As they waited in a line stretching two city blocks to see props, costumes, and augmented-reality experiences from the Netflix shows "Stranger Things" and "The Defenders," as well as its coming Will Smith movie "Bright," the Chico, Calif., college students rattled off what else they'd enjoyed in San Diego that day. Among their favorites were promotions for USA Network's "Mr. Robot," Comedy Central's "Broad City" and Amazon.com's comic-book adaptation "The Tick."

For several years, Hollywood studios and networks have been

building elaborate installations, called "activations" by marketing executives, in hotels, tents and fields around the San Diego Convention Center to hype movies and TV shows. The center is crowded and space is at a premium, forcing companies to venture outside in their ever-escalating quest for fan attention.

This year may be something of a tipping point, though, as nearly all the most buzzed-about and popular experiences during Comic-Con aren't technically part of Comic-Con. Yes, panels where stars and creators answer questions and show new trailers are still part of the official programming. But for fans—who have numbered 167,000 at past Comic-Cons—aiming to feel as if they're being transported inside their favorite movies and TV shows, the thing to do is walk around down-

Please see COMIC-CON page A13

LIFE & ARTS



Photographer Chris Burkard bodysurfs in the ocean at Pismo Beach, Calif., above, practices climbing, below right, and does yoga, bottom, to stay fit for surf trips to Alaska, Norway and elsewhere.

WHAT'S YOUR WORKOUT? | By Jen Murphy

A Fitness Plan for Braving Arctic Waves

Photographer Chris Burkard mixes climbing, yoga and bodysurfing to prep for assignments on some of the world's most remote coastal areas

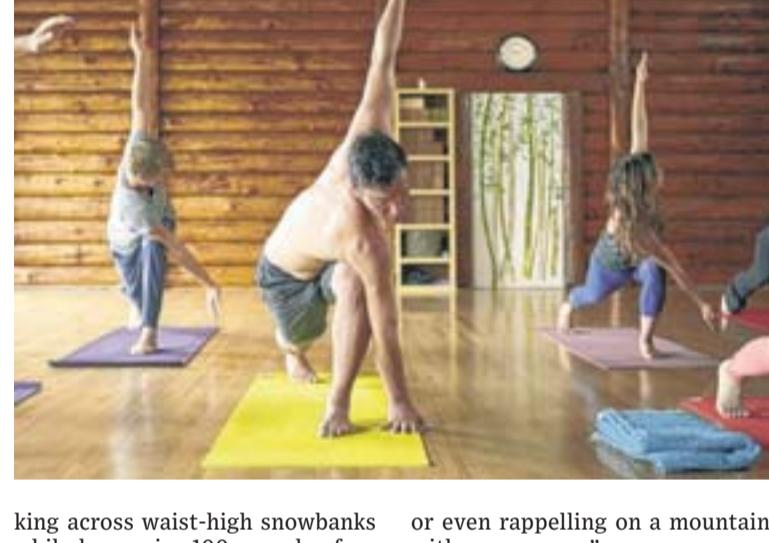
TO CAPTURE HIS award-winning photos, Chris Burkard has learned to find joy in Arctic waters and blizzard-like conditions. The 31-year-old self-taught photographer has a predilection for shooting surf in some of the world's stormiest, most remote coasts.

"I guess you could say I've made a career out of being able to suffer," he says. His personal and commercial projects, for clients such as Sony, the North Face and Jeep, have taken him to the Faeroe Islands, Alaska, Iceland, Norway, Canada, New Zealand and Russia.

For his film "Under an Arctic Sky," which is touring now and will be available online Sept. 5, Mr. Burkard and six surfers traveled to Iceland, hunting for waves through winter storms. Ocean temperatures hovered around 35 degrees, which the Pismo Beach, Calif.-based photographer considers "not terribly cold."

"Getting out of the water was the most brutal part," he says. "With windchill, the air was minus-20 degrees. Our wetsuits turned into blocks of ice."

It takes strength to snap just the right image. Mr. Burkard often finds himself treading water while dodging icebergs or trek-



king across waist-high snowbanks while he carries 100 pounds of camera equipment.

Mr. Burkard credits a mix of climbing, bodysurfing and yoga with keeping him mentally and physically fit enough to get the jaw-dropping shots that have earned him 2.7 million Instagram followers. "All three activities sharpen body awareness," he says. "A lot of times I'm trekking or climbing over slippery rocks

or even rappelling on a mountain with my camera."

His wife, Breanna, introduced him to yoga six years ago. "Yoga keeps me sane," he says. "We focus so much on physical health, but yoga also contributes to my mental health. I find myself in a lot of gnarly situations where I'm out of my comfort zone. If I can breathe through them, I can stay calm and sometimes even find happiness in that moment."



The Workout

When home, Mr. Burkard tries to climb, bodysurf and practice yoga daily. These days he does the majority of his climbing at an indoor rock gym or on the climbing wall in his office to maintain upper-body strength.

In the fall, peak surf season, he may bodysurf morning and night near the Pismo Beach Pier. He uses a handplane, a wood board between nine to 17 inches long that straps onto one hand, to create more planing action when bodysurfing waves. "Using your body rather than a board in the water teaches you the rhythms of the ocean and requires way more effort than just cruising on a surfboard," he says. "And it's a lot more fun than swimming. I used to swim one mile in a pool, but I probably cover that if I bodysurf for two hours."

He mixes up his yoga styles. Some are gentler and focus on breath, while harder styles also emphasize physically demanding postures. "When I first started practicing yoga, the idea of sitting cross-legged and meditating sounded crazy," he says. "Now, I'm way more open in my back and hips." He can hold a handstand or drop into wheel, an advanced back bend. Before a cold-climate assignment, Mr. Burkard will force him-

self to take frequent cold showers. He also performs breathing exercises on an app developed by Wim Hof, a Dutchman whose ability to withstand extreme cold earned him the nickname the Iceman.

In a pinch Mr. Burkard will go running, even though he loathes it. He says his hardest workout is chasing his 3- and 5-year-old sons.

The Diet

Mr. Burkard was a strict vegetarian for 10 years. "I had more sustained energy without meat," he says. Today, he eats 90% vegetarian, occasionally allowing sustainably-harvested salmon and tuna into meals. Breakfast is usually oats with chia seeds and fruit, or a green smoothie with hemp protein. Eggs, avocado and brown rice are a frequent lunch.

Mr. Burkard will stray from his diet when he travels. "Food connects people. I never want to limit my experience or be inhospitable," he says. "I've eaten reindeer, whale, seal." He also has a weakness for gummy candy.

The Gear & Cost

"I'm a function-over-fashion kind of guy," Mr. Burkard says. He is sponsored by Prana. "They make my go-to yoga and climbing pants," he says. He is a fan of La Sportiva trail sneakers and Black Diamond climbing shoes and clothing. A drop-in class at Harmony House Yoga in Pismo Beach costs \$18. A monthly membership at Slo-Op Climbing in nearby San Luis Obispo costs \$55. He travels with a lacrosse ball to roll out tight muscles and a Thera Cane, a DIY therapeutic massage tool (retail \$40).

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LIFE & ARTS

ART REVIEW

In the Restless Innovator's Studio

Two focused exhibitions reveal Helen Frankenthaler's relentless urge to experiment

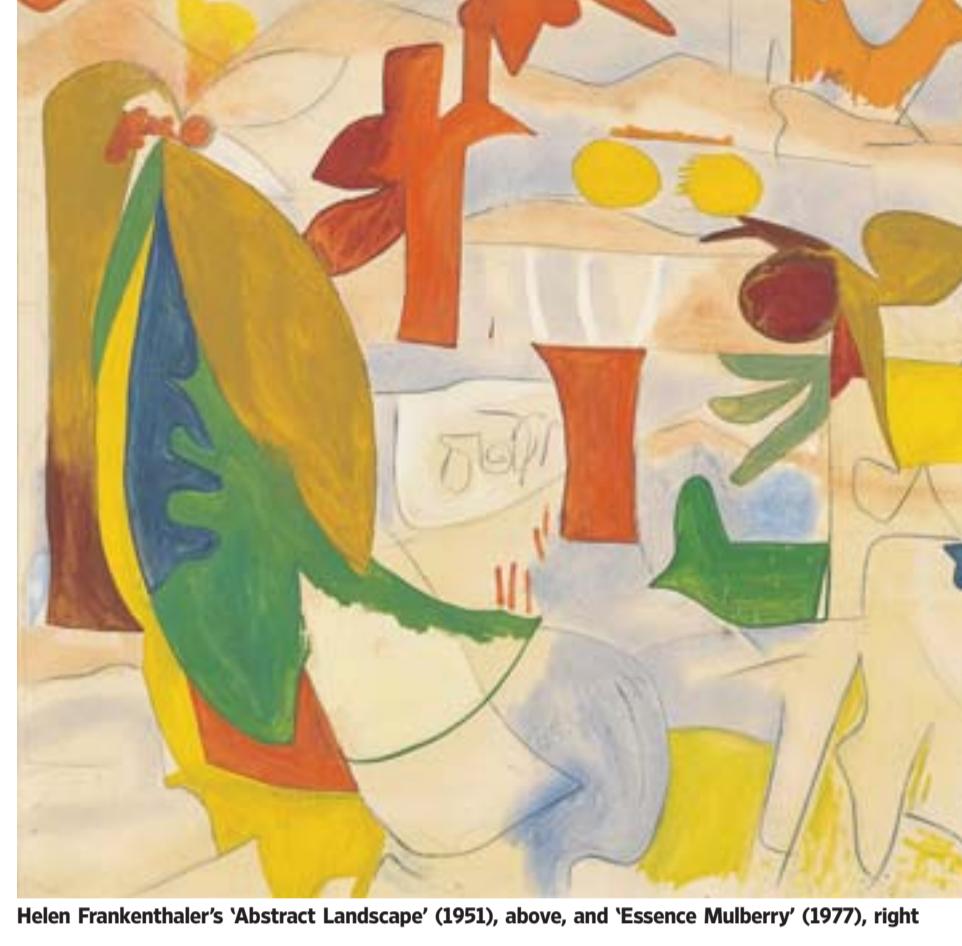
BY KAREN WILKIN

Williamstown, Mass.

'THE ONLY RULE,' Helen Frankenthaler often said, "is that there are no rules," a dictum reflected in her notable adventurousness in the studio. Over her long working life—born in 1928, she died in 2011—she made paintings, works on paper and sculptures; worked in ceramic; designed ballet sets and costumes; and explored a wide gamut of printmaking techniques—among other things.

This summer, two concurrent exhibitions at the Clark Art Institute offer a glimpse into this restless innovator's responses to different materials, approaches and methods. "No Rules: Helen Frankenthaler Woodcuts," organized by Jay A. Clarke, the Clark's curator of prints, drawings and photographs, and installed in the Manton Center, surveys the artist's transformative use of a time-honored medium through 17 large-scale works, from her first woodcut, made in 1973, to her last, printed in 2009. The title comes from an admonition in a 1994 interview to "Go against the rules or ignore the rules, that is what invention is about." In the Tadao Ando-designed Lunder Center at Stone Hill, "As in Nature: Helen Frankenthaler Paintings" assembles 12 major canvases from 1951 to 1992 for a staccato overview of her evolution, organized by guest curator Alexandra Schwartz. Both exhibitions, which bring together works from the Helen Frankenthaler Foundation, the Louis-Dreyfus Family Collection, and the Williams College Museum of Art, are spectacular.

Frankenthaler relished the



Helen Frankenthaler's 'Abstract Landscape' (1951), above, and 'Essence Mulberry' (1977), right



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challenges and exchanges of ideas inherent in the collaborative printmaking process. Excited by the unexpected and by new discoveries, she used multiple proofs to explore possibilities. Even when working with traditionally trained Japanese woodcut artisans, she was deeply involved, from start to finish, rather than making images for "translation," as was usual. As a result, her woodcuts (like all her prints) enlarge the boundaries of the discipline. They depend on unprecedented contrasts of transparency and opacity, pools of layered color, delicate

drawing, and gestures usually associated with painting, played against woodgrain and a variety of paper textures.

Among the most striking works in "No Rules" are the deceptively economical "Essence Mulberry" (1977), with its stand-off between saturated red-purple and the warm tan of handmade paper, and the virtuoso "Madame Butterfly" (2000), with its subtle vertical divisions, like memories of the folds of a Japanese screen, and fluid runs of transparent color; this 6 1/2-foot-wide masterwork, we learn, required 102

colors, 46 woodblocks, and three sheets of paper. Six gorgeous prints from the series "Tales of Genji" (1998), each roughly 4 feet square, are equally arresting, with their "painterly" compositions and luminous hues, produced with anything from 34 to 53 colors and 12 to 21 blocks, plus stencils. The ravishing works in "No Rules" both affirm Frankenthaler's pre-eminence as a printmaker and permanently alter our conception of what a woodcut can be.

"As in Nature" allows us to follow some of Franken-

thaler's dominant painting concerns over five decades, beginning with the Miró and De Kooning-influenced "Abstract Landscape" (1951), a muscular, airy improvisation by an ambitious 22-year-old Bennington graduate who was pitting herself against the best art on view in her native New York and already finding her own voice. We see her preternatural alertness to the expressive character of her materials in early paintings breathed into being with her influential method of staining with thinned-out oil paint, and in crisper, more nuanced, later compositions in acrylic. We admire the lyrical, operatic Frankenthaler in the enormous, radiant "Off White Square" (1973), with its sweeps of pink, mauve-gray and yellow animated by the pulse between the eponymous white square and a half-hidden darker one. (Frankenthaler always de-

scribed herself as "a space-maker.") We meet the tough, truculent painter of the ocean-gray "Tethys" (1981), with its hovering, dense ovals, the playful author of the sharp-edged "Scorpio" (1987), with its discs and bubbles, and the brooding creator of the stormy, thickly brushed "Barometer" (1992), one of her last canvases.

Occasionally, as is typical of Frankenthaler, elusive images seem to assert themselves and then subside into the abstract construction of unnameable hues. The exhibition's curator interprets this as evidence of a struggle between abstraction and references to nature, an idea she supports by identifying presumed allusions to landscape in the paintings, prompted by Frankenthaler's titles. (In fact, the artist attached titles after the fact, choosing them from an ongoing list of possibilities.) As a thesis, this view is somewhat over-determined. That Frankenthaler was acutely aware of everything around her, both in nature and the built-environment, among many other things, is hardly news. Neither is the fact that her feelings about experiences of all kinds informed her work, as is true for many artists. But both "No Rules" and "As in Nature" are full of wonderful works to be studied and savored. For nature, there are the Clark's walking trails through the Berkshire landscape.

Ms. Wilkin is an independent curator and critic.

No Rules: Helen Frankenthaler Woodcuts

As in Nature: Helen Frankenthaler Paintings

Clark Art Institute, through Sept. 24



COMIC-CON

Continued from page A11
town San Diego.

Mile High Comics, one of the largest comic-book stores in the U.S., opted not to lease space to sell its wares at Comic-Con for the first time in 44 years, in part because there are too many distractions beyond the show floor, company president Chuck Rozanski wrote in a newsletter.

"When you can see 'Game of Thrones,' 'Pokémon,' and hundreds of other exhibits across from the convention hall, why bother going into the hall?" Mr. Rozanski wrote.

Perhaps the most elaborate installation outside the convention center this year is for Alcon Entertainment's "Blade Runner 2049," which comes out in October. Fans waited more than an hour in the heat to try a virtual-reality game tied to the sequel to the 1982 sci-fi cult classic. After the game ended, they entered a 12,800-square-foot space designed to look like a city street in dystopian Los Angeles, complete with a crashed flying car and 34 actors playing future residents, including police who "test" whether visitors are humans or "replicant" robots.



Fans checked out promotions for the series 'Game of Thrones,' top, and 'Mr. Robot,' above.

While some of these events near the convention center were impressive because of their scale, others were popular because they were hard to get into and gave the lucky few a unique experience. "Mr. Robot" fans were offered clues to an elaborate puzzle inside replicas of a restaurant and bank from the show. Those patient and skilled enough to solve it ended up in a dark room

Photo ops were ubiquitous at these events, whether with swords from "Game of Thrones" or hungry zombies from "The Walking Dead," as were pleadings from staffers to share the pictures on social media with promotional hashtags.

Several gave visitors RFID wristbands to keep track of what they did and, presumably, gather information for future marketing. Amazon quizzed visitors on their way into and out of the "Tick" experience on their knowledge of and feelings about the show and the company's video-streaming service.

Perhaps the people most happy about the array of pop-culture experiences throughout San Diego this week were those who didn't get a Comic-Con badge, which costs \$220 for four days. Tyler Corcoran was waiting in line for the "Bank of E," part of the "Mr. Robot" experience, after ending his work day. The programmer said he has never been inside Comic-Con but planned to spend the evening soaking up all the entertainment around it, for which no badge was needed.



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SPORTS



Chris Froome celebrates the Tour win.

CYCLING

Team Sky Overwhelms the Tour

BY JOSHUA ROBINSON

PARIS—Hints that Tour de France champion Chris Froome might be human after all seemed to be everywhere. For the first time in his career, he lost the yellow jersey mid-race and had to win it back. He faltered badly in the Pyrenees and when he crossed the finish line here on Sunday, he hadn't taken a single stage victory.

But in Froome's era of dominance, this year represented something more. It was the perfect distillation of how Froome's Team Sky takes over the Tour de France. He and his cohort don't need stage wins, only relentless consistency and cold, calculated pragmatism.

"Given the course that we had this year, it was always the tactic to ride a three-week race," said the 32-year-old Froome.

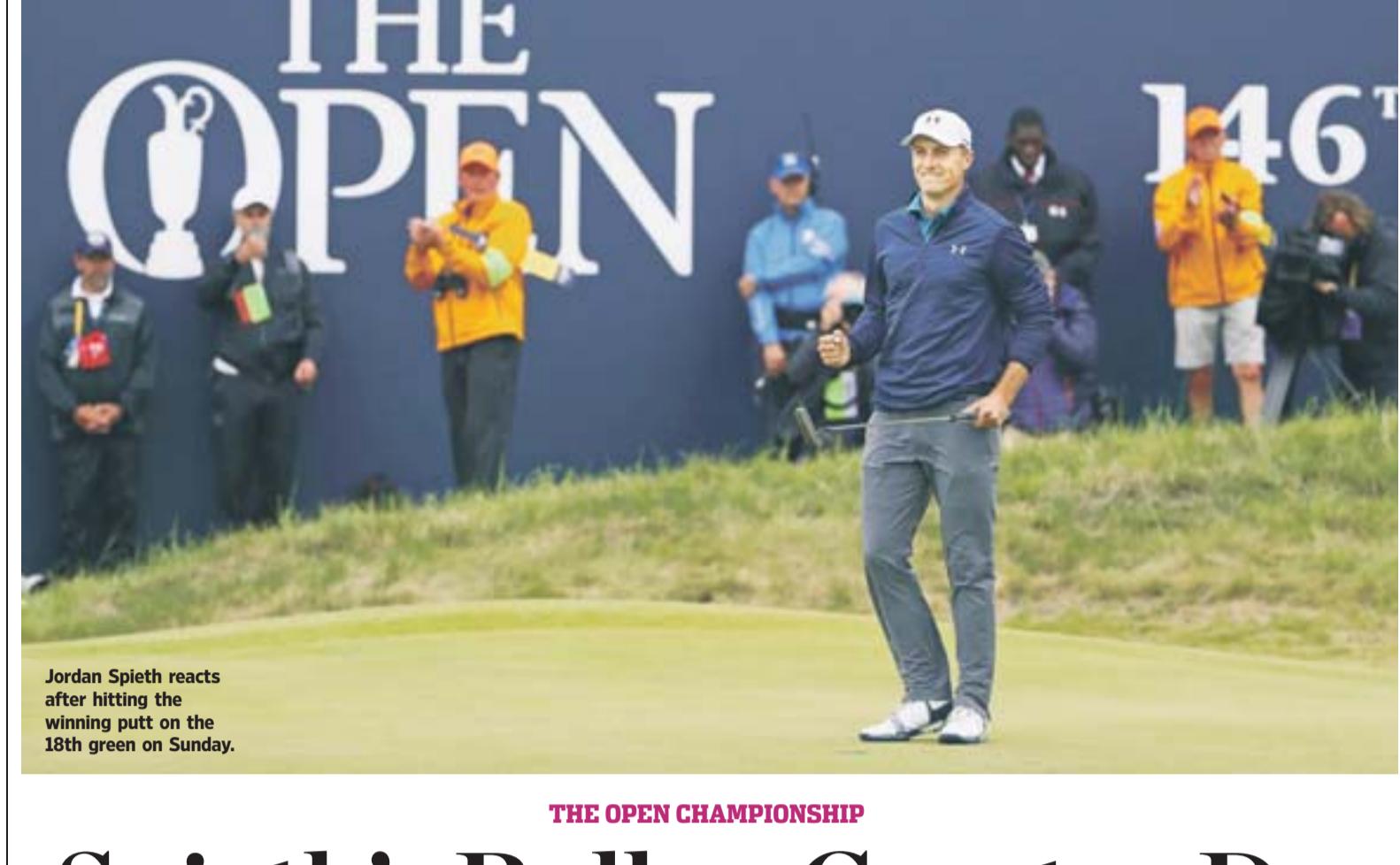
The result was that over the 21 stages, Sky held the general classification leader's yellow jersey on 19 days—first on Geraint Thomas's shoulders and then Froome's.

In assembling its squad around Froome, Sky used its time-tested recipe, even if the ingredients changed. Over his four Tour wins, Froome has relied on a succession of luxury domestiques, who were every bit as strong as he was in decisive moments.

This year, Sky put two of the most accomplished three-week riders in the world at his side for the key mountain stages: Mikel Landa and Michal Kwiatkowski.

Their very presence is often enough to dissuade opponents from taking a shot at Froome. The men who finished this Tour second and third—Cannondale-Drapac's Rigoberto Uran and AG2R La Mondiale's Romain Bardet—were able to shadow Froome during the last mountain stages in the Alps, but had no teammates of their own to cooperate with. Froome, meanwhile, was always flanked by at least one bodyguard ready to chase down an offensive.

Bardet and Uran never had a shot to get away.



Jordan Spieth reacts after hitting the winning putt on the 18th green on Sunday.

THE OPEN CHAMPIONSHIP

Spieth's Roller-Coaster Day

BY MATTHEW FUTTERMAN

SOUTHPORT, England—For 12 holes and a shot, Jordan Spieth, who somehow is now the British Open champion, lived every golfer's nightmare.

The three-shot lead over veteran Matt Kuchar that Spieth started the day with had slipped to one after two holes and was gone at the turn. Then, on the 13th hole, a bad round—filled with head shakes and pull-aways from simple 3-foot putts—went to the precipice of epic-horrendous after Spieth sliced his tee shot so far right of the fairway, so far over the high, fescue-covered sand dune that he took a drop in an area where club manufacturers set up their mobile shops since it was hard to fathom anyone having to hit a ball there.

While Kuchar had a potential birdie putt, Spieth was taking a penalty stroke for an unplayable lie and was going to fall behind here, and 15 months after blowing a five-shot lead on his epic-horrendous back nine at Augusta, it was happening all over again.

"As you can imagine thoughts come in from the last major when I was leading on a Sunday," said Spieth, who thankfully never does a very good job of hiding his frailties.

And how could those thoughts not be there? Spieth can talk Texan and swagger, but inside he is all northeastern neurotic, struggling to sleep the night before these final rounds, grabbing his

head with both hands when things don't go his way and yelling at his balls to go right or left or bite or drop, as if that might help.

There is no need to watch Spieth's ball when he is playing. Just watch him. He'll tell you what's going on. For a dozen years, Tiger Woods was a superhuman golfing robot, rarely flinching with a lead, closing tournaments with computer-like precision. Spieth is the opposite of that. Spieth is us.

After blowing the lead, becoming the hunter instead of the hunted had liberated Spieth.

"Once I lost my lead completely and we were tied I felt the nerves go away until I got the lead again and they were back," Spieth said.

So choose your cliché for him on the 13th:

Sometimes you have to hit rock-bottom before you can begin to crawl out?

The only way to overcome the fear of the tiger is to invite it into your living room and start petting it?

They all work. Spieth was done. So how about this one, from that reluctant Nobel laureate Bob Dylan: "When you got nothing, you got nothing to lose."

Because, there behind a maintenance trailer and a sand dune, having to swing 3-iron blind at a green 230 yards over the hills and far away, Spieth started playing free for the first time all day. His ball sailed high and nestled in the first cut, a half-dozen yards below the green. A chip and a knee-knocking 8-foot, bogey-saving putt later, Spieth was one-shot back, but feeling alive.

After three and a half-rounds at the top of this oldest major, becoming the hunter instead of the hunted had liberated him. That's when he went about slaying that Augusta demon, at least for today, fighting like mad not to be the guy who always coughs up major leads on Sunday. Jordan Spieth was this close to becoming THAT guy, and then he wasn't. Turns out rock bottom can be a magic place.

A six-iron from the tee on 14 that nearly fell for an ace. Birdie. All tied up. He stalked a blasted drive on 15—always a good sign—then drained a nearly 50-foot eagle putt, and headed to 16 with a one-shot lead after Kuchar's birdie.

The 16th brought a 25-footer for birdie for a two-shot lead, and the 17th a chip to 6 feet. Then, after Kuchar put the pressure on with a 15-footer for birdie there, Spieth dropped his nail-in-the-coffin 6-foot birdie putt. Even he wasn't going to blow a two-shot lead on the last.

Finally, Spieth had this, out in 37, home in 32, the scariest, most roller-coasterly, 1-under 69 this place has ever seen. "I don't know

why I can't make it a little more boring," he said when it was done.

The win gives Spieth his third major championship before the age of 24. Only Jack Nicklaus has done that.

For Kuchar, who is 39-years-old, the loss was crushing, especially after knowing how ugly things looked for Spieth on the 13th. The only consolation was Kuchar played holes 14 through 17 in 2-under, but lost to someone who rose from the dust to play them in five-under.

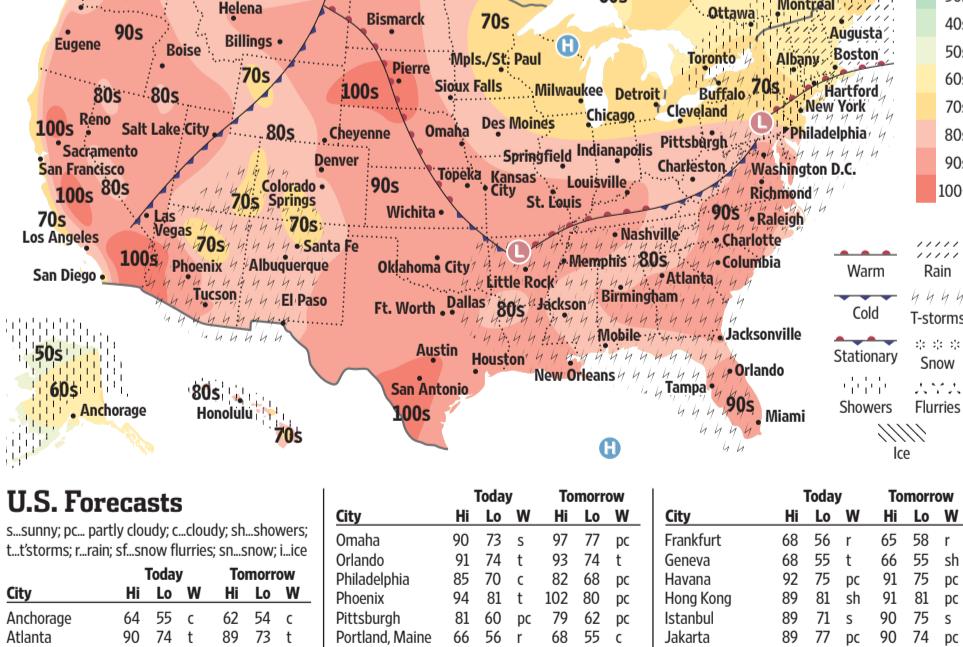
"We knew he was in a great deal of trouble," an emotional Kuchar said after the round. "Impressive stuff."

After the miracle shot from the wilderness, Spieth apologized to Kuchar for the delay, bumping fists with a player beloved and hugely respected in the pro golf locker room. Then golf shots resumed, including that massive Spieth bogey-saver from just beyond safe range. And then it was off to those final five holes, where Spieth's destiny was headed in one of two very different directions.

On the way caddie Michael Greller told Spieth the bogey putt on the 13th had created a momentum shift—in their favor. He might have been the only one of the tens of thousands at Royal Birkdale thinking that at that moment.

"I was so confident and the wheels had kind of come off," Spieth said. "So how do we get back on track to salvage this round? It took a bogey."

Weather



U.S. Forecasts

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

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Today Hi Lo W Tomorrow Hi Lo W

OPINION

Trump and the Nafta Talks



AMERICAS
By Mary Anastasia O'Grady

No part of Donald Trump's 2016 run for president excited crowds more than his rants against Mexico, his promises to "build the wall" along the southern border, to make the neighbors pay for it, and to rewrite or scrap the 1994 North American Free Trade Agreement.

Rhetorically, President Trump has not stepped back very far from all that. He now says that he will build the wall first and figure how to get the money from Mexico later.

He understands that he won the presidency partly by making outrageous statements that kept him constantly in the news. But now that the serious business of negotiation on trade is beginning, it appears that much of the craziness has been set aside.

Mexico and Canada have agreed to return to the Nafta negotiating table, and most of the objectives outlined in the U.S. Trade Representative's summary, released last week, are aimed not at destroying the 24-year-old pact but modernizing it. In many cases the U.S. is asking to open markets further on a reciprocal basis.

One objective is freer trade in agricultural products, which suggests that Canada's protected dairy and poultry markets will be on the table. The document also says the U.S. will aim for greater ease at

the borders by "streamlining" customs procedures. A specific goal is to raise the value of goods that can enter duty-free in express-mail shipping to \$800 from \$50. The USTR doesn't make a big point of it, but this mail would presumably include products made in China.

Unfortunately some items on the Trump wish list would take the region backward economically.

The administration's objectives are largely constructive. But beware of land mines.

It's hardly surprising that the administration has made it a priority to eliminate trade deficits with Mexico and Canada. It has the same wrong-headed obsession globally. But as the Journal explained in a March 10 editorial, "How to Think About the Trade Deficit," a current-account deficit—which includes trade—doesn't matter because it means there is a capital-account surplus.

The dollars Americans spend on foreign-produced goods and services eventually must return to the U.S., usually via investments in U.S. assets.

Trade deficits with Mexico and Canada are even less relevant. In the introduction to its summary, the USTR claims that "trade deficits have exploded." Yet the trade deficit with Nafta partners is less

than 13% of the total U.S. trade deficit, while Nafta represents 30% of total U.S. trade. Canada and Mexico are the largest export markets for the U.S., and the trade deficits are nowhere proportional. It is also worth noting that the U.S. has had a surplus in services with Mexico averaging about \$9 billion a year over the past three years.

On the goods side—despite all the griping about deficits with Mexico and Canada—continental free trade makes U.S. exports more attractive globally. By putting production facilities in all three Nafta countries, American auto manufacturers, for example, can turn out cars and trucks that compete on price and quality all over the world.

This reduces the overall U.S. trade deficit. All things being equal, the deficit would go down even more if all markets were further opened to U.S. exports. It follows that the ideal U.S. policy for an administration concerned about trade deficits would be to work to reduce all barriers to trade.

In a world of increasingly interconnected commerce supported by free-trade agreements, American protectionists have come to rely heavily on antidumping and countervailing duties. Under Nafta, when exporters are alleged to be selling unfairly—leaning on government subsidies or pricing a product below market to destroy competitors—any of the three countries can apply duties as a remedy.

But under Nafta's Chapter 19, exporters can appeal those duties to an international arbitration panel. The USTR says it wants to eliminate Chapter 19 and instead send disputes to domestic courts. In the U.S. that would be the Court of International Trade, where the Trump administration and its supporters undoubtedly feel American companies could expect a more favorable outcome than at a Nafta panel.

Yet this would also mean that when Canada and Mexico slap antidumping duties on American products, exporters will have to go to domestic courts in those countries. The result is likely to be rising protectionism in all three markets and sand in the gears of the integrated North American economy.

This can only increase divisions, beyond economics, among the three countries at a time when a strong North American alliance is crucial to U.S. leadership in the hemisphere. Mexico has adopted a welcome human-rights policy by taking a strong position against the Venezuelan dictatorship. The U.S. should do what it can to build on this common ground.

The USTR's objectives are largely constructive. But Trump protectionists have planted a few land mines in the otherwise valuable agenda. Americans have to hope that Canada and Mexico will defend the interests that all three partners have in a free and prosperous North America.

Write to O'Grady@wsj.com.

Silicon Valley Trails in Medical Tech

By Michael S. Malone

People who develop medical technology have long assumed that Silicon Valley would pioneer smartphone-based devices to make Americans fitter and healthier than ever. To some degree, that forecast is coming true: Tech giants are working with doctors and hospitals on highly sophisticated devices—automated radiology, supercomputer-based oncology, fitness-tracker-based analytics—to monitor the sick, provide better automated care, and keep people out of hospitals in the first place.

But it turns out the biggest gains from mobile medicine will come from deploying it in poor countries across Africa and Asia. In the Third World, mobile health-care tools are a necessity, not a luxury, because treating people depends on diagnosing them at home or wherever they happen to be.

All over Africa and Asia there is an underreported boom in portable diagnostic devices taking place, with uncounted new startups emerging to deliver solutions that are both low-cost and scalable. In India, public-sector initiatives such as Accredited Social Health Activist and private groups like Lal Path Labs have started using mobile-phone-centered diagnostic devices, delivered by foot, bicycle and scooter, to connect doctors and patients at temporary testing centers in

remote villages with self-employed certified operators.

In the process they are gathering enormous amounts of information on patients and their health. Soon the volume of this data may dwarf the hospital records in the West—and it will be even more valuable for evaluating disease because it focuses on identifying illness in patients via mobile phones before they experience severe symptoms.

It is difficult to overstate the size of the opportunity for mobile medicine. China, due in part to its poor environmental conditions, has an estimated 700 million people with chronic diseases, and more than three million die prematurely every year, according to the World Health Organization.

According to a study by the Cardiological Society of India, the average age for the onset of cardiac illness there is 30—which has led the government of India to classify heart disease as an epidemic. Africa has a half-billion people suffering from various illnesses associated with extreme poverty, such as tuberculosis and gastroenteritis.

Leaders in these regions are eager not only to provide health care, but also to discover better methods for delivering it. That's where the smartphone comes in, since it is already part of daily life in these regions. Last year 60% of global sales revenue for smartphones came from Asia and Africa, and because phone prices are discounted there

compared with the West, the actual number of units sold is even greater than the dollar figures suggest.

As central as a smartphone is to modern American life, it may be even more so in poor countries. Phones are not only the center of communication, they are used to make payments and run small businesses. Adding devices and applications that provide basic tools for monitoring the

With smartphones everywhere and little regulation, India and Africa are set to lead.

user's health is the obvious next step. This iterative strategy will be a much easier than launching the sophisticated devices Silicon Valley is dreaming up.

One type of mobile device that is likely to appear first in the Far East and be widely adopted there is the digital stethoscope. This device is able to detect changes in pitch and soon will be able to detect asthma in children, pneumonia in the elderly, and, in conjunction with low-cost portable electrocardiographs, cardiopulmonary disease.

An additional advantage is that this part of the world—particularly India and Africa—has limited regulation, which makes it much easier to launch these kinds of health-care tools.

In India and much of Africa, there are few government drug agencies or big insurance companies to throw up barriers.

Companies that make medical devices and their accompanying smartphone apps could establish themselves almost overnight. Then, once they have built a large, profitable base of users, they could consider jumping through the legal and regulatory hoops to bring the technology to developed countries. That sequence has worked well for other technology firms. WhatsApp tested its original application in India and quickly attracted more than 160 million active users there.

In the end, enormous gains will come from scale. Imagine what could happen once these companies have billions of users on multiple continents. Their algorithms could sift through data on millions upon millions of patients, looking for ways to predict and prevent disease. It'll be medical artificial intelligence.

No doubt Silicon Valley also will come up with elegant mobile medical tools, but only on the heels of more basic ones rolled out abroad. That means entrepreneurs in Bangalore and Beijing will have an early lead. Will they use the information they have gathered to beat Silicon Valley to the more sophisticated medical tech disruption?

Mr. Malone is dean's executive professor at Santa Clara University.

What a Weird, Wired World It Was

By Strawberry Saroyan

There used to be a cord. Bulky. Corkscrew-shaped. Tied to the machine that was tied to the wall. There were holes in the receiver, wires inside—ones you could see. People made calls before the iPhone, whose 10th anniversary is being celebrated this summer. "Hello?" "Hello."

There were roads with poles along them that carried these voices via cables. Ring, ring. The sound was of a machine, not a machine imitating another machine. Phones were physical, big, in different colors and styles. But all were simple, built with pieces human eyes could surmise. You held them like objects with weight.

People spilled their guts on them, but they held back too. "What?" "Never mind." People talked it out, turned it over on the phone. They could cry and it was real, not represented in

text or icons. There were answering machines after a while. "Please leave a message." "Hi. Call me back." But still all sound, no face time via FaceTime, no WhatsApp or emojis.

Remember when telephones were for talking on?

People built their careers, entire lives, via these phone calls. Superagent Sue Mengers in a caftan on a couch in Hollywood purring like a cat. Ambitious young things that were out of the loop geographically made bucks off their luck—their voices, their sonic ability.

Marshall McLuhan's "the medium is the message" had entered the lexicon by then, but the phone was different because it carried our messages.

It was personal. I remember as a child listening to late-night calls my father had with my grandmother. I could only hear his side, of course, but she was telling tales that became famous in our family, myths in our minds. I believe they were so resonant because they were honed via that solitary line of communication.

I remember as a teen talking to girls and first boyfriends. "He likes you." "Did you hear?" "Oh my god." This was before acronyms and liquid crystal displays, ambient light sensors and touchscreens. There was only sound. You could say "no" and it was a certain kind of no; a "yes" was a certain kind of a yes, too. Listeners understood because they'd, we'd, heard it.

It's not all bad these days. I like the insta-gratification of apps and my Gmail, the ease with which I can make a firework burst—complete with pop-pop-popping sounds—via

text message on my iPhone 6s. When Steve Jobs introduced the iPhone he called it "revolutionary," not a gadget but a way of life. It does affect, enable, smooth out the hard lines of what used to be called reality—communication and seeing one another, connecting and knowing—even with things like Snapchat Stories or the fast-track feminist dating app Bumble.

Still, I can't help wanting to mourn, or at least mark, the end of the phone call as I knew it. The days of Dial-a-Poem and party line Dial-a-Spac, both early versions of social media. The era when one's voice was an isolated incident, as it were, an isolated instrument for sure. When the phone call was a tunnel to hearts, minds, souls even. When it was just us with our voices, and a ringing.

Ms. Saroyan is the author of "Girl Walks Into a Bar: A Memoir" (Random House, 2003).

BOOKSHELF | By Andrew Stark

Audience Of One

Lead Yourself First

By Raymond M. Kethledge and Michael S. Erwin
(Bloomsbury, 214 pages, \$27)

Former Campbell Soup CEO Doug Conant runs into it in his garden. For entrepreneur Sarah Dillard, it's to be found when she's hiking. Tim Hall, a cycling coach, grabs some of it while gazing out at his bird feeder over coffee every morning. The pastor Jimmy Bartz encounters it while fly fishing.

What they are discovering, as Raymond M. Kethledge and Michael S. Erwin report in "Lead Yourself First," is solitude, a vitally necessary but all too scarce commodity for organizational leaders. It's scarce because, even more than the rest of us, leaders get bombarded 24/7 by attention-demanding memos, tweets, texts, emails, phone calls, videoconferences and hallway button-holings. It's necessary because only with some alone-time can leaders hope to gain a "sense of control" over all that incoming information, as communications officer Jaya Vadlamudi

tells the authors. Only by herself, she says, can she hope to "whittle" such stimuli down to the essentials and reach clarity. Or as the Schwab executive Peter Crawford puts it: Solitude makes it possible to engage in the mental equivalent of "stripping away all the cookies on a computer. Once they're cleared, my mind works better."

According to Campbell's Mr. Conant, solitude is crucial, too,

because it allows a leader to get "reconnected with [his] values." Solitude, others say, gives a leader the chance to "percolate" and "marinate" in his own "feelings" and to "step out of events" and locate the "sacred space" where he can reflect on "what's going on inside" himself, thus attaining the moral and emotional conviction necessary to act. Various methods of "self-dialogue" help in this process. Schwab's Mr. Crawford uses his solitary time to write "memos to himself." Co-author Michael Erwin devotes his long runs to "engag[ing] in a lot of self-talk": It's "cheaper than therapy," he adds. The authors cite Henry David Thoreau, wandering alone at Walden Pond, as a model for all of this reflective, restorative solitude.

"Lead Yourself First" makes a compelling argument for the integral relationship between solitude and leadership—except for one thing. In his "Walden" chapter on solitude, Thoreau doesn't spend much time rhapsodizing about meandering through nature alone and unbothered by others, as the book's CEOs do. Instead, he rhapsodizes about remaining inside his house, trapped there by the pouring rain, while feeling "never alone" but rather constantly in the presence of "a great deal of company" and engaging in long imaginary conversations with, for example, a previous owner and a lusty woman. Thoreau used solitude not to engage in a dialogue with himself but to enter into dialogue with others.

Amid meetings, texts, videoconferences and hallway button-holings, leaders need time to think. They need to be left alone.

And here is where "Lead Yourself First" gets truly, if perhaps not always intentionally, interesting. Interspersed among its testimonials to contemporary organizational leaders and their uses of solitude are short chapters on famous leaders—Lawrence of Arabia, for instance, and Aung San Suu Kyi, the Burmese dissident and future government minister. Such figures, the authors suggest, found solitude essential in much the same way as the organizational chiefs do. But in fact there are some important differences.

For one thing, key moments of solitude did not fall upon great leaders at the times they determined. They didn't carve out 90 minutes alone every day by asking their assistants to "structure [it] in" to their daily schedule, as Endgame CEO Nate Fick does, or take time away from their hectic schedules to wander the great outdoors, as more than one of Messrs. Kethledge and Erwin's subjects do.

Instead solitude came unbidden, dictated by events. Think of Ms. Aung San's long periods of house arrest. Or the 10-day spell of dysentery that confined T.E. Lawrence to a tent. Far from taking that time to step outside events and reflect on his values, Lawrence used solitude to zero in on something pragmatic: seizing control of events by cutting Turkish rail lines in Arabia. Even though such leaders might have been confined to a physical space, they did not spend much time there exploring their own mental spaces, as far as we know.

Nor, often, did they spend their "solitude" alone. Sometimes others were literally present. The authors recount how Dwight Eisenhower stared out the window into the pelting rain for several spellbinding minutes, in the company of his subordinates, before deciding to give the order for D-Day. In other cases, great leaders mentally populated the space around them with imagined others, as Thoreau did. Martin Luther King Jr., in the solitude of his own kitchen on a crucial January night in Montgomery in 1956, felt keenly, he later recalled, that he was "never alone."

Lincoln, the authors report, used solitude to write a letter to Gen. George Meade chastising him for failing to pursue Lee after the victory at Gettysburg—but never sent it. Instead, Lincoln in effect began an inner dialogue with Meade and so came to appreciate the burdens Meade's soldiers would have to bear in destroying Lee's army. Lincoln, alone, did not whittle down the information available to gain control over it. Instead he steeped himself in the positions of others to fully understand them.

Certainly the everyday leaders in "Lead Yourself First" are to be admired. Among the figures presented in the book none is more inspiring than Tommy Caldwell, a mountain climber who—after accidentally dropping his nattering cellphone thousands of feet into a chasm—found the quiet he needed to focus on helping his less experienced mate climb Yosemite's Dawn Wall. And Joey Reiman, the founder of BrightHouse, a consulting firm that advises companies on how to cure "society's ills," committed himself to that goal after a long illness following a near-fatal car accident.

The respect they command is itself no accident. Their experiences—in which solitude came on unplanned and moved them to look outward to others—are the closest to those of the great leaders the book discusses. Thoreau had it right.

Mr. Stark is the author of "The Consolations of Mortality: Making Sense of Death."

OPINION

REVIEW & OUTLOOK

Trump's Syria Muddle

Does the Trump Administration have a policy in Syria worth the name? If so it isn't obvious, and its recent decisions suggest that the White House may be willing to accommodate the Russian and Iranian goal of propping up Bashar Assad for the long term.

Last week the Administration disclosed that it has stopped assisting the anti-Assad Sunni Arab fighters whom the CIA has trained, equipped and funded since 2013. U.S. Special Operations Command chief Gen. Raymond Thomas told the Aspen Security Forum Friday that the decision to pull the plug was "based on an assessment of the nature of the program and what we are trying to accomplish and the viability of it going forward."

That might make sense if anyone knew what the U.S. is trying to accomplish beyond ousting Islamic State from Raqqa in northern Syria. In that fight the Pentagon has resisted Russia and Iran by arming the Kurdish Syrian Democratic Forces and shooting down the Syria aircraft threatening them. Mr. Trump also launched cruise missiles to punish Mr. Assad after the strongman used chemical weapons.

The muddle is what the U.S. wants in Syria after the looming defeat of Islamic State. On that score the Trump Administration seems to want to find some agreement with Russia to stabilize Syria even if that means entrenching Mr. Assad and the Russian and Iranian military presence.

Cutting off the Sunni Free Syrian Army has long been a Russian and Iranian goal. FSA fighters in southern Syria have helped to contain the more radical Sunni opposition formerly known as the Nusra Front and they've fought Islamic State, but they also want to depose Mr. Assad. Not all of the Sunni rebels are as moderate as we'd like, but they aren't al Qaeda or Islamic State. The arms cutoff caught the rebels by surprise and will make our allies in the region further doubt American reliability.

This follows the deal Mr. Trump struck at the G-20 meeting with Vladimir Putin for a cease-fire in southern Syria near its border with Israel and Jordan. Secretary of State Rex Tillerson hailed it as a potential precedent for other parts of Syria, and Administration sources advertised that Israel and Jordan were on board.

But we later learned that Israel is far more

Iran and Russia won't negotiate a cease-fire until they have to.

skeptical. Prime Minister Benjamin Netanyahu told a recent cabinet meeting that "Israel will welcome a genuine cease-fire in Syria, but this cease-fire must not enable the establishment of a military presence by Iran and its proxies in Syria in general and in southern Syria in particular."

Yet by this point any territory controlled by Mr. Assad will come with Iranian military tentacles. Iran's Hezbollah foot-soldiers from Lebanon helped rescue Mr. Assad's military, and they'd love to open another frontline against the Jewish state.

President Trump and Mr. Tillerson may want to negotiate a diplomatic settlement with Mr. Putin on Syria, and no doubt the Russian is pitching his "common front" line against radical Islamists. But CIA Director Mike Pompeo told the Aspen forum on Friday that Russia has done little fighting against Islamic State. Mr. Putin also has no incentive to give ground in Syria while his side is winning.

Russia and Iran know what they want in Syria: a reunified country under Mr. Assad's control. Iran will then get another Arab city—Damascus—under its dominion. It will have another base from which to undermine U.S. allies in Jordan and attack Israel when the next war breaks out. Russia wants to show the world that its allies always win while keeping its air base and a Mediterranean port.

None of this is in the U.S. interest. The only way to reach an acceptable diplomatic solution is if Iran and Russia feel they are paying too large a price for their Syrian sojourn. This means more support for Mr. Assad's enemies, not cutting them off without notice. And it means building up a Middle East coalition willing to fight Islamic State and resist Iran. The U.S. should also consider enforcing "safe zones" in Syria for anti-Assad forces.

It's hard to imagine a stable Syria as long as Mr. Assad is in power. But if he stays, then the U.S. goal should be a divided country with safe areas for Sunnis and the Kurds who have helped liberate Raqqa. Then we can perhaps tolerate an Assad government that presides over a rump Syria dominated by Alawites. But none of that will happen if the U.S. abandons its allies to the Russia-Assad-Iran axis. And if abandoning Syria to Iran is the policy, then at least own up to it in public so everyone knows the score.

Increasingly depends on a good zip code.

Ms. Weingarten tries to taint the push for choice by tracing it to attempts in some parts

of the country to evade the integration demanded by *Brown v. Board of Education*. There's a reason Ms. Weingarten spends most of her time on the bad old days. This is because it's much harder to defend the academic resegregation of today.

Before last year's anniversary of *Brown*, for example, the Government Accountability Office released a study showing resegregation is on the rise, with more and more of America's poor black and Latino children in schools where they are the majority. Many of these are failing schools. Yet as she made clear in her speech, Ms. Weingarten and her union will fight to their dying breath to keep these children there rather than give them the opportunity of a better education through a charter public school or a voucher for a private or parochial school.

We hope Secretary DeVos takes away from Ms. Weingarten's speech the message that so brittle is the teachers union monopoly that today it fears her even talking about choice.

Westchester Beats Obama

Westchester County Chief Executive Rob Astorino spent seven years fighting Obama-era Department of Housing and Urban Development accusations that his county's zoning laws are racist. Now HUD has conceded that the suburban New Yorker was right all along.

In a one-paragraph memo sent to Westchester recently, HUD Regional Director Jay Golden accepted the county's latest report demonstrating that local zoning laws are race-neutral. Westchester was required to produce this "analysis of impediments" to housing as part of a 2009 legal settlement between Mr. Astorino's Democratic predecessor, Andrew Spano, and a liberal activist group.

Mr. Astorino called HUD's memo a "vindication," and it is—not least because Westchester demonstrated as early as 2010 that the county didn't have racially exclusionary zoning practices. Westchester's residents live where they want and can afford to live. Between the 2000 and 2010 censuses (the most recent available), the county's African-American and Hispanic populations rose 56%.

The Obama Administration had a larger social and political agenda, which was to use federal anti-discrimination law as a battering ram to rewrite local zoning laws. Westchester would be the model for the rest of the country, and as a Republican Mr. Astorino was an ideal foil to portray as a racist and then point to as a precedent to force racial housing quo-

The feds concede that the suburb's zoning laws aren't discriminatory.

tas on neighborhoods across America. As part of the settlement implementation, the agency deemed standard zoning, such as building heights or sewer placement to protect drinking water, as "restrictive practices" that the feds wanted to change. Westchester balked, recognizing the move as a federal take-over of local policy. The agency also ignored that Mr. Astorino exceeded the 2009 settlement's mandate to facilitate the construction of 750 housing units in 31 mostly white communities over seven years.

Mr. Astorino fought back in court, producing 11 reports about the county's zoning practices. The agency responded by withholding \$23.4 million in development money meant for Westchester's poorest communities over four years. New York Governor Andrew Cuomo used the dispute to portray the Republican as hostile to minorities when Mr. Astorino ran against the Democrat in 2014.

Now Mr. Astorino looks like a hero to Westchester residents who have already forked out \$81.6 million for land acquisition and construction costs for the new housing, plus the \$172 million contributed by state and federal taxpayers.

The misuse of federal regulatory enforcement to impose its liberal policy preferences was one of the worst excesses of the Obama Administration. Congratulations to Mr. Astorino and Westchester for refusing to give in to the extortion—and for winning in the end.

LETTERS TO THE EDITOR

GOP Can't Play as a Team, but It's No Game

Fred Barnes's metaphor, of course, is predicated on accepting the premise that Congress should be made up of two opposing teams, acting in competition with one another, rather than one team acting for the benefit of its fellow citizens ("Republicans Aren't Team Players," op-ed, July 17). It's probably realistic though reprehensible. However, is being a "team player" always a virtue? When it becomes obvious to a member of a team that the team is heading pell-mell toward the wrong goal line, surely the virtue is not going along with everyone else.

If you must "hold your nose" as you vote, there is a problem. You don't simply eat the green, moldy pasta in the back of the fridge—you throw it out and make fresh pasta. So it should be with a health-care bill, whose purpose isn't the re-election of any politician or political party. Its purpose is to promote the welfare of the citizens of our country. There are many roads to improved health care, not just two. But the best ones will take time to build. Such complex construction can't be done under the constraints of an unrealistic deadline imposed by the whims of an inexperienced engineer.

JUDY KURTZ
Socorro, N.M.

Politics may be a team sport, but playing for the team isn't the first requirement of any elected official, Republican or Democrat. The first requirement is getting re-elected. If some Republicans aren't supporting bills to repeal and replace ObamaCare, it's because there are enough voters in their districts who don't support those bills to jeopardize their coming re-election. Survival is the first law of the jungle, or of the swamp.

AVRUM HYMAN
Riverdale, N.Y.

Fred Barnes is correct in pointing fingers at Republican Sens. Rand Paul, Dean Heller and Susan Collins for their implicit support of ObamaCare by their explicit rejection of health-care reform as it is currently proposed. At present, the 48 Senate Democrats are still being "team players" by being holdouts and receiving praise from their coaches for their brave "resistance." A word of caution. Wait until November 2018 when the 10 Democratic senators who are running for re-election in states that Donald Trump carried in 2016 (including five states that Mr. Trump won by double digits) have to stand behind their team and their team's vote.

ObamaCare may survive through 2018, but "Team Democrat" may take a bigger beating in the election than "Team Republican" if ObamaCare survives.

We may ironically thank Sens. Paul,

Heller and Collins for making these 10 Democratic senators take responsibil-

ity for perpetuating ObamaCare. I doubt that Trump supporters in those states will allow these Democratic senators to participate in future decisions about our health-care system.

BOB SPEAR, M.D.
Coronado, Calif.

Fred Barnes is right about the unity of the Democratic Party in Congress, but it isn't because there is better discipline; it's because almost all important new legislation moves in the Democrats' direction (larger government, more statism—see health care). The only question is how quickly things move left. So generally the Democrats can wait and let the future come to them.

JAMES W. VOELZ
Fort Wayne, Ind.

I am proud of Sens. Susan Collins, Rand Paul and Dean Heller for speaking out about what they believe will harm their constituents. I've watched Sen. Mitch McConnell trying to ram the health-care bill through with no concern of how it will affect many Americans.

LINDA HUDSON
Indianapolis

The failure rests with the Republican leadership. Good team leadership crafts actions that encompass the views and needs of the team members. Good leadership doesn't move forward until it has achieved a reasonable consensus.

What makes the failure so glaring is that it follows almost eight years of rhetoric that implied a well-thought-out plan existed that achieved consensus among Republicans.

TOM BURGESS
Summerfield, Fla.

U.S. citizens would be better served if the order of the questions Republican and Democratic senators asked themselves were reversed, i.e.: How would it affect the country? How would it affect your party? How would it affect you?

MICHELLE HUBBELL
Alameda, Calif.

I've long suspected that Mr. Barnes's observation is due to a rather cynical analysis by a good many Republican Congress critters—he, where are they gonna go?

I'd suggest that a lot of these exaggerated Republican voters will simply stay home next time around.

JOHN T. MORZENTI
Devon, Pa.

Being Republican doesn't make one a lemming.

NORENA NORTON BADWAY
Stockton, Calif.

You Don't Save Many Jobs by Cutting Benefits

Economist Casey B. Mulligan's "How Many Jobs Does the ACA Kill?" (op-ed, July 6) focuses on the hiring of the 50th employee costing \$70,000 to employers due to the penalty for those not carrying insurance.

This amounts to \$1,400 per employee. Not a huge deterrent for a firm with 50-plus employees. Our company, a partnership, has 25 employees. This isn't a factor, we cover the costs. We are still hiring.

What is a factor: Years ago the defined-benefit plans were mostly abandoned by companies in favor of self-funded 401(k) plans. This relieved companies of billions in pension funding and stock prices, and the DJIA never looked back. But now these employees are living on the

margins, in major part due to this legislation that stripped out their benefits.

Mr. Mulligan is suggesting another round of stripping, or at least keeping the status quo in the rules so companies can push earnings higher, where the employees are again stripped of benefits that most advanced countries consider a necessity to maintain the retirees' standard of living.

BRIAN ROWBOTHAM
San Francisco

There have been many new jobs for lawyers because of the ACA.

JOE McNIESH
Staten Island, N.Y.

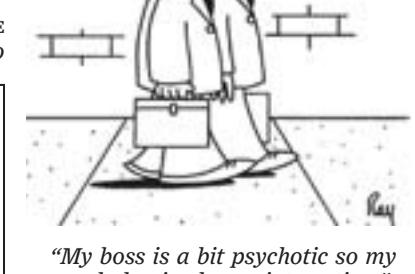
How Have the Jews Survived?

Benjamin Balint's review of "The Origin of the Jews" by Steven Weitzman (Bookshelf, July 11) is the range of possibilities for the answer to the book's title and the impossibility of a sure answer, once one steps away from a believer's position described in the Torah. I look forward to a surer answer to "Why the Jews are Still Here" in a sequel I encourage Mr. Weitzman to undertake.

STEPHEN N. MILLER
Encinitas, Calif.

Pepper ... And Salt

THE WALL STREET JOURNAL



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DEBORAH STARR LAKE
Boise, Idaho

OPINION

Britain Is Committed to Brexit and Free Trade

By Liam Fox

The principles of free trade have underpinned the institutions, rules and alliances that rebuilt the postwar world. They facilitated the fall of Soviet communism. They ushered in 70 years of global prosperity, raising the living standards of hundreds of millions of people. As the United Kingdom looks ahead to a new era of trade and a future outside the European Union, we'll be strengthening ties around the world—especially with our top trading partner and greatest ally, the U.S.

As an independent U.K. embraces the world, the U.S. will remain our foremost partner.

The British government has set up working groups and high-level dialogues in 10 countries that are key trade partners. Our goal is to explore the best ways of improving our trade and investment relationships. On Monday, I will visit my American counterpart, U.S. Trade Representative Robert Lighthizer, for the first meeting of the U.S.-U.K. trade and investment working

group. We have two main aims. First, to give businesses on both sides of the Atlantic certainty and confidence. Second, to provide commercial continuity as the U.K. charts a course outside the EU.

The U.K. is prohibited from signing any formal free-trade agreement while we retain EU membership, but we are laying the groundwork for a potential deal with our closest international partners, identifying areas where we could broaden cooperation and remove barriers to trade.

American politicians and business leaders sometimes ask me whether the U.K.'s recent general election has affected our approach to Brexit, or whether there is any chance the U.K. might change its mind and stay in the EU. No. The government's approach has not changed. The plan to leave the EU that we originally set out is in our national interest. Brexit is going ahead. The democratic choice has been made.

In the June election, more than 80% of voters backed one of the parties that supports Britain's withdrawal from the EU. The Conservative Party, through our agreement with the Democratic Unionist Party, has secured a legislative majority to provide stable government, uphold the democratic will of the British people, and deliver Brexit.

I believe this offers an unprece-



BLOOMBERG

A container ship dockside last year in Felixstowe, England.

dented opportunity for the U.K. If we want to protect jobs and prosperity and watch British businesses expand, we need to engage with the overseas markets that hold the greatest potential. The EU itself estimates that 90% of global growth in the next decade will come from outside Europe.

As one of the world's largest economies, the U.K. has the chance to work with old and new partners to build a truly global Britain at the heart of international trade.

The strength of our trade and investment relationship with the U.S. is clear. Exports to the U.K. last year totaled \$555 million from Al-

bama alone, and \$3.5 billion from Washington state. Such exports supported 1,400 jobs in Alaska and 53,000 in Texas, which I will visit at the end of this week. Together the U.S. and U.K. have around \$1 trillion invested in each other's economies, and this strong trading relationship supports more than one million jobs in both countries.

The fundamentals of the U.K. economy are strong, providing a solid platform on which to build new trading links. We have reduced the deficit by nearly 75% and cut taxes for millions of working people, and the unemployment rate remains

low. The U.K. was the second-fastest-growing economy in the Group of Seven last year. A PricewaterhouseCoopers report from February projects that Britain will hold the G-7 growth title until 2050, outstripping Germany, France and Italy.

The U.K. has long been one of the best places in the world to invest, with regulatory stability, a strong rule of law, and a low-tax, high-skilled economy. So it's no surprise that Britain has attracted a range of businesses, from Google and Facebook to Pfizer.

I am committed to securing the best possible global trading framework for the U.K. It is a source of great personal pride to lead the Department for International Trade, tasked with upholding Britain's centuries-long tradition of advocating free trade and commerce. In that spirit, I look forward to working together with our American allies to deepen a relationship based upon not only our shared values of freedom and democracy, but our shared history, culture and economic success.

At times the U.K. and the U.S. can seem very different, yet we are nations built upon a common foundation. As Britain embraces the world, the U.S. will remain our foremost partner in every endeavor.

Mr. Fox is the U.K.'s international trade secretary.

Congress Won't End ObamaCare, So Here's How to Mend It

By Jason Furman

Having so far failed to repeal and replace the Affordable Care Act, the best way forward for Republicans would be to work with Democrats to improve the marketplaces set up by the 2010 law. While legislation could help, all that really is needed for the marketplaces to succeed is for the Trump administration to do no harm. This means continuing to implement the law without actively undermining it.

The health-care marketplaces are stabilizing on their own now that insurers have made a one-time adjustment to bring premiums in line with claims costs. In 2014, when the marketplaces first opened for business, insurance companies generally underpriced their offerings. Since then states like Arizona, which had some of the lowest prices to start, have seen the largest premium increases. States like Ohio, where initial offerings were more accurately priced, have seen more-moderate increases. Overall, premiums in 2017 are within 1% of the projections made by the Congressional Budget Office in 2009.

President Trump and other critics

argue the marketplaces are entering a "death spiral"—that is, a vicious circle of rising premiums and an increasingly sicker pool of enrollees. But nothing remotely close to that has happened, largely because more than 80% of marketplace enrollees receive a subsidy that covers premium increases, according to the Department of Health and Human Services. Enrollment changes have been about the same, on average, in states with large premium increases and states with flat or declining premiums. This follows several years in which the risk pool has remained stable or even improved, as proven by claims costs, young adults' share of marketplace enrollment, and risk scores.

Several insurers have withdrawn from some markets—or the marketplaces entirely—but there remains a powerful incentive for insurers to stay or return. The amount insurance companies spend on health costs relative to premium revenue, known as the medical-loss ratio, has fallen sharply in 2017, according to a recent analysis by the Kaiser Family Foundation. This suggests insurers are becoming more financially secure. The return to sustainable pricing means

more insurers will want to enter the marketplaces, expanding competition and choice for consumers.

Congress should have a simple test before considering any reforms to the current system. At a minimum, the changes shouldn't increase the

No new law is necessary. If the administration does no harm, the marketplaces will succeed.

number of uninsured or the budget deficit, and they shouldn't make health insurance pricier for broad groups of Americans.

Some sensible reforms have already been offered. Republican Sen. Susan Collins of Maine has supported establishing a system that would reimburse health insurers for large losses from very sick enrollees. House Democrats have suggested targeted subsidy increases to increase affordability. A public option in parts of the country without sufficient competition would also help.

I recommend strengthening the individual mandate by increasing the penalty for going without coverage, though neither party seems likely to consider the idea. While even the less controversial proposals may not be viable in Congress, they aren't the difference between the marketplaces surviving or dying.

Contrary to the president's apocalyptic rhetoric—or even the fears of some Affordable Care Act supporters—the law is holding up. How exactly can Mr. Trump do no harm? The administration should ensure that insurance companies continue to be reimbursed for the cost-sharing subsidies they provide for households with incomes up to 250% of the federal poverty line, which is about \$60,000 for a family of four. The president should also order his subordinates to continue enforcing the individual mandate and to avoid making large, abrupt changes to the marketplaces.

The "do no harm" principle extends beyond the individual market, where about 1 in 6 Americans get their health care, according to the Census Bureau. To cut cost growth and improve quality, the administration will

have to use other tools—many of them bipartisan—that have been created by Congress in recent years. These include delivery-system reforms in Medicare, which shift to payment models that reimburse providers based on outcomes and quality rather than inputs and quantity. A Republican Congress under the leadership of Speaker John Boehner already expanded these reforms after they were originally passed as part of the Affordable Care Act. The "Cadillac tax," which encourages insurance companies not to offer overly expensive care, should also stay. Neither of these policies requires congressional action. The administration simply has to implement the law as written.

In "King Lear," the Duke of Albany warned that in "striving to better, oft we mar what's well." When it comes to health-care reform, not heeding the Bard's words could lead to a real-life tragedy.

Mr. Furman, a professor of practice at the Harvard Kennedy School, was chairman of the White House Council of Economic Advisers, 2013-17.

If You're Arrested Abroad, the U.S. May Not Bail You Out

By Jared Genser

I represent two Americans, Siamak Namazi and his father, Bahram, being held in deplorable conditions in Iran's Evin Prison. Last October they were sentenced to 10 years on sham charges of "collaboration with a hostile government," namely the U.S. In a statement Friday, the White House demanded their freedom: "President Trump is prepared to impose new and serious consequences on Iran unless all unjustly imprisoned American citizens are released and returned." In June the administration arranged for Otto Warmbier to be brought home after nearly 18 months in a North Korean camp. He died shortly after returning to the U.S.

Americans need to appreciate they are highly vulnerable to arbitrary detention abroad—and not just in countries like Iran and North Korea. I say this from experience, as a lawyer who has represented not only the Namazis but also U.S. citizens wrongfully imprisoned in such countries as China, Cuba, Myanmar and Nicaragua. Each year more than 70 million Americans travel abroad. Several thousand are

arrested annually. The State Department estimates more than 3,000 are imprisoned, some 100 of whom, two officials told me on condition of anonymity, are hostages of rogue states and terrorist groups.

The State Department needs to do a better job protecting travelers—and warning of the danger.

Many Americans believe if they get into trouble the U.S. government will rescue them. In most cases it won't. Those who are detained typically get a list of local lawyers and visits from consular staff every one to three months. Buried on its website, the State Department explicitly advises it "cannot get U.S. citizens out of jail." Still, more can be done to help Americans imprisoned abroad.

First, Mr. Trump should direct the State Department to evaluate individually the case of every imprisoned American to determine privately whether he is likely to have

been arbitrarily detained. This need not be a complex legal evaluation, but rather a simple application of international law to the facts of each case.

This review is critical. Many of the imprisoned did break local laws, and the U.S. Privacy Act prohibits government agencies from releasing information that might enable human rights groups or the media to conduct independent evaluations. That's why the State Department must determine internally which Americans are unfairly imprisoned and then provide diplomatic and political support to push for their freedom.

Second, Congress should require, every three months, that the State Department provide lawmakers a private list of Americans believed to be imprisoned wrongly abroad, including suggested steps to assist them. In opposing such a bill previously, the department argued in a memo to Congress: "The idea that we would distinguish among U.S. citizens as more or less 'deserving' of

our support contradicts the fact that all U.S. citizens deserve our best efforts." Yes, Americans deserve consular support without distinction, but those who are wrongly detained merit special attention. Lawmakers should encourage the State Department to provide it. They should not, however, prescribe or require specific action, because these cases require specialized support based on the facts of each case.

Third, the government needs an integrated approach. In 2015 President Obama issued a directive that created a special presidential envoy for hostage affairs, a position Mr. Trump should fill soon. But the administration also needs to identify and assist other wrongly detained Americans. It needs to enhance deterrence, to go beyond saying it has a "no concessions" policy, and to consider coercive measures such as suspending foreign aid and imposing targeted sanctions against governments, organizations and individuals responsible for holding U.S. citizens unfairly.

Fourth, the State Department should do a better job educating Americans as to the dangers of traveling abroad. That wouldn't help dual nationals like the Namazis, visiting family or friends. But a warning could help others avoid trouble. Every passport should come with a letter emphasizing the government's limited ability to recover wrongfully imprisoned citizens, listing countries that have taken American hostages, and noting that U.S. citizens traveling abroad are wholly outside the protection of the Constitution and must follow local laws.

Even with these measures, securing the release of wrongfully imprisoned Americans will remain difficult. But perhaps high-profile hostage cases like those of the Namazis and Warmbier will focus the government on fulfilling one of its most basic duties: protecting its citizens when they most desperately need help.

Mr. Genser is founder of Freedom Now.

Force Congress's Hand on Health Care

By Heather R. Higgins

If President Trump is serious about repealing ObamaCare—about delivering a better policy with more choice and lower costs—there's a simple move he could make that wouldn't require congressional approval. It would align the interests of lawmakers and their staffers with the interests of voters.

Congress is essentially unaffected by the high costs of the ObamaCare exchanges because of a special exemption crafted under the Obama administration. The Affordable Care Act required members of Congress and their employees to participate in the health-insurance exchanges it established. They should have lost the generous coverage they had in the Federal Employees Health Benefit Program and instead bought one of the government-mandated options offered on the ACA exchanges.

In late 2012, staffers and members figured out what was about to happen and begged the Obama administration for relief. Just as Congress was going into its August recess in 2013, the Office of Personnel Management ratified the fiction that the House and Senate each have fewer than 50 employees, and thus qualify as "small businesses." That enabled OPM to establish a system of special subsidies and exemptions, sparing Congress the embarrassment of a self-serving vote.

Many staffers are exempted and allowed to remain on their old insurance plans. Members of Congress and their designated "official office" staff are insured through the District of Columbia's small business exchange—but they receive a one-of-a-kind subsidy from their employer (taxpayers) of up to \$12,000, or about 70% of their premiums.

All that would be illegal for

anyone else. In fact, it's illegal for Congress too. But since it was established administratively, it can be ended the same way. The president should announce that he is instructing OPM to end the exemption and subsidies for Congress.

This is smart politics. One poll found 94% of voters opposed the special deal for Congress. It would also lead to smart policy: Any continued failure to reform health care means members of Congress and their staff would suffer under the current system. If the president does this, he'd have huge negotiating leverage. He would align the interests of the ruling class with those of his voters, forcing Congress to act. He might even get some Democratic votes.

Ms. Higgins is CEO of Independent Women's Voice and runs the Repeal & Reform coalition.

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Wildfires Choke Lumber Supply

Dry Tinder

Lumber prices have surged this year, fueled by Canadian fires and a U.S.-Canada trade dispute.

CME random length lumber front-month contracts

\$420 per 1,000 board feet



BY BENJAMIN PARKIN
AND DAVID GEORGE-COSH

Wildfires in Canada are pushing up the price of lumber, threatening the supply to U.S. home builders.

Lumber futures have soared in July as blazes spread across the province of British Columbia, leaving many U.S. wholesalers short-handed. Lumber dealers ran down their inventories this year as a trade spat between the administration of President Donald Trump and Canadian officials sparked wild price swings. Then Canada's wildfires, a threat every summer, turned out to be the hardest on the lumber industry in more than a decade.

Now home builders in the U.S., which gets around a third of its lumber from Canada, fear prices might climb even higher as wholesalers try to restock amid the price surge. British Columbia produces nearly half of all Canadian lumber, according to Statistics Canada.

"People need wood now," said Paul Harder, a timber trader at wholesaler **Dakeryn Industries** in North Vancouver, which sells to U.S. lumber yards. "Little lumber is being offered out there."

Lumber futures at the Chicago Mercantile Exchange, an indicator of price expectations for the months ahead, rose above \$400 per 1,000 board feet in mid-July. That was

near a 12-year high reached in April before the Trump administration accused Canada of unfairly subsidizing its forestry industry and started slapping tariffs as high as 30% on some timber imports to the U.S. Canadian officials deny the allegations.

The tariffs, which are preliminary and could be rolled back this year, add an estimated \$1,700 to the price of a typical home, said the National Association of Home Builders.

Average new, single-family-home prices rose to a record \$406,400 in May, according to the Commerce Department.

A fifth of U.S. home builders reported a shortage of

Please see LUMBER page B2

KKR Near Accord To Buy WebMD

BY MATT JARZEMSKY

KKR & Co. is nearing a deal to buy **WebMD Health Corp.**, according to people familiar with the matter.

The New York-based health-information provider, which has been running an auction after publicly putting itself in play earlier this year, could announce the deal as soon as Monday, the people said.

Terms couldn't be learned. WebMD had a market value of about \$2 billion Friday after running up on hopes of a sale. As always in a competitive situation, there is no guarantee there will be a deal or that KKR will be the buyer.

Reuters reported earlier Sunday that the company was nearing a deal with KKR.

WebMD was founded in the late 1990s by Jeffrey Arnold, who became a billionaire at age 29 when the company merged with **Healthon Corp.** in 1999.

In addition to its namesake website, featuring a symptom checker and glossary of medical terms, the company operates physician-focused Medscape.com, among other services.

The expected takeover comes as uncertainty surrounding health-care policy and drug pricing has damped demand for pharmaceutical marketing such as advertising on WebMD's websites. Executives noted that backdrop in February, as the company forecast slowing 2017 revenue and said it would explore a sale.

The shares were trading at just over \$50 when WebMD said it would consider a sale. The stock notched a record close of \$66.98 in May 2016 but is down nearly 20% since then and closed at \$55.19 Friday.

Private-equity firms have long seen the company as a target. In 2012, WebMD scrapped an earlier effort to sell itself, which came on the heels of billionaire investor Carl Icahn taking a stake in the company and arguing it was undervalued.

In March, activist hedge fund firm Blue Harbour Group LP disclosed an 8.99% stake in WebMD. The fund firm, founded by former KKR deal maker Clifton Robbins, is known for friendly approaches toward corporate management teams that contrasts with the style of some of its peers.

Consumer Complaint Database Draws Ire

BY YUKA HAYASHI

WASHINGTON—A government-complaint database popular with consumers has become the latest battleground for efforts to curb the Consumer Financial Protection Bureau's authority.

The public database run by the bureau draws thousands of complaints about companies each week. But businesses say it spreads unverified negative information about them. Now the Trump administration wants to make the information private, saying the information isn't sufficiently verified by the government.

Critics say the move would weaken a tool for consumers and businesses to resolve disagreements.

Since its launch in 2011, the complaint-filing system has grown rapidly, becoming a leading online deposit of consumer complaints on financial products and services. Consumers so far have submitted 1.2 million complaints—of which more than 800,000 are publicly searchable—on issues such as mortgages, credit reporting and debt collection. That total is far more than the 30,000 cases handled by the Consumer Product Safety Commission's complaint portal, which also opened in 2011.

The CFPB says 97% of consumers receive a response within 15 days of filing a complaint. Consumers sometimes report on social media and elsewhere that the process can

Please see CFPB page B7



SIMON SWARD FOR THE WALL STREET JOURNAL

Robots Picking, Retailers Grinning

Automated advances are needed to help fulfill online orders

BY BRIAN BASKIN

Robot developers say they are close to a breakthrough—getting a machine to pick up a toy and put it in a box.

It is a simple task for a child, but it has been a significant hurdle for retailers automating one of the most labor-intensive aspects of e-commerce: grabbing items off shelves and packing them for shipping.

Several companies including Saks Fifth Avenue owner **Hudson's Bay** Co. and Chinese online retailer **JD.com** Inc. have recently begun testing robotic "pickers" in their distribution centers. Some robotics companies say their machines can move gadgets, toys

and consumer products 50% faster than human workers.

Retailers and logistics companies are counting on the new advances to help them keep pace with explosive growth in online sales and pressure to ship faster. U.S. e-commerce revenues hit \$390 billion last year, nearly twice as much as in 2011, according to the U.S. Census Bureau.

Sales are rising even faster in China, India and other developing countries.

That is propelling a global hiring spree of people to process those orders. U.S. warehouses added 262,000 jobs over the past five years, with nearly 950,000 people working in the sector, according to the Labor Department. Labor

shortages are becoming more common, particularly during the holiday rush, and wages are climbing.

Picking is the biggest labor cost in most e-commerce distribution centers, and among the least automated.

Swapping in robots could reduce the labor cost of fulfilling online orders by 20%, said Marc Wulfrat, president of consulting firm MWPVL International Inc.

"When you're talking about hundreds of millions of units, those numbers can be very significant," he said. "It's going to be a significant edge for whoever gets there first."

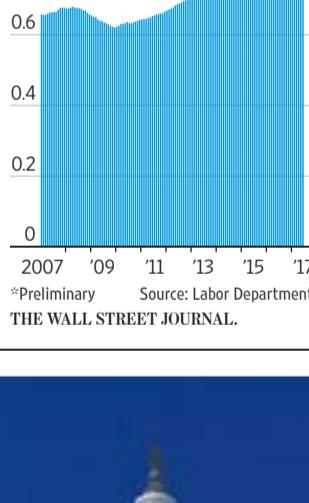
Until recently, robots had to be trained to identify and

Please see ROBOTS page B2

Help Wanted

Rising e-commerce sales have boosted an increase in U.S. warehouse workers.

Number of employees in the warehouse and storage sector



Source: Labor Department

THE WALL STREET JOURNAL

KEYWORDS | By Christopher Mims

In Today's Cyberwar, Everyone Is a Target

This is already a banner year for hacks, breaches and cyberwarfare, but the past week was exceptional.

South Carolina reported hackers attempted to access the state's voter-registration system 150,000 times on Election Day last November—part of what former Homeland Security Secretary Jeh Johnson alleges is a 21-state attack perpetrated by Russia. And U.S. intelligence officials alleged that agents working for the United Arab Emirates planted false information in Qatari news outlets and social media, leading to sanctions and a rift with Qatar's allies. Meanwhile, Lloyd's of London declared that the takedown of a significant cloud service could lead to monetary damages on par with those of Hurricane Katrina.

Threats to the real world from the cyberworld are

worse than ever, and the situation continues to deteriorate. A new kind of war is upon us, one characterized by coercion rather than the use of force, says former State Department official James Lewis, a cybersecurity specialist at the Center for Strategic and International Studies.

Businesses and individuals now are directly affected in ways that were impossible in the first Cold War. In another age, the threat of nuclear annihilation loomed, but the cloak-and-dagger doings of global powers remained distinct from the day-to-day operations of businesses. Now, they are hopelessly entangled. The often unfathomable priorities of terrorists, cybercriminals and state-affiliated hackers only make things worse.

The current climate of cyberattacks is "crazy," says Christopher Ahlberg of Recorded Future, a private intelligence firm that specializes in cyberthreats. "It's like

Please see MIMS page B4

INSIDE



OPEC Battles To Preserve Output Curbs

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RETELLING OF DUNKIRK TRIUMPHS

MOVIES, B5

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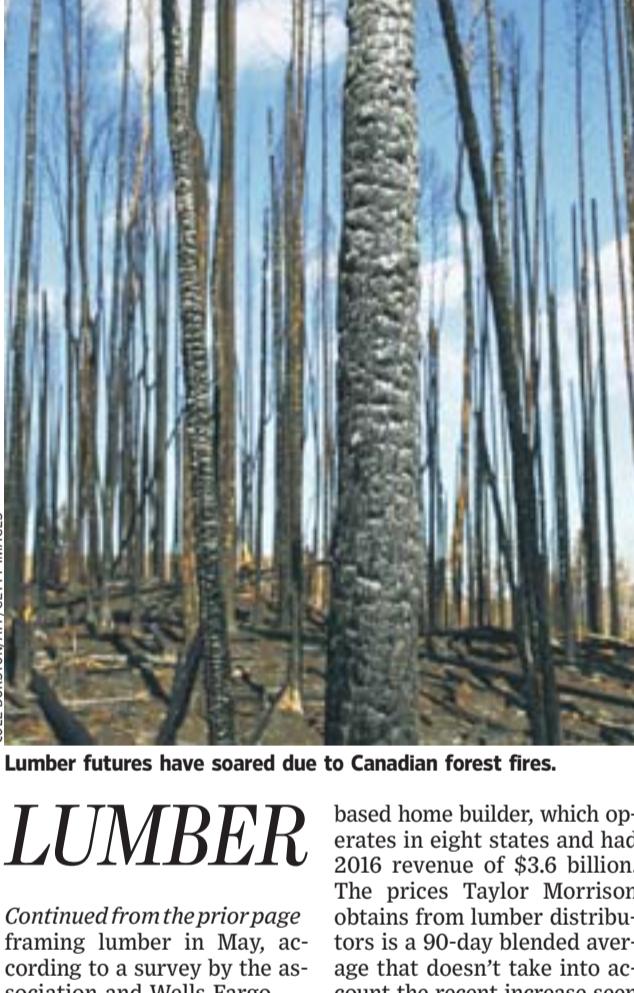
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Lumber futures have soared due to Canadian forest fires.

LUMBER

Continued from the prior page
framing lumber in May, according to a survey by the association and Wells Fargo.

Confidence among home builders fell to an eight-month low in July amid concerns over rising lumber costs, the association said last week.

"You can't budget for unforeseen lumber costs," said Brett Boyce, owner of Split Rock Fine Homes in St. George, Utah, and president of the state's home builders' association. He said the cost of lumber for recent jobs has risen about 20%. "It does end up getting passed along to the consumer," he said.

David Goodwin Jr., a home builder in Memphis, Tenn., has already raised prices about 5% since the lumber tariffs took effect. He said he worries the wildfires could stoke further lumber price increases.

A stronger Canadian dollar also has weighed on lumber shipments. The currency has gained nearly 10% against the U.S. dollar since May. Now U.S. home builders say Canada's raging wildfires are threatening to push prices even higher at the peak of the summer construction season.

"A lot of guys had their hands in their pockets waiting for some lower prices in August," said Brian Leonard, a lumber analyst at the Chicago Board of Trade. "It's the perfect storm."

Not all are seeing the impact yet. Alan Laing, executive vice president of home building operations for Taylor Morrison Inc., said it is "business as usual" for the Arizona-

based home builder, which operates in eight states and had 2016 revenue of \$3.6 billion. The prices Taylor Morrison obtains from lumber distributors is a 90-day blended average that doesn't take into account the recent increase seen on the futures market, he said.

"We expect pricing to be flat over the next two to three months," he said. Additionally, Mr. Laing said he hasn't heard from suppliers about a potential shortage of lumber, although if wildfires continue, that could lead to an increase in prices of oriented strand board, a type of particle board lumber produced in British Columbia that is used for roof and wall sheathing.

Canadian officials said Sunday that some 150 fires were still burning in British Columbia, where about 30,000 people have been evacuated.

More than a half-dozen lumber mills, which produce about 14% of the province's timber and 3% of North American output, according to industry newsletter Random Lengths, have closed. Forest fires haven't affected prices so dramatically since 2003, said Jon Anderson, the newsletter's publisher.

About 913,000 acres have burned, an area the size of Rhode Island. British Columbia Premier John Horgan on Wednesday extended a state of emergency in the province for an additional two weeks.

Meanwhile, U.S. lumber merchants say their stocks are running low.

"I wish I had more, but I don't," said Stinson Dean, a lumber wholesaler in Kansas City, Mo. "People were gearing up to restock and then the forest fires happen."

ROBOTS

Continued from the prior page
grab each item, which is impractical in a distribution center that might stock an ever-changing array of millions of products.

Automation companies such as Kuka AG, Dematic Corp. and Honeywell International Inc. unit Intelligrated, as well as startups like Right-Hand Robotics Inc. and IAM Robotics LLC are working on automating picking.

In RightHand Robotics' test facility in Somerville, Mass., mechanical arms hunt through bins containing packages of baby wipes, jars of peanut butter and other products. Each attempt—successful or not—feeds into a database. The bigger that data set, the faster and more reliably the machines can pick, said Yaro Tenzer, the startup's co-founder.

Hudson's Bay is testing RightHand's robots in a Scarborough, Ontario, distribution center.

"This thing could run 24 hours a day," said Erik Caldwell, the retailer's senior vice president of supply-chain and digital operations, at a conference in May. "They don't get sick; they don't smoke."

JD.com is developing its own picking robots, which it started testing in a Shanghai distribution center in April. The company hopes to open a fully automated warehouse there by the end of next year, said Hui Cheng, head of JD.com's robotics-research center in Silicon Valley.

Swisslog, a subsidiary of

BUSINESS & FINANCE

Boeing Presses On With Job Cuts

By DOUG CAMERON

Boeing Co. is cutting workers at its fastest clip in more than a decade.

The aerospace giant shed over 6,000 employees in the first half of the year, some

4% of its workforce, through attrition, buyouts and layoffs,

most of them at its big jetliner plants in Washington state.

Boeing has said it needs to improve efficiency and rely on more automation to build the next generation of aircraft as it works through an order book of more than 5,700 jets.

Executives said the cost-cutting drive was crucial to remain competitive with **Airbus** SE. Boeing's European rival has in recent years claimed more than half of the market for single-aisle workhorse jets, tilting the balance of what had been an evenly balanced duopoly for two decades.

The job cuts at the world's largest airline manufacturer by revenue are most pronounced in Washington state, home to two of its three commercial jet-assembly plants. Washington's employment department said Boeing has issued layoff notices to 1,251 employees in the state this year, with the latest batch of cuts starting on July 21.

Over the past four years, Boeing has reduced its Seattle-area workforce by more than 20,000, according to company records. The scale of the cuts have drawn fire from Boeing unions, which are concerned the company is diluting its engineering skills at a time when it is boosting aircraft production and transitioning to new models of two of its best-selling jets.

While focused on the Seattle area, the job cuts also have extended to the plant in North Charleston, S.C., where President Donald Trump attended the February rollout of the new 787-10 Dreamliner, extolling plans to boost U.S. manufacturing jobs.

Four months later, Boeing said it planned to lay off around 200 workers at the facility, adding to 700 who had taken buyouts. Employment at Boeing's Charleston-area facilities dropped to around 7,300 at the end of June from a peak of over 8,000 at the end of 2015.

Richard Aboulafia, an aerospace consultant at Teal Group, said Boeing's warming relationship with Mr.



Aircraft manufacturer Boeing shed more than 6,000 employees during the first half of this year.

Jet Departures

Boeing has shed 20,000 employees in the Pacific Northwest since employment peaked in 2012, while cuts in its military workforce have been most pronounced in the Golden State.

Number of employees

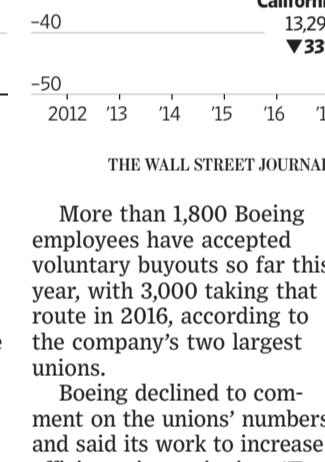
Commercial airlines unit Total



Note: 2017 data are as of June 29

Source: the company

Percentage change in number of employees since 2012



Trump after a rocky start over the Air Force One replacement program helped provide some political cover for the job cuts. In December, Mr. Trump called for the cancellation of the order for a new Air Force One from Boeing, citing the cost.

The stock is up about 36% so far this year, valuing the company at close to \$129 billion. Boeing is set to report second-quarter earnings on Wednesday.

Boeing declined to comment on the unions' numbers and said its work to increase efficiency is continuing.

"Employment reductions will come through a combination of attrition, leaving open positions unfilled, voluntary

layoff program and in some cases, involuntary layoffs," the company said.

Boeing hasn't detailed how many more jobs it may cut, but the existing pace has prompted local Seattle-area officials in March to seek an emergency grant from the Labor Department, said Dot Fallihee, interim chief executive of the Workforce Development Council of Seattle-King County. Ms. Fallihee said it would share over \$300,000 with neighboring Snohomish County to support around 1,000 displaced Boeing workers with benefits.

The job cuts have led some critics to question tax breaks the company is receiving from Washington state as it moves some work elsewhere in the U.S. and prepares to open a new center in China to complete work on jetliners destined for that market.

However, the congressman representing the area housing Boeing's big plants said the move into China reflected its status as a multinational company, even if it is the state's largest employer. "Aerospace is bigger than Boeing," said Rep. Rick Larsen (D, Wash.), adding that the state is home to 1,800 aerospace suppliers.

Some companies hope to speed development by making some research public. Amazon.com Inc. will hold its third annual automated picking competition at a robotics conference in Japan later this month. For the first time, entrants won't know in advance all the

items the robots will need to pick.

At the University of California, Berkeley, a team is simulating millions of attempts to

pick 10,000 objects. Funded by Amazon, Siemens AG and others, the project is meant to

build an open-source database for use in any automation system, said Ken Goldberg, the professor leading the project.

"With 10,000 objects, I'm surprised how well it did," he said. "I would love to show it 100,000 examples and see how well it performs after that."

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BUSINESS NEWS

BMW Denies Collusion Over Diesel Emissions

BY WILLIAM BOSTON
AND ANDREA THOMAS

BERLIN—German luxury-car maker **BMW** AG denied Sunday it had cooperated with rivals to manipulate diesel engines for reducing nitrogen-oxide emissions, after the European Commission confirmed that **Volkswagen** AG asked the region's antitrust watchdogs to scrutinize decades of possible coordination efforts by the country's main auto manufacturers.

"BMW Group vehicles are not manipulated and comply with respective legal require-

ments. Of course this also applies to diesel vehicles," BMW said in a written statement.

The comments come after Volkswagen, Germany's largest car maker, alerted European antitrust authorities about a year ago to discussions between itself and its main German rivals, a person familiar with the situation said.

"The European Commission and the Bundeskartellamt have received information on this matter, which is currently being assessed by the Commission," a European Commission representative said in a written statement. "It is premature at this stage to speculate further."

A spokesman for Germany's federal cartel office on Sunday declined to comment further on the commission's investigation into anticompetitive behavior by the participants. The office said it had been looking

into possible steel-price fixing by car makers and suppliers since last summer.

Shares in the affected German companies fell Friday after German newsweekly *Der Spiegel* first reported the news.

The decision by VW to lift the veil on behavior it thinks could have been illegal was part of an effort by management to review past practices and invite closer scrutiny by authorities after a diesel emissions-cheating scandal engulfed the company, the person familiar with the matter said.

The German car maker's new management, installed after the diesel scandal, discovered documents during a German antitrust investigation into steel-price fixing in 2016 that it thought might constitute collusion by companies including Volkswagen, BMW, **Porsche**, **Audi** and **Daimler**.

In a letter sent to the European Commission in mid-2016, Volkswagen provided details of years of discussions between car makers to find common positions on technologies including the diesel-emissions systems at the center of the emissions-cheating scandal, said the person familiar with the matter, who is a high-ranking auto-industry executive.

The revelation comes at an awkward time for German—and European—manufacturers that face accusations that the diesel-powered cars that have become ubiquitous on European roads emit far more toxic fumes than advertised. Volkswagen has been fined in the U.S. after admitting to installing cheating software on its cars that cut the level of harmful emissions that environmental tests can detect.

—Zeke Turner
and Emre Peker
contributed to this article.



Iraqi oil production will be discussed at a producers' meeting in St. Petersburg, Russia, on Monday, according to an OPEC official.

OPEC Fights to Keep Pact

Recent threats to the cartel's agreement on production curbs have its leaders scrambling

OPEC is worried that its plan to drain a global oil glut—and thereby raise crude prices—isn't working.

By Georgi Kantchev
in St. Petersburg
and Benoit Facon
in London

A long-planned meeting in St. Petersburg, Russia, on Monday to discuss the oil market with big producers outside the cartel has turned into a critical gathering.

Over the weekend, the Organization of the Petroleum Exporting Countries said, its ministers have held a series of "intensive consultations" about the challenges for an output-cutting deal the 14-nation cartel struck last year

with Russia and other big producers.

The agreement was supposed to take almost 1.8 million barrels of crude oil off the global market and drain an oversupply that has weighed prices down for three years and sent a shock through the economies of oil-producing economies.

But prices have remained stubbornly low as the glut persists. Brent, the international benchmark, fell 2.5%, to \$48.06 on Friday because of doubts about OPEC's ability to turn around the market.

Saudi Arabian energy minister Khalid al-Falih cut short his vacation to come to St. Petersburg for a committee meeting he sometimes skips because of the gathering's sudden "strategic importance" and "the high expectations of the times," said OPEC Secretary General Mohammad Barkindo.

Mr. Falih has been calling OPEC oil officials all weekend, said a person close to the min-

ister, describing him as "very nervous." Mr. Falih declined to speak with reporters. A Saudi oil-ministry official didn't respond to request for comment.

Mr. Falih met his Russian counterpart, Alexander Novak, on Sunday. Saudi Arabia is the de facto leader of OPEC, while Russia is the world's top producer and leader of a faction of 10 non-OPEC producers that pledged to cut output.

The two men will preside over a gathering of several OPEC and non-OPEC producers Monday designed to shore up support for their efforts to limit global oil output. Among the topics, Mr. Novak said, will be production from Libya and Nigeria. The two OPEC members, which were exempted from last year's deal, have recently raised output.

An OPEC official said Iraqi production would also be discussed, as the cartel member's output has remained much higher than its agreed upon levels.

Major Action at Monday's Meeting Is Seen as Unlikely

OPEC officials and analysts cautioned against expecting the cartel and its allies to take major action on Monday. It is a routine committee meeting with only handful of the 24 countries involved.

Another reason to expect little action is the Organization of the Petroleum Exporting Countries is weighing how to deal with U.S. producers.

Shale drillers took advantage quickly when oil prices briefly rose last year after the OPEC deal to curb output, sending more crude into global supply. They also have learned to drill at lower prices, and U.S. production has maintained its upward swing even as prices have been depressed this year.



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TECHNOLOGY

WSJ.com/Tech

Norway Pioneers Crewless Ships

Domestic firms Yara and Kongsberg are developing a 'Tesla of the Seas' cargo vessel

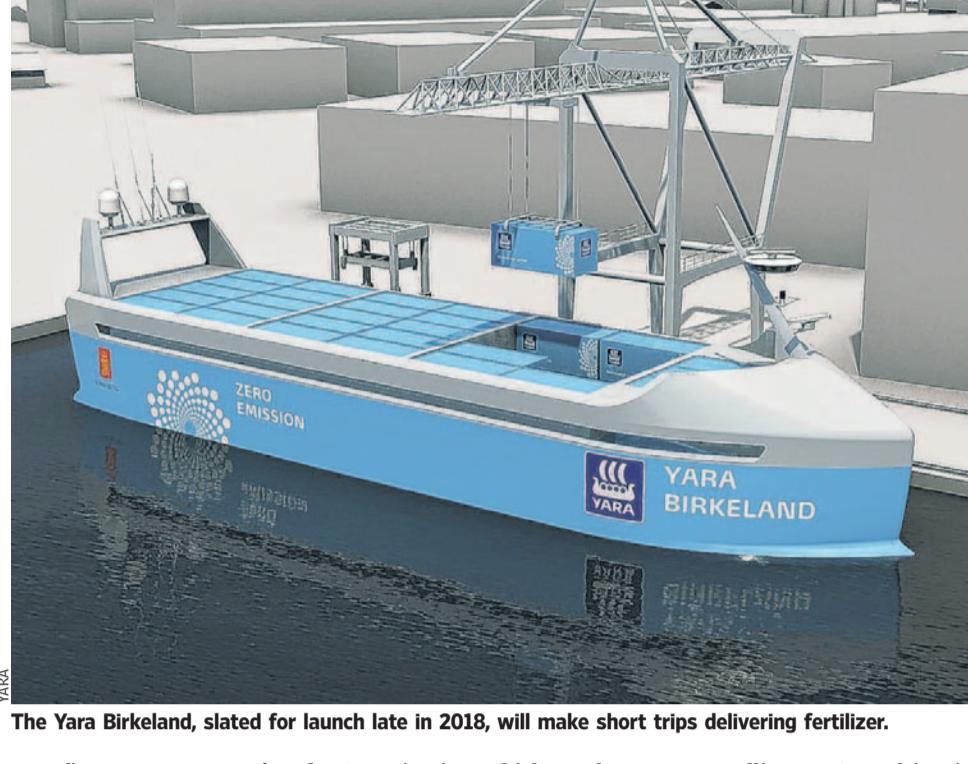
BY COSTAS PARIS

INDUSTRY FOCUS Two Norwegian companies are taking the lead in the race to build the world's first crewless, autonomously operated ship, an advance that could mark a turning point in seaborne trade.

Dubbed by shipping executives the "Tesla of the Seas," the Yara Birkeland now under development is scheduled in late 2018 to start carrying fertilizer 37 miles down a fjord from a production facility to the port of Larvik. Using the Global Positioning System, radar, cameras and sensors it is designed to maneuver itself around other vessels and to dock on its own.

The vessel will cost \$25 million, about three times as much as a conventional container ship of its size, but its backers say without need for fuel or crew it promises to cut annual operating costs by as much as 90%. The 100-container ship is scheduled to be in the water toward the end of next year, though initially it will be tested with a human at the controls.

The Birkeland is being jointly developed by agricul-



The Yara Birkeland, slated for launch late in 2018, will make short trips delivering fertilizer.

ture firm **Yara International ASA** and Kongsberg Gruppen ASA, which builds guidance systems for civilian and military uses.

Petter Ostbo, Yara's head of production who leads the electric-ship project, said the company would look to invest in bigger ships and use them for longer routes once international regulations are in place for crewless vessels. "Maybe even move our fertilizer from Holland all the way to Brazil," he said.

The International Maritime

Organization, which regulates maritime travel, doesn't expect legislation governing crewless ships to be in place before 2020.

Shipping executives say autonomous vessels will be popular for short sea routes, but doubt they will replace ocean-going ships that move thousands of containers across continents and have an average crew of around 25 people.

"It's not a matter of technology, which is already there, but a business case," said Lars Jensen, chief executive of

SeaIntelligence Consulting in Copenhagen. "Autonomous ships are expensive to begin with, and have to be built very robust, because if they break down, the cost of getting a team to fix them in the middle of the ocean will be very high."

In addition to reducing fuel and labor costs, the Birkeland project is being pitched as a way to cut emissions. The ship is expected to replace 40,000 truck journeys a year through urban areas in southern Norway, the companies say.

Ship operators increasingly are being asked to introduce cleaner fuels when sailing close to populated coastal areas, especially in the U.S. and Europe.

"We want to go zero emission," said Mr. Ostbo. "Even if some say climate change is not reality, it's a business reality because clean sources of energy are more affordable than fossil fuels."

The Birkeland will become autonomous in stages. At first, a single container will be used as a manned bridge on board. Then the bridge will be moved to shore and become a remote-operations center. The ship will eventually run fully on its own, under supervision from shore, in 2020.

"When the bridge goes on land, it will be something like flying a drone from a command center," said Kongsberg's chief executive, Geir Haoy. "It will be GPS navigation and lots of high-tech cameras to see what's going on around the ship."

The Norwegians aren't alone in looking into autonomous shipping. British manufacturer **Rolls-Royce Holding PLC** is investing in similar technology and plans to launch robotic ships by 2020.

The first vessels will likely be tugboats and ferries, with cargo ships that can sail through international waters to follow.

"Once the regulation is in place, I can see this spreading fast," Mr. Haoy said.

Amazon, Wal-Mart Spar Over Forklifts

BY SARAH NASSAUER

The rivalry between **Wal-Mart Stores Inc.** and **Amazon.com Inc.** has reached the warehouse forklift.

Wal-Mart secured the right to invest in **Plug Power Inc.** by buying more of its fuel-cell-powered machines, a move that mirrors a deal struck by Amazon earlier this year.

Discussions "were going on simultaneously" with the two retailers starting late last year, said Plug Power Chief Executive Andy Marsh.

Under the deal announced Friday, Wal-Mart will roll out Plug Power's forklifts and warehouse vehicles to 10 distribution centers this year, an investment the manufacturer valued at \$80 million. Wal-Mart is already Plug Power's biggest customer, with 5,500 of the company's units in 22 warehouses.

In April, Amazon agreed to spend \$70 million on Plug Power's vehicles and received rights to buy as many as 55.3 million shares in the company, a 19% stake.

Wal-Mart will receive warrants to purchase the same number of shares, though its initial price will be higher than Amazon's because Plug Power's stock has risen 63% since announcing its Amazon deal. Wal-Mart's potential stake is 17%, Mr. Marsh said.

The warrants vest based on how much the two retailers spend on Plug Power's products and services. Wal-Mart and Amazon would need to spend \$600 million each for all their warrants to vest.

Plug Power's vehicles are powered by hydrogen fuel cells as an alternative to lead-acid batteries. Through a chemical reaction, fuel cells convert natural gas, hydrogen or other gases into electricity. Traditional batteries need to be changed more often and the process is slower than recharging a forklift powered by fuel cells, Plug Power executives say.

Plug Power also sells fuel-cell-powered vehicles to Home Depot Inc., Kroger Co. and others. It generated \$85.9 million of revenue in 2016, and Wal-Mart accounted for 34% of it. But the company hasn't had an annual profit since its founding in 1997.

The Latham, N.Y., company's once highflying stock tumbled as low as 12 cents in 2013. The shares closed Friday at \$2.44.

Amazon and Wal-Mart are investing heavily in technology to make their warehouses more efficient to keep up with surging online order volumes.

—Brian Baskin contributed to this article.

MIMS

Continued from page B1
a science-fiction book. If you told anybody 10 years ago about what's going on now, they wouldn't believe it."

In the first Cold War, the U.S., China and the Soviet Union fought proxy wars rather than confront one another directly. In Cold War 2.0, we still have those—Syria and whatever is brewing in North Korea come to mind—but much of the proxy fighting now happens online.

The result is significant collateral damage for businesses that aren't even a party to the conflicts, says Corey Thomas, chief executive of cybersecurity firm Rapid 7. Recent ransomware attacks that some analysts attribute to Russia might have been aimed at Ukraine but resulted in the shutdown of computer systems at businesses and governments. Russia has denied involvement in these attacks. Botnets made of internet-connected devices, stitched together by an unknown hacker for unknown reasons, caused internet services and websites to become unavailable in October 2016.

The U.S. has, notably, contributed to the situation. The

Stuxnet computer worm, in development by what analysts believe was a joint U.S. and Israeli team since at least 2005, physically damaged Iran's nuclear-enrichment plant in 2009. Stuxnet was discovered a year later. In 2012, U.S. Air Force General Michael Hayden lamented that its use had legitimized sophisticated cyberattacks that do physical damage. Its source code can now be downloaded, studied—and reused.

You can think of cyber-weapons as akin to biological weapons. They often spread beyond their original targets, and once they are stolen or used, their DNA—the underlying code—can be endlessly repurposed. Exploits stolen from the U.S. National Security Agency have subsequently been used in attacks such as WannaCry, which hit businesses in the U.S. and around the world.

Attacks on businesses and individuals are often quite deliberate, says Milena Rodban, a geopolitical risk consultant who helps companies practice for cyberattacks and other crises. That's because, more than ever, companies hold information that could be leveraged in a cyberwar.

"The information that Amazon is holding—for example, data from financial institu-

tions and government agencies stored on Amazon's cloud—"could give someone a clear path into something really terrible that could upset national security," Ms. Rodban says.

As a result, she adds, anyone who thinks about how to protect national security in the cyber arena must expand their definition of a national-security asset. While U.S. Cyber Command might be tasked with defending government assets, it must also consider how it will cope with the takedown of a major cloud-service provider, which in some ways is no

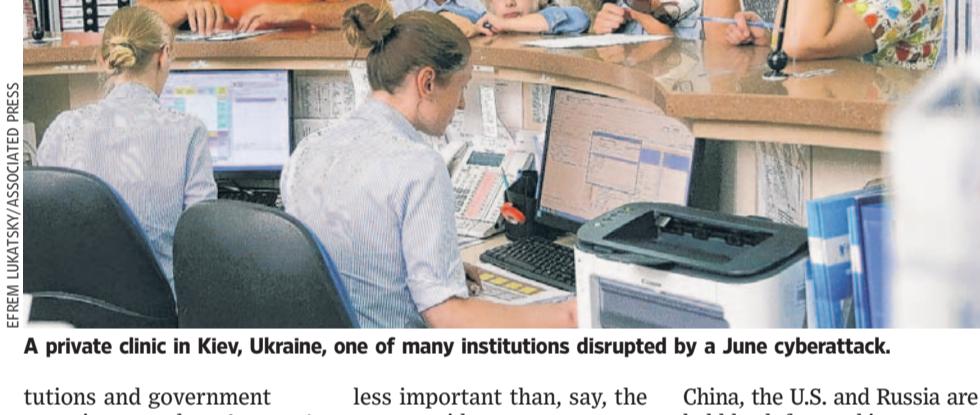
less important than, say, the power grid.

Fixing this vulnerability could mean a great many things, from increased cooperation between government and private enterprise, to a broader role for U.S. Cyber Command in protecting U.S. businesses. The head of Cyber Command has said that government will need access to private firms' networks if it is to help them defend against threats.

In the first Cold War, the doctrine of mutually assured destruction kept nuclear-armed states from using their weapons. In the same way,

China, the U.S. and Russia are held back from taking out critical infrastructure in each others' countries, a capability experts widely believe all three have.

At their most dire, experts claim it is only a matter of time before America is hit by a "Cyber 9/11." Terrorists haven't yet shut down our power grid, but how long until that capability leaks into the hands of actors who aren't restrained by the threat of retaliation? "It's like a suicide bomber," says Ms. Rodban. "It's not hard to believe this could happen on the cyber level."



A private clinic in Kiev, Ukraine, one of many institutions disrupted by a June cyberattack.

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BUSINESS WATCH

ANTITRUST

Amazon, Whole Foods Give U.S. More Time

Amazon.com Inc. and **Whole Foods Market Inc.** are giving U.S. antitrust enforcers more time to complete an early review their planned tie-up, a strategy companies sometimes use in a bid to head off a potentially lengthy government investigation.

The government's initial 30-day clock for reviewing the \$13.7 billion Amazon-Whole Foods deal was winding down. But in a corporate filing Friday, Whole Foods said Amazon would refile documents, restarting the clock.

Companies sometimes use the tactic in the hopes that antitrust enforcers will get comfortable enough with their deal that they will agree to forgo a longer probe.

—Brent Kendall

GRABTAXI HOLDINGS

Ride-Hailing Firm Raises \$2.5 Billion

Singapore-based ride-hailing firm **GrabTaxi Holdings** Pte. said Monday it is raising \$2.5 billion in Southeast Asia's largest-ever round of startup fundraising as it seeks to battle **Uber Technologies Inc.** across the region.

Japan's **SoftBank Group Corp.** and Chinese ride-hailing company **Didi Chuxing Technol-**

ogy Co., will lead the current round of investment, pouring up to \$2 billion into Grab. Grab, which operates private-car, taxi, motorcycle, and carpool bookings across seven countries, will raise an additional \$500 million from existing and new investors, the company said.

The deal would value Grab at more than \$6 billion, making it the region's most valuable startup, according to a person familiar with the situation.

—Liza Lin and Newley Purnell

PRICEWATERHOUSECOOPERS

Ukraine Bans Firm From Doing Audits

Ukraine's central bank has banned **PricewaterhouseCoopers** from conducting bank audits in the country after finding **PrivatBank**, the country's top lender, developed a more-than-\$5 billion hole in its books while under the accounting firm's supervision.

The National Bank of Ukraine removed the Big Four accounting firm Thursday from a list of auditors authorized to work in the country following a meeting of the bank's board.

A spokesman for PwC, which audited PrivatBank's finances from the mid-1990s until 2015, said the country's decision to ban the firm isn't justified.

—Tom Corrigan

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NOTICE OF SALE

DEA

Notice Of Secured Party's Public Sale Of Collateral Under Uniform Commercial Code

PLEASE TAKE NOTICE that on **Tuesday, August 1, 2017, at 10:00 A.M. local time**, West 126th Street Mezz Lender LLC ("Secured Party"), will offer for sale at a public auction, and sell to the highest "qualified bidder," at the office of Cole Schotz P.C., 1325 Avenue of the Americas, 19th Floor, New York, New York 10019, under Section 9-610 of the Uniform Commercial Code as enacted in the State of New York, all of Secured Party's right, title, and interest as a secured creditor of Columbia Lawrence Holdings 1 LLC, a New York limited liability company ("Debtor 1") and Columbia Lawrence Holdings 2 LLC, a New York limited liability company ("Debtor 2," together with Debtor 1, the "Debtors") in 100% of the membership interests in 126 Columbia Tower 1 LLC, a New York limited liability company, and 126 Columbia Tower 2 LLC, a New York limited liability company (collectively, the "Issuer"), pledged to Secured Party by Debtor. The principal asset of Debtor is 100% of the limited liability company interests in the Issuer and certain related rights and property relating thereto (collectively, the "Collateral"). Secured Party is informed and believes that Issuer owns certain real property known as: 402-410, 412-414, 416, 418, 420 and 422 West 126th Street, NY, NY; 429 West 126th Street, NY, NY; 422 West 127th Street, NY, NY; and 423 West 126th Street, NY, NY. This sale will be held to enforce the rights of Secured Party under (i) that certain Mezzanine Loan Agreement dated as of November 19, 2015, and (ii) those

certain two (2) LLC Membership Interest Pledge Agreements dated as of November 19, 2015, executed by Debtor 1 and Debtor 2, respectively, in favor of Secured Party. The sale will be **FINAL** and on an "**AS-IS, WHERE IS**" basis and will be made **WITHOUT REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO TITLE, QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, POSSESSION, QUIET ENJOYMENT, OR ANY OTHER MATTER.** Secured Party reserves the right to establish other reasonable bidding procedures and to require potential bidders to reasonably demonstrate their ability to perform and close on the acquisition of the Collateral to the satisfaction of Secured Party. Secured Party reserves the right to credit bid at the auction. Secured Party also reserves the right to adjourn continue, or cancel the auction without further notice. Any parties interested in further information about the Collateral, becoming a "qualified bidder," and/or the terms of the sale should contact Jonathan Cuticelli of Sheldon Good & Company at (800) 516-0015 or jcicuticelli@sheldongood.com. Qualified bidders may obtain a confidentiality agreement by visiting <http://www.SheldonGood.com>. Any prospective bidder must satisfy the requirements to be a "qualified bidder" by no later than 9:00 A.M. local time, on Tuesday, August 1, 2017. The sale will be conducted by Jonathan Cuticelli, Sheldon Good & Company, a New York licensed auctioneer, license No. 1387302.

LEGAL NOTICE
The U.S. Dept. of Justice, Drug Enforcement Administration (DEA) New York gives notice that the property listed below has been abandoned to the custody of the United States and has remained unclaimed. The property shall be held for 30 days from the date of initial publication of notice. Upon expiration of this 30 day period title to the property will vest in the United States. Any person desiring to claim this property must file with the DEA within 30 days. Claims may be filed at the following address: 1001 Ninth Ave., New York, NY 10011. Last date to file: 08/07/2017.
Group D-21, C1-99-0339. Property one (1) black Mossberg 12 gauge shotgun with a sawed off barrel, Serial # J111912. Date seized: 01/20/2000. Location: 1361 72nd Street, Brooklyn, NY.
Group D-22, C1-99-0339. Property one (1) Glock 19, Serial # AA9882US. Date seized: 04/20/2000. Location: 432 Fanning Street, Staten Island, NY.
Group D-22, C1-04-0273. Property one (1) silver Lorzini model L380 .380 caliber semi-automatic, Serial# 462096. Date seized: 07/08/2004. Location: 43 Sheffield Avenue, Apt. 1-3, Brooklyn, NY.
Group T-33, CT-04-0083. Property one (1) Glock 17 9mm semi-automatic pistol, Serial # ALT598US. Date seized: 04/01/2004. Location: Dyckman Piers, New York, NY.
Group D-35, C1-96-0026. Property one (1) Glock model 22 .40 caliber pistol, Serial # AKR458US. Date seized: 03/07/1996. Location: 168th Street and Jerome Avenue, Bronx, NY.
Group D-43, C1-10-0295. Property one (1) silver Lorzini model L380 .380 SPL. Serial # J876886. Date seized: 04/27/2011. Location: 8 Addalia Lane, Edison, NJ.

Japan's **SoftBank Group Corp.** and Chinese ride-hailing company **Didi Chuxing Technol-**

BUSINESS NEWS

Fiat Faces Call to Buy Back Vehicles

BY SARA RANDAZZO

Plaintiffs' lawyers demanded Fiat Chrysler Automobiles NV buy back diesel-powered vehicles that allegedly used illegal software to cheat on U.S. emissions tests and leveled accusations that one of the auto maker's suppliers conspired to play a key role in the suspected deception, according to a legal filing.

In a consolidated complaint filed Wednesday in a San Francisco federal court, plaintiffs requested not just a fix to bring nearly 104,000 pickup trucks and sport-utility vehicles into compliance with environmental regulations, but that the auto maker potentially repurchase affected models. Buybacks could cost Fiat Chrysler billions of dollars depending on how many vehicles are affected.

A Fiat Chrysler spokesman declined to comment. The Italian-U.S. auto maker has denied using improper software and proposed a fix for affected vehicles that it contends will address concerns of U.S. and California environmental regulators.

The complaint, brought by vehicle owners and lessees, also singles out Robert Bosch GmbH for allegedly designing and supplying illegal software that allowed Fiat Chrysler to dupe regulators. A Bosch spokeswoman declined to comment.

Fiat Chrysler faces litigation consolidated from across the U.S. in a San Francisco federal court that claims the company rigged vehicles to pass emissions tests and then fail to meet those standards while on the road.

—Mike Spector
and Chester Dawson
contributed to this article.

'Dunkirk' Victorious at Box Office

World War II epic on harrowing escape of British troops makes strong debut

BY BEN FRITZ

Executives at Time Warner Inc.'s Warner Bros. breathed perhaps the biggest sigh heard in Hollywood this summer as a costly World War II epic opened successfully.

"Dunkirk," writer-director Christopher Nolan's retelling of a dramatic escape by British troops from advancing Nazi forces in 1940, collected an estimated \$50.5 million on its first weekend in theaters in the U.S. and Canada.

The comedy "Girls Trip" also had a healthy start, with \$30.4 million.

But the science-fiction film "Valerian and the City of a Thousand Planets," the most expensive independent movie ever made, flopped, with a debut of just \$17 million.

Though the "Dunkirk" opening wasn't massive, it beat some of this summer's most-hyped sequels and reboots, including "Transformers: The Last Knight," "Alien: Covenant" and "The Mummy."

It was even bigger than Mr. Nolan's last movie, 2014's "Interstellar," which had a major star in Matthew McConaughey and opened to \$47.5 million. "Dunkirk" has no similarly popular stars and Warner, at Mr. Nolan's request, didn't highlight in advertising that music star Harry Styles, from the band One Direction, plays a supporting role.

The film's healthy start demonstrates the growing power of good reviews, particularly as scores from review-aggregation websites such as Rotten Tomatoes spread on social media. "Dunkirk," which cost close to \$100 million to make, received overwhelmingly positive reviews.

Mr. Nolan is one of the handful of directors in Hollywood who is a popular brand



'Dunkirk' retells the evacuation of British troops in 1940 from a beach in northern France ahead of advancing Nazi forces.

himself, drawing fan attention just as franchises such as Marvel and "Fast & Furious" do.

"We were able to position the movie as an epic action thriller that connected with audiences because of him," said

The war movie also had a strong start overseas, performing best in the U.K.

Warner's president of domestic distribution, Jeff Goldstein.

Mr. Nolan shot about three-quarters of the movie using large-format cameras from IMAX Corp., and its theaters accounted for 23% of the domestic opening weekend despite representing 11% of the total locations playing it.

"Dunkirk" also had a strong start overseas, where it grossed a total of \$55.4 million

in 46 markets. It performed best in the U.K., where its \$12.4 million opening was bigger than even Mr. Nolan's "Inception," starring Leonardo DiCaprio, which opened to \$9 million there and \$62.8 million in the U.S. in 2010.

"Dunkirk" also performed particularly well in South Korea, opening to \$10.3 million. "Dunkirk" has yet to open in a few major markets, including China, where it is set to make its debut on Sept. 1.

The well-reviewed "Girls Trip" had the biggest opening for any comedy this year, relieving Hollywood anxiety that a recent string of flops indicated audiences were losing interest in going to theaters to laugh.

With an average audience grade of A+ according to market-research firm CinemaScore, compared with an A- for "Dunkirk," the raunchy R-rated "Girls Trip" is likely to benefit from excellent word-of-mouth in coming weeks. According to

Estimated Box-Office Figures, Through Sunday

SALES, IN MILLIONS

FILM	DISTRIBUTOR	WEEKEND SALES	CUMULATIVE	% CHANGE
1. Dunkirk	Warner Bros.	\$50.5	\$50.5	—
2. Girls Trip	Universal	\$30.4	\$30.4	—
3. Spider-Man: Homecoming	Sony	\$22	\$251.7	-50%
4. War for the Planet of the Apes	Twentieth Century Fox	\$20.4	\$97.8	-64%
5. Valerian and the City of a Thousand Planets	STX Entertainment	\$17	\$17	—

*Friday, Saturday and Sunday Source: comScore

exit polls, 79% of the audience for the comedy, which stars four women, was female.

With a budget of \$180 million, "Valerian" represented a large bet by France's EuropaCorp that it could compete with the event movies coming out of Hollywood this summer.

Based on a comic-book series

popular in France but not elsewhere, it failed to find a sizable audience in the U.S.,

where it was released by independent studio STX Films.

EuropaCorp, founded by "Valerian" director Luc Besson, sold much of the international rights to the film to limit its financial exposure. The U.S. represented the riskiest portions of its global release. It has yet to open in most foreign markets, including France, where expectations are particularly high.

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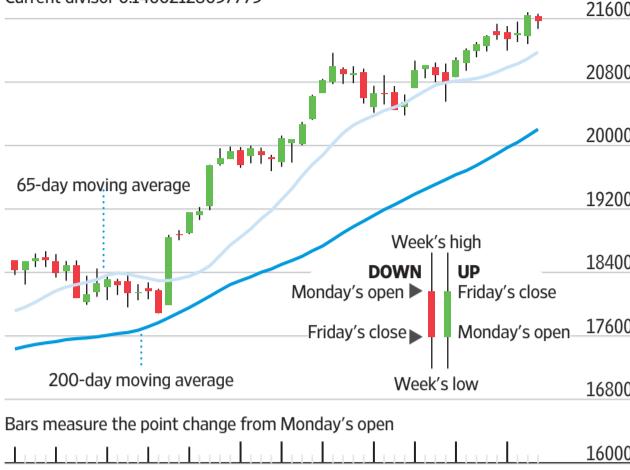
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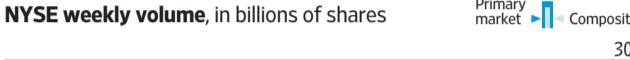
MARKETS DIGEST

Dow Jones Industrial Average

21580.07 ▼57.67, or 0.27% last week
High, low, open and close for each of the past 52 weeks



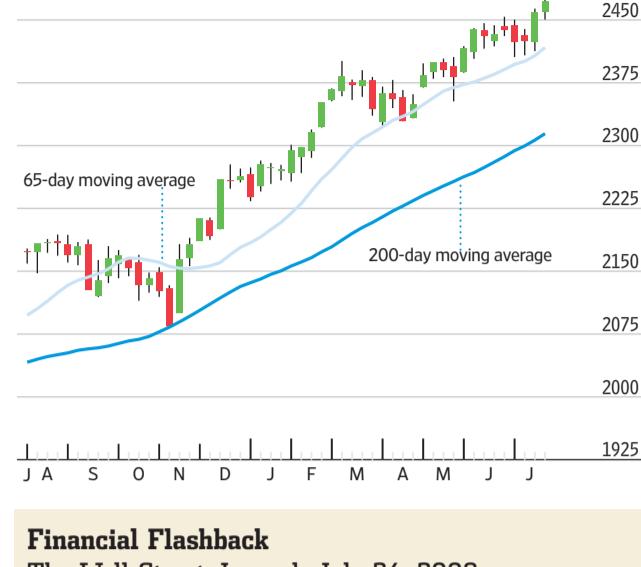
Bars measure the point change from Monday's open



Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2472.54 ▲13.27, or 0.54% last week
High, low, open and close for each of the past 52 weeks



New to the Market Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range(\$)	Low/High	Bookrunner(s)
7/25	6/28	RBB Bancorp Bank holding company.	RBB Nq	3.0	22.00/ 24.00	Sandler O'Neill & Partners Stifel, Stephens	
7/26	7/3	Sienna Biopharmaceuticals Biopharmaceutical company focused on aesthetics and medical dermatology.	SNNA Nq	4.3	14.00/ 16.00	JPM, Cowen & Co, BMO Capital Markets	
7/27	6/30	Redfin Provider of real estate brokerage services.	RDFN Nq	9.2	12.00/ 14.00	GS, Allen & Co, BofA ML, RBC Capital Markets	

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Offer Symbol	Offer price(\$)	Offer amt. (\$ mil.)	Through Friday (%)	Lockup provision
July 24	Jan. 25, 17	Anapty Bio	ANAB	15.00	86.3	81.7	180 days
	Jan. 25, 17	ObsEva	OBSV	15.00	96.8	-44.6	180 days
July 25	Jan. 26, 17	Jagged Peak Energy	JAG	15.00	474.0	-12.9	180 days
	Jan. 26, 17	JELD-WEN Holding	JELD	23.00	661.3	38.2	180 days
	Jan. 26, 17	Jounce Therapeutics	JNCE	16.00	117.1	-16.1	180 days
	Jan. 26, 17	REV Group	REVG	22.00	316.3	19.3	180 days
July 29	March 1, 17	Snap	SNAP	17.00	3910.0	-14.8	150 days
July 30	Jan. 31, 17	Invitation Homes	INVH	20.00	1771.0	8.7	180 days
	Jan. 31, 17	Laureate Education	LAUR	14.00	490.0	23.9	180 days

Sources: Dealogic; WSJ Market Data Group

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL	IPO date/Offer price	Friday's close(\$)	% Chg From Offer price	1st-day close	Company SYMBOL	IPO date/Offer price	Friday's close(\$)	% Chg From Offer price	1st-day close
PetIQ	July 21/\$16.00	23.32	45.8	...	Akcea Therapeutics	July 14/\$8.00	13.53	69.1	42.7
Calyxt	July 20/\$8.00	10.81	35.1	-3.9	Co-Diagnostics	July 12/\$6.00	4.58	-23.7	-21.2
CLX	July 20/\$15.00	19.10	27.3	3.3	Byline Bancorp	June 30/\$19.00	20.72	9.1	3.3
TPG RE Finance Trust	July 20/\$20.00	19.67	-1.6	0.5	Tintri	June 30/\$7.00	6.79	-3.0	-6.6
TRTX	July 20/\$20.00	10.15	1.5	0.5	Aileron Therapeutics	July 29/\$15.00	12.78	-14.8	18.3
FSACU	July 19/\$10.00	1.30	-0.01	-0.80	ALRN	June 29/\$15.00	1.30	-0.01	-0.80

Sources: WSJ Market Data Group; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

Symbol/ Primary exchange	Amount (\$ mil.)	Friday's price(\$)	Bookrunner(s)
Sachem Capital Real Estate/Property	14.6	4.26	Joseph Gunnar & Co

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/ Registration date	Deal value (\$ mil.)	Registration (mil.)	Bookrunner(s)
Crown Castle International Telecoms	July 20 March 27/15	\$3,504.0	...	MS, BofA ML, JPM, Barclays, RBC Cptl Mkts
Crown Castle International Telecoms	July 20 March 27/15	\$1,500.0	...	MS, BofA ML, JPM, Barclays, RBC Cptl Mkts

Community Healthcare Trust
Real Estate/Property

ContraFect
Healthcare

XPO Logistics
Transportation

Inovio Pharmaceuticals
Healthcare

Regulus Therapeutics
Healthcare

Gladstone Commercial
Real Estate/Property

Viper Energy Partners
Oil & Gas

Cymabay Therapeutics
Healthcare

Ring Energy
Oil & Gas

Annaly Capital Management
Real Estate/Property

Source: WSJ Market Data Group; FactSet Research Systems

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Regulus Therapeutics
Healthcare

Gladstone Commercial
Real Estate/Property

Viper Energy Partners
Oil & Gas

Cymabay Therapeutics
Healthcare

Ring Energy
Oil & Gas

Annaly Capital Management
Real Estate/Property

Source: WSJ Market Data Group; FactSet Research Systems

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Healthcare

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Viper Energy Partners
Oil & Gas

Cymabay Therapeutics
Healthcare

Ring Energy
Oil & Gas

Annaly Capital Management
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MONEY & INVESTING

CFPB

Continued from page B1
quickly resolve outstanding disagreements with financial firms.

Financial companies have long criticized the database as a bureaucratic function that harms their reputations. Responding to calls from industry groups, the Treasury Department in June recommended restricting access to the data to federal and state regulators.

"One of the most frequent criticisms of the database is

that, because it does not verify complaints or provide sufficient context regarding the related market and industry practices, it subjects companies to unwarranted reputational risk," the Treasury Department said in its June report on financial regulation.

Consumer advocates and some financial-services experts oppose the idea, saying that the portal's public nature is what gives it teeth. "It's the Yelp of financial services. Why would you want to eliminate that?" said Aaron Klein, policy director of the Center on Regulation and Markets at Brookings Institution.

Banks disagree: "Public disclosure of unverified consumer complaints does nothing to help people make informed and responsible financial decisions," said Virginia O'Neill, senior vice president at the Center for Regulatory Compliance at the American Bankers Association. "The bureau has failed to address the significant problems in the accuracy, integrity and usefulness of the information reported in the database."

The dispute highlights areas of friction as the Trump administration and other Republicans consider rolling back rules put in place after

the financial crisis. Those pushing for loosened rules say removing onerous and costly requirements would encourage more lending and economic growth.

Opponents say such changes would bring back reckless behavior that caused the financial crisis.

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Closed-End Funds | WSJ.com/funds

Listed are the 300 largest closed-end funds as measured by assets.

Closed-end funds sell a limited number of shares and invest the proceeds in stocks like open-end mutual funds, but they do not issue new shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange.

a-The NAV and market price are ex dividend. b-The NAV is fully diluted. c-NAV is as of Wednesday's close. d-NAV is as of Wednesday's close. e-NAV assumes rights offering is fully subscribed. f-Rights offering time other than rights offering announced. g-Lipper data has been adjusted for rights offering. h-Rights offering has expired, but Lipper data not yet adjusted. i-NAV as of previous day. j-Offer date is as of previous day. k-NAV as of previous day. l-NAV as of previous day. m-Certifiable Note-NAV (not market) conversion value. y-NAV and market price are in Canadian dollars. NA signifies that the information is not available or not applicable. NS signifies fund not in existence of entire period.

12 month yield is computed by dividing income dividends paid during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, July 21, 2017

52 wk
Fund (SYM) NAV Close/Disc Ret

General Equity Funds

Adams Divers Equity Fd **ADX** 17.30 14.67 -15.2 21.3

Boulder Growth & Income **BFI** 11.70 9.89 -15.5 23.5

Central Securities **CET** 30.92 25.74 -16.8 33.4

CohStehr Opprty Fund **FOF** 13.95 13.27 -4.9 23.1

EtnVnc Tax Adv Fd **EVTF** 22.52 22.13 -1.8 15.5

Gabelli Dividend & Incm **GDV** 23.60 22.26 -5.7 19.2

Gabelli Equity Trust **GAB** 6.34 6.29 -8.8 22.0

Genl American Investors **GAI** 41.49 31.15 -15.4 20.4

Guggenheim Enh Gf **GPM** 8.76 8.38 -4.3 16.5

Hnck John Tx Adv **HTD** 26.55 25.66 -3.4 11.0

Liberty All-Sta Equity **USA** 6.65 5.83 -12.3 23.1

Royce Micro-Cap **RMT** 9.91 8.90 -10.2 24.8

Royce Value Trust **RVT** 16.67 15.06 -9.7 31.2

Source Capital **SOR** 43.91 39.51 -10.0 10.7

Tri-Continental **TY** 28.09 24.78 -11.8 21.6

Specialized Equity Funds

Adams Natural Rsrc Fd **PEO** 21.73 18.76 -13.7 -0.2

AllzGln NFQ Div Interst **ENFI** 14.53 13.33 -8.3 15.8

AlpnGlbPrcProp **AWP** 7.26 6.55 -9.8 30.3

ASA Gold & Prec Metals **ASA** 13.29 11.74 -11.7 -22.4

BirkR Enh Cap Incs **CHI** 16.09 15.24 -5.3 19.5

BirkR Enhgs Res Tr **BGR** 14.29 12.99 -9.1 -0.1

BlackRock Enhg Fnd **BDJ** 9.57 8.91 -6.9 18.8

BlackRock Enhg Fnd **BOE** 14.57 13.55 -7.0 21.8

BirkR Int'l Growth&Inco **BGY** 6.92 6.48 -6.4 20.1

BirkR Health Sci Tr **BCH** 9.49 8.40 -11.5 12.2

BlackRock Rcs Comm Tr **BX** 35.76 35.79 +5.1 15.1

BlackRock Science & Tech **BST** 25.32 23.76 -6.2 45.9

BlackRock Utility & Infra **BUI** 21.04 21.06 +0.1 12.0

CBRE/GarinBrlEstithm **IGR** 8.80 7.81 -11.3 -0.2

Central Fund of Canada **CEF** 12.32 12.30 -7.0 -12.0

ClearBridge Amer Enrgy **CBA** 9.00 NA 9.8

ClearBridge Engy MLP Fd **CEM** 15.55 NA 4.3

Clearbridge Engy MLP Pfd **EMO** 12.58 NA 4.0

Clearbridge Engy MLP Tr **CTR** 12.75 NA 7.5

Cohen & Steers Inf Fd **CTF** 25.53 23.30 -8.7 20.1

Cohen & Steers Inf & Corp **INIE** 11.60 10.78 -7.1 12.5

Cohen & Steers Qual Inc **RQI** 13.59 12.99 -4.4 0.0

CohnStrsPfdInco **RNP** 22.80 21.11 -7.4 9.0

Cohen & Steers Tr **RFI** 13.50 12.79 -5.3 -1.5

CLSelgm Preth Grd **STK** 21.33 23.32 +9.3 47.4

Divers Real Asset Incm Fd **DRA** 19.60 17.76 -9.4 13.0

Duff & Phelps **DNP** 10.03 11.35 +13.2 15.0

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MARKETS

Bitcoin Soars After Vote Defuses Feud

By PAUL VIGNA

Bitcoin's most abrasive fight is over, for now at least.

Bitcoin prices rallied more than 50% this past week after a vote in favor of expansion by the computer operators who maintain the digital currency's network, the so-called miners.

On Friday afternoon, bitcoin

was trading at \$2,748, up 52% from last Sunday's low of \$1,835, when fears about the vote's outcome pushed prices down. The digital currency reached a high of \$2,940 Thursday, near its high of \$3,018 set in June.

The rally was sparked by a breakthrough in bitcoin's two-year-old "scaling debate" over how to expand bitcoin's processing capacity. In its early days, it was a philosophical and technical debate, but it exploded into a rancorous online argument over what bitcoin should be and who should control it.

The disagreement so bitterly divided both sides—miners on one side, developers on the other—that they were willing to essentially split the digital currency in two and operate separate versions of bitcoin's software.

For now, that is off the table. Miners representing 99% of bitcoin's computing power signaled overwhelming support, through an online voting mechanism, for a new piece of software that would sharply expand bitcoin's processing power without making any changes to the currency's actual software.

7

The number of consecutive sessions that the CBOE Volatility Index, or VIX, has closed under 10, the longest such streak in the index's history

Fear Gauge Signals Calm

Investors are getting used to a single-digit VIX.

Known as Wall Street's "fear gauge," the CBOE Volatility Index, or VIX, finished under 10 for a seventh consecutive session on Friday and briefly dipped below 9.31, its lowest close hit in December 1993. The index ended

Friday down 2.3% at 9.36.

The run of closes under 10 marks the VIX's longest such streak. The previous record of four also was set in December 1993.

The VIX, which uses S&P 500 options prices to gauge expectations or stock market swings over the next 30 days, has closed below 10 only 23 times since it was launched in 1993, with 14 of those occurrences coming this year. Between 1995 and 2016, the index finished below 10 on just four instances.

ONLINE



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Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	US\$ vs. in US\$	Fri per US\$	YTD chg (%)
Americas			
Argentina peso	.0575	17.4049	9.7
Brazil real	.3182	3.1425	-3.5
Canada dollar	.7975	1.2540	-6.7
Chile peso	.001535	651.30	-2.8
Colombia peso	.0003319	3012.89	0.4
Ecuador US dollar	1	1	unch
Mexico peso	.0567	17.6494	-14.9
Peru new sol	.3077	3.250	-3.1
Uruguay peso	.03497	28.6000	-2.6
Venezuela b. fuerte	.098270	10.1761	1.8
Asia-Pacific			
Australian dollar	.7916	1.2633	-9.0
China yuan	.1478	6.7670	-2.6
Hong Kong dollar	.1280	7.8099	0.7
India rupee	.01551	64.479	-5.1
Indonesia rupiah	.0000750	13328	-1.5
Japan yen	.008998	111.13	-5.0
Kazakhstan tenge	.003076	325.09	-2.6
Macau pataca	.1256	7.9594	0.5
Malaysia ringgit	.2334	4.2850	-4.5
New Zealand dollar	.7455	1.3414	-7.1
Pakistan rupee	.00950	105.208	0.8
Philippines peso	.0197	50.672	2.1
Singapore dollar	.7339	1.3625	-5.9
South Korea won	.0008938	115.65	-7.4
Sri Lanka rupee	.0065083	33.460	3.5
Taiwan dollar	.03284	30.447	-6.2
Thailand baht	.02989	33.460	-6.6

Sources: Tullett Prebon, WSJ Market Data Group

China Tech Shares Falter

SHANGHAI—Tech shares have been on a tear this year, driving up stock markets around the world. One market, however, has been a notable exception to this trend: China.

Investors have been rushing out of the country's domestically listed technology companies in droves.

EQUITIES The tech-heavy ChiNext Price Index, the main gauge of a Shenzhen-based board established in 2009 to showcase China's small-capitalization companies, is among the worst-performing benchmarks globally in 2017, off 14%.

Instead, investors have been plowing money into some of China's largest, often government-backed companies. The SSE 50 Index, which tracks the 50 most valuable companies listed in Shanghai, has surged 15% this year to its highest level since July 2015, while a gauge of the top 200 listed state-owned enterprises, or SOEs, in China is up 13%.

This divergence between sectors is likely to persist, traders and analysts said. Measures by Chinese regulators to cool speculation in local markets favor relatively safe, state-backed company stocks, they said. The recent inclusion of nearly 200 large Chinese companies in index provider MSCI Inc.'s main benchmarks could also draw more funds to those shares.

Moreover, Chinese President Xi Jinping has made the overhaul of SOEs and the creation of large-scale "national champion" companies that can compete globally a policy priority.

The shift in investor appetite has helped stabilize China's stock markets after a tumultuous couple of years. Shanghai's main benchmark index, dominated by large state-owned companies, is up 3% this year. Nine of China's 10 biggest listed companies have risen more than 15%, led by Ping An Insurance (Group) Co., the country's largest insurer by market value, and state-owned China Merchants Bank Co.

Some market observers fear the concentration of investment flows into large state-owned companies risks propelling up areas of China's old economy such as big banks, resources and heavy industry, which already have easy access to funding. State-owned companies absorb about half of all bank credit in China, according to the International Monetary Fund.

Meanwhile, capital is being drained from privately owned companies in faster-growing sectors that should be core to the country's economic development.

"We are seeing a fundamental shift in political priorities away from encouraging financial innovation to guarding against systemic risks," said Jacky Zhang, an analyst at BOC International.

"Risk appetite across all types of investors has decreased dramatically....Institutions are

huddling together in a handful of stocks regardless of their actual growth potential."

China's most valuable tech companies have benefited from this year's global boom,

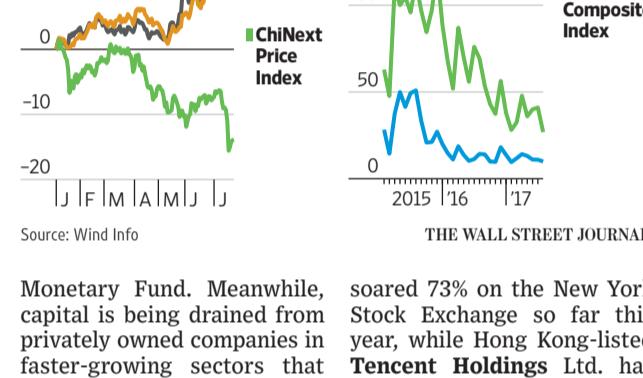
but they are listed only outside mainland China. E-commerce company Alibaba Group Holding Ltd. has



The drop in China's tech stocks is linked to Beijing's clampdown on speculative investment.

Betting Big

Blue-chip companies in China's 'old economy' are rising as monthly turnover on the ChiNext board dives thanks to investors ditching small-cap stocks.



Source: Wind Info

THE WALL STREET JOURNAL.

tions sectors, still on average trade at roughly 47 times their earnings. That is far below the 140 times earnings at which they traded at the height of the 2015 bull market but high compared with Nasdaq-listed stocks, which on average trade at roughly 26 times.

A flood of new companies coming to market has further undermined stock prices. China's stock-market regulator greenlighted 225 initial public offerings in the first half of 2017, more than double the number a year earlier.

However, tech companies have also suffered weak earnings and corporate scandals. Four of the 10 largest companies on the ChiNext board have warned of declines in their first-half earnings, according to Wind Information Co.

For example, Leshi Internet Information & Technology Corp., ChiNext's third-biggest stock, is struggling to repay debts after Jia Yuetong, the billionaire founder of its unlisted parent, LeEco Holdings, acknowledged in November that LeEco had overreached by expanding from streaming video into electric cars and smartphones, leading to a cash crunch. In April, Leshi suspended trading in its shares, saying it was reviewing possible restructuring strategies. Last week, the video subsidiary said its stock would remain halted for as long as three more months.

—Yifan Xie

THE TICKER | Market events coming this week



Analysts expect fast-food giant McDonald's to report quarterly earnings of \$1.62 a share Tuesday, up from \$1.45 a share last year.

Monday

Existing-home sales

May, previous 5.62 mil.

June, expected 5.56 mil.

Earnings expected*

Estimate/Year Ago(\$)

Alphabet **4.39**/8.42

Anadarko **(0.35)**/(0.60)

Halliburton **0.18**/(0.14)

Illinois Tool Works **1.63**/1.46

Stanley Black & Decker **1.97**/1.84

V.F. Corp. **0.28**/0.34

Nasdaq 3.6

Consumer confidence

June, previous 118.9

July, expected 116.0

Earnings expected*

Estimate/Year Ago(\$)

3M **2.54**/2.08

Amgen **3.11**/2.84

AT&T **0.74**/0.72

Eli Lilly **1.05**/0.86

McDonald's **1.62**/1.45

United Tech. **1.78**/1.82

Wednesday

Fed policy meeting ends

Target rate 1.00-1.25

Mort. bankers indexes

Purch., previous up 1%

Refinan., prev. up 13%

NYSE 4.5

EIA status report

Previous change in stocks in millions of barrels

Crude oil down 4.7

Gasoline down 4.4

Distillates down 2.1

New-home sales

May, previous 610,000

June, expected 620,000

Earnings expected*

Estimate/Year Ago(\$)

Boeing **2.31**/(0.44)

Coca-Cola **0.57**/0.60

Facebook **1.12**/0.97

Gilead Sciences **2.14**/3.08

PayPal Holdings **0.43**/0.36

Thermo Fisher **2.27**/2.03

Durable-goods orders

May, previous down 0.8%

June, expected up 3.1%

Earnings expected*

Estimate/Year Ago(\$)

Altria Group **0.86</b**

MARKETS

'Real' Bond Yields Fall on Growth Doubts

Declines in yields for inflation-adjusted debt show skepticism on the U.S. economy

By MIN ZENG

Inflation-adjusted bond yields are falling again, highlighting investors' doubts about the U.S. economy's growth prospects.

The yield on the 10-year Treasury inflation-protected security, or TIPS, pulled back to 0.483% Friday, down from 0.530% Thursday and a recent high of 0.646% on July 7. Yields fall when bond prices rise.

The 10-year TIPS yield is one popular measure of "real" yields, or the yield on the benchmark 10-year Treasury note minus the rate of inflation.

Real yields are important because they reflect investors' actual purchasing power from their bond investments.

At the moment, lower real yields reflect several factors, including a run of overwhelming economic data and the unraveling of post-election bets that Trump administration policies would boost growth and inflation.

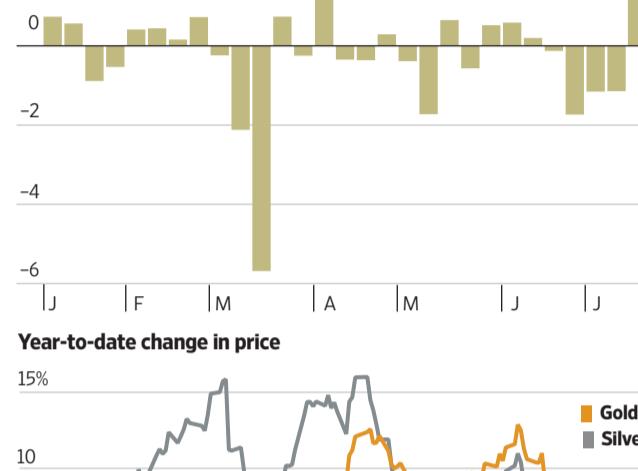
One concern for investors is that a rise in real yields would raise borrowing costs, increasing the debt burden of consumers and businesses. That could further crimp the prospects for economic growth, which could make major central banks cautious in shifting toward reduced monetary stimulus.

European Central Bank President Mario Draghi on June 27 signaled that the ECB might start winding down its bond-buying program as the eurozone's economy improves, which kick-started a selloff in the global government bond market. On Thursday, Mr. Draghi appeared to be less

Deflated

Inflation-adjusted U.S. Treasury yields are giving back some recent gains, a sign of investors' concerns about the outlook for growth and inflation. The moves have coincided with a decline in mortgage rates and swings in other interest-rate-sensitive investments, such as gold, silver and junk bonds.

Weekly net flows into junk bonds



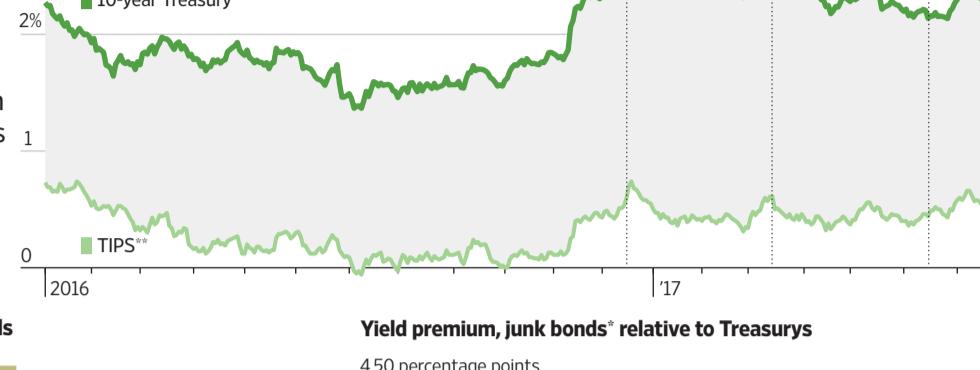
Year-to-date change in price



*BofA Merrill Lynch US High Yield **Data through 7/19/2017

Sources: Lipper (flows); Ryan ALM (Treasuries); BofA Merrill Lynch via Federal Reserve Bank of St. Louis (junk yield spread); FactSet (metals); FRED (mortgage)

Yields on the 10-year Treasury note and 10-year Treasury inflation-protected securities (TIPS)



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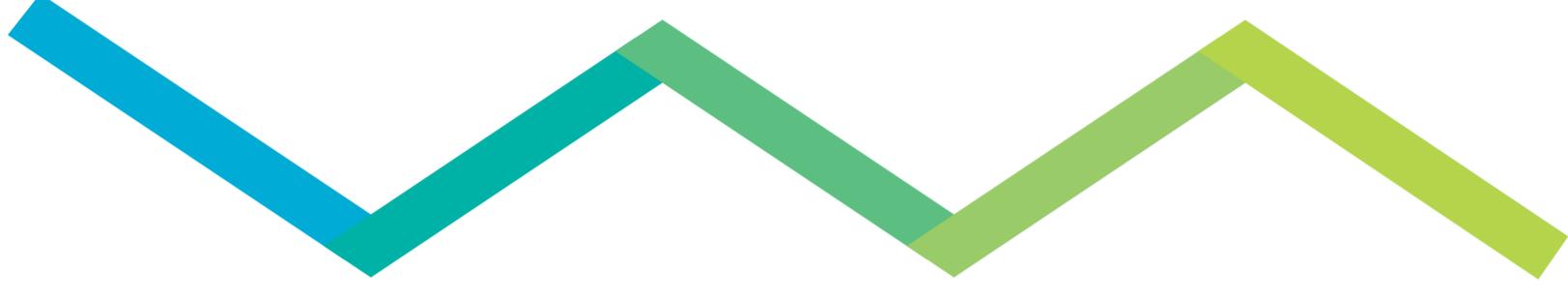
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