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What's News

Business & Finance

China has curbed foreign deals by Wanda and other companies with Xi's approval, a sign the crack-down comes from the top. **A1**

◆ **The U.S. is toughening** its scrutiny of Chinese deals, throwing a number of take-over bids into question. **B7**

◆ **BMW denied** it had co-operated with rivals to manipulate diesel engines after VW alerted European antitrust authorities. **B1**

◆ **OPEC ministers** held weekend talks over challenges to an oil-output-cutting deal ahead of a Monday meeting in Russia. **B1**

◆ **Lumber futures** have soared as wildfires in Canada hurt supplies and a U.S.-Canadian trade dispute sparked price swings. **B1**

◆ **Siemens and Bombardier** are in talks to combine their train-making businesses, as they face stiffer competition from China. **B2**

◆ **Boeing is cutting** jobs at its fastest clip in over a decade, shedding over 6,000 employees, or 4% of its workforce, in the first half. **B3**

◆ **Warner Bros.' "Dunkirk"** opened successfully, taking in about \$50.5 million in the U.S. and Canada and \$55.4 million overseas. **B3**

◆ **Wells Fargo** was ordered to rehire an ex-employee who raised concerns about opening accounts without customer consent. **B5**

◆ **Lyft is forming** its own self-driving-car division, in a shift from the firm's partnership strategy. **B4**

World-Wide

◆ **Japan's growing** military cooperation with India is moving slowly as the two nations struggle to contain China's expanding ambitions in the Indian Ocean. **A1**

◆ **The White House** signaled support for legislation that would punish Russia for its interference in the U.S. election. **A5**

◆ **Israel stepped** up security at a Jerusalem holy site, installing additional cameras after a weekend of violence over the issue of metal detectors. **A3**

◆ **Trump's request** for voter details is fueling tensions between state election officials and federal authorities alongside debate over cybersecurity. **A5**

◆ **A White House shake-up** of its communications team highlights divisions in the Trump administration. **A5**

◆ **Eight people** were found dead in San Antonio inside a tractor trailer packed with men, women and children who were being smuggled into the U.S. **A7**

◆ **Senate Republicans** could hold a vote to begin debate on their sweeping health-care legislation as early as Tuesday. **A5**

◆ **The Philippine** Congress approved the president's appeal for martial law on the island of Mindanao to be extended to the end of the year. **A4**

◆ **South Korea's** National Assembly passed a nearly \$10 billion supplementary budget to create jobs. **A4**

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Tour de France Riders Power Through Paris in Grand Finale



THE WINNER: The U.K.'s Christopher Froome, riding for Team Sky, passes the Arc de Triomphe en route to his fourth victory in the race. It was also the third consecutive win for the rider, who finished 54 seconds overall ahead of Colombia's Rigoberto Urán.

Tall Order for Japan, India

While China takes aim at Indian Ocean, Tokyo and New Delhi struggle to contain it

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 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.

Please see NAVIES page A4

LAWYERS TARGET MAKERS OF OPIOIDS

Tobacco litigation pioneer urges states to sue firms over painkiller epidemic

By JEANNE WHALEN

The legal front widening against makers of opioid painkillers has something in common with landmark tobacco litigation of the 1990s: attorney Mike Moore.

As Mississippi's attorney general in 1994, Mr. Moore filed the first state lawsuit against tobacco companies, saying they harmed public-health systems by misrepresenting smoking's dangers. He helped marshal the subsequent spate of state litigation and then the talks that led to a \$246 billion settlement.

Now Mr. Moore is a private attorney en-

couraging states to sue pharmaceutical companies, alleging they helped spark an addiction crisis by misrepresenting the benefits and addiction risks of opioid painkillers.

Mr. Moore pressed Mississippi and Ohio to sue drugmakers and is helping them with the suits they have since filed. The affable 65-year-old is tapping coalition-building skills he honed in the tobacco litigation to urge other states to sue, too. Recently two additional states, Missouri and Oklahoma, filed suits.

"When he's motivated, you don't want to be on the other side," said James Tierney, a

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INSIDE



BOEING KEEPS CUTTING JOBS AS SHARES RISE

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WHY BOOM HAS ENDED FOR VINYL

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Robot Developers Near a Retail Goal

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 cut the labor cost of fulfilling online orders by 20%, said Marc Wulfraat, 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 *Please see ROBOTS page A2*

More Die in Smuggling Case



DEATHS IN TEXAS: Police found eight people dead inside a sweltering truck packed with men, women and children, in a San Antonio parking lot. Two more died in a hospital. **A7**

It's a Vasectomy Party! Snips, Chips and Dips With Your Pals

* * *

Friends willing to pay extra get 'brosectomies' in cushy settings

By HARRIET TORRY

Businessmen Rob Ferretti and Jeb Lopez skipped work for a day of booze, steaks and prescription drugs at a hide-away outside Washington, D.C.

The two pals, married with and somewhat vulgar—video as they drank and giggled away the hours before heading home. Neither man could drive afterward, but their wives were remarkably supportive.

Mr. Ferretti, 36 years old, and Mr. Lopez, 44, had enjoyed themselves under the supervision of a doctor for what some

are calling a brosectomy—a vasectomy with friends in a cushy setting of couches, snacks, big-screen TV, and in some clinics, top-shelf liquor.

"We thought it was going to be painful," said Mr. Lopez, who described the procedure as feeling like the sting of a rubber band. "After that, we were just laughing, I guess it's from the alcohol, but we had such a great time."

Hundreds of thousands of American men get vasectomies each year, according to the American Urological Association. Typically, the procedures cost about \$500. But gregarious types willing to spend a few thousand dollars are getting the procedure done together at clinics that look more like club lounges.

"We felt that if it looks sterile, like a doctor's office, then guys wouldn't feel as comfortable," said Shane Geib,

Please see CLINICS page A6



Ice bag

WORLD NEWS

Markets Risk Shock If No Brexit Deal Is Struck



EUROPE FILE

By Simon Nixon

When it comes to European crises, the markets have learned that it is always wise to bet on a deal. But Brexit may be different.

Other than a sharp devaluation in sterling in the immediate aftermath of last year's referendum, markets have remained remarkably steady

through a year of political turmoil.

Yet Britain will quit the EU in March 2019 whether there is a deal or not—and the market may be underestimating the risk of a deal not being reached in time.

True, since Prime Minister Theresa May's botched election gamble in June, London has made a series of compromises which have allowed the two sides to make some incre-

mental progress through two rounds of negotiations on the path to a negotiated divorce.

Crucially, the U.K. government has finally accepted there is no chance the U.K. can negotiate both this divorce agreement and a new free-trade agreement with the EU in the 20 months before the U.K. leaves the EU.

The cabinet now agrees there will need to be a lengthy transition period beyond March 2019 when the relationship with the EU is likely to remain for practical purposes largely unchanged. Even so, it would be a mistake to read too much into this collision with reality. If one nettle has been grasped, thornier obstacles to a deal remain.

Some of these concern the details of the divorce deal itself, not least the vexed questions of the exit bill that the U.K. must pay to settle its outstanding obligations to the EU and how to protect the rights of EU and U.K. expats after Brexit.

But the biggest obstacle concerns the U.K.'s inability to spell out in any detail what kind of post-Brexit relationship with the EU that it is



Prime Minister Theresa May headed to Parliament on Wednesday.

seeking. Without clarity on this, there can be no deal.

Boiled down, the U.K.'s dilemma lies in choosing whether post-Brexit Britain should be a rule-taker or rule-maker.

Does the U.K. want a "deep and special partnership with the EU," as Mrs. May claims, in which case it will need to remain closely bound by EU rules over which it will no longer have any say, while continuing to pay into the EU budget and allowing EU citizens preferential rights to work in the U.K.?

Or is the U.K.'s priority to

"take back control of our borders, our money and our laws," as Mrs. May also claims, which would mean a more detached relationship?

The rule-taker option would minimize the economic disruption of Brexit but would leave the country vulnerable to future changes in EU rules and would reduce the U.K.'s scope to seek its own independent trade deals—a political priority for Brexiters.

The rule-maker option would give the U.K. more control, but at the expense of potentially severe medium-term disruption as new barriers to

trade with the EU forced businesses to re-engineer supply chains and the government was obliged to establish a multitude of new regulators, agencies and international agreements. This approach would also lead to the reintroduction of a hard border in Ireland, which both sides want to avoid.

In public, the government has yet to acknowledge this dilemma exists. Officially, it is still hoping to achieve a "have your cake and eat it" Brexit in which the U.K. maintains frictionless trade with the EU while restricting EU migration and securing its own bilateral trade deals.

But privately, Downing Street admits this is impossible—and that it needs to set out its choice soon if the Brexit process is to remain on track. Its problem is that while it could accept the U.K. being a rule-taker in some sectors, such as chemicals—and could even contemplate indirect jurisdiction of the European Court of Justice via an alternative supranational dispute resolution mechanism such as the European Free Trade Association court—it couldn't accept the U.K. being a rule-taker in

sectors such as financial services. Yet the EU has rejected such "cherry-picking."

If there is no easy way forward, could Brexit be reversed instead? That looks difficult, too, not least because the opposition Labour Party is split three ways. Some would welcome a second referendum, but the party's hard-left leadership sees in Brexit an opportunity to advance a socialist agenda impossible under EU rules, and erstwhile pro-Europeans who represent traditional working-class constituencies that backed Brexit now believe the priority must be to limit EU migration.

Even opponents of Brexit agree that there would be no point in holding a second referendum without a clear shift in public opinion combined with evidence that the EU was willing to offer a fresh deal on migration. As things stand, neither of those conditions look like being met.

That leaves the U.K. in a dark place. The market is clearly right to believe that a deal is the rational outcome. But what if the deeply divided U.K. political system, faced with no good options, is no longer capable of rational decision-making?

ROBOTS

Continued from Page One be trained to identify and 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 RightHand Robotics Inc. and IAM Robotics LLC are working on automating picking.

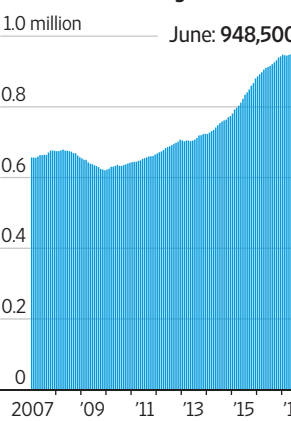
In RightHand Robotics' test facility in Somerville, Mass., mechanical arms hunt around the clock through bins containing packages of baby wipes, jars of peanut butter and other products. Each attempt—successful or not—feeds into a database. The bigger that data set, the faster and more reliably the machines can pick, said Yaro Tenzer, the startup's co-founder.

Hudson's Bay is testing RightHand's robots in a Scar-

Help Wanted

Rising e-commerce sales have boosted an increase in U.S. warehouse workers.

Number of employees in the warehouse and storage sector



borough, Ontario, distribution center.

"This thing could run 24 hours a day," said Erik Caldwell, the retailer's senior vice presi-



RightHand Robotics co-founders Leif Jentoft, left, and Yaro Tenzer, with their RightPick robotic arm.

dent 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 Kuka, sells picking robots that can be integrated into the company's other warehouse automation systems or purchased separately. The company sold its first unit in the U.S. earlier this year to a large retailer, said

A.K. Schultz, Swisslog's vice president for retail and e-commerce. Mr. Schultz declined to name the retailer.

Previous waves of warehouse automation didn't lead to sudden mass layoffs, partly because order volumes have been growing so fast. And automated picking is still at least a year away from commercial use, ro-

botics experts say. The main challenge lies in creating the enormous databases of 3D-rendered objects that robots need to determine the best way to grip new objects.

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."

WANDA

Continued from Page One sets and paying back the company's bank loans.

Beijing for years encouraged Chinese companies to scour the globe for deals. Now it is reining in some of its highest-profile private entrepreneurs in what officials say is growing 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.

Mr. Xi acted after China's cabinet directed 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 fu-

Beijing's sterner line comes as big private firms have amassed capital and influence.

ture, 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.

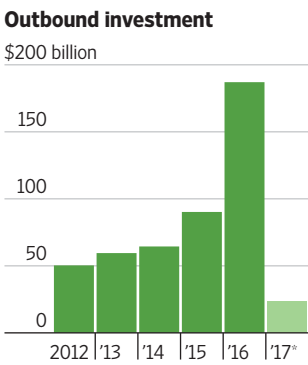
Amid the rush of investments, Beijing burned through nearly a trillion dollars in foreign-exchange reserves trying to steady the yuan. That ultimately led government regulators to control money leaving the country and to scrutinize all proposed major offshore investments.

"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.

Out and Down

A surge in overseas buying by Chinese companies has strained the country's foreign reserves, prompting government controls on deals.

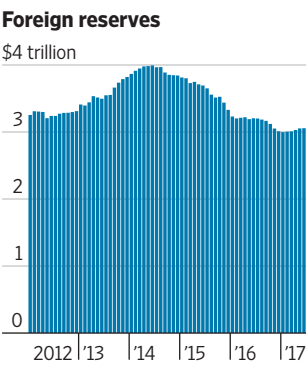


Mr. Tao, the Beijing lawyer, said the government's new aggressive posture is driven in large measure by a need for control. "State-owned assets, whether in China or abroad, are still state assets," he said. "But when private entrepreneurs take their money out, it's gone. It's no longer something that 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.

But deals are no longer being rubber-stamped, reversing more than a decade in which Beijing urged Chinese companies to expand abroad. Credit and export financing in abundance were put at the disposal of Chinese firms to secure resources and markets and spread China's influence.

An early sign of government discomfort with overseas spending was Anbang's un-



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

trouble. In June, special government investigators looking into economic crimes detained Anbang's chairman, Wu Xiaohui, who hasn't appeared in public since.

In the case of Wanda, regulators acted in the belief the company overpaid in efforts to expand beyond shopping centers and hotels and into entertainment, according to the people with knowledge of the action.

Its largest such acquisition was of Legendary Entertainment, 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 in recent days 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.

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 Source: staff reports THE WALL STREET JOURNAL.

CORRECTIONS & AMPLIFICATIONS

U.S. Supreme Court Justice Neil Gorsuch's confirmation hearings were held in March. A Page One article in the Friday-Sunday edition about the Supreme Court cafeteria incorrectly said April.

Lady Carole Bamford, whose husband is Lord Anthony Bamford, started Daylesford Organic. A Mansion article in the Friday-Sunday edition about foodies flocking to the British countryside incorrectly referred to Lord Bamford as Sir Anthony Bamford, and the company as Daylesford Organics.

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

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WORLD NEWS

Sunni Iraqis Freed From ISIS Grow Angry

Baghdad struggles to regain trust, rebuild war zones following Islamic State battles

By MARIA ABI-HABIB

RAMADI, Iraq—Latifah Rasheed is the 74-year-old matriarch of a Sunni Arab family that lived, until one year ago, under Islamic State rule. A son and two grandsons fought for Islamic State and were killed by the Iraqi forces who wrested their town from the extremists.

Mrs. Rasheed and her surviving sons and grandsons said they were prepared to embrace a new Iraq under the Shiite-led government in Baghdad—but Shiite militias guarding their town said they would arrest the men if they return.

“If we’re unable to return home, we’ll join whatever comes after Islamic State,” said Mrs. Rasheed, who is now living with 13 family members in a one-bedroom home on the outskirts of Baghdad. On the day she spoke, a double suicide attack killed nine pro-government forces in her town, Garma, about 35 miles east of Ramadi.

Such is the challenge Iraq faces in rebuilding cities and towns liberated from Islamic State amid a cycle of sectarianism that shows little sign of ending and an insurgency that remains active across much of the country.

Iraqis from the Sunni Arab minority have been on the outside of power since the 2003 ouster of Saddam Hussein’s regime—an upheaval that ushered in the multiple incarnations of Sunni insurgency that spawned Islamic State.

Three years ago, when Islamic State took over about 40% of Iraqi territory, its gains were restricted to Iraq’s three Sunni-majority provinces.

With the recent recapture of the city of Mosul, Sunni lands



Latifah Rasheed in a home she shares with 13 relatives. ‘If we’re unable to return home, we’ll join whatever comes after Islamic State.’

have now been largely retaken. Yet one-third of the country’s seven million Sunni Arabs have been displaced. Some are blocked from returning at checkpoints manned by Shiite or Kurdish militias screening for militants. Others are prevented from returning because of Islamic State mines.

Many more have no homes to return to, after the militants and the battles to remove them destroyed their towns.

“Islamic State flourishes in poverty and desperation,” said Ibrahim al-Awsaj, mayor of the Sunni city of Ramadi, which was retaken from the Sunni extremists more than a year ago. “We’ll see a second, third or fourth version of Islamic State.”

The mayor rattled off the problems his city has faced since it was retaken 1½ years ago. Around 80% of infrastructure remains damaged, includ-

ing 40,000 of the city’s 63,000 residential units.

In this climate, said Mr. Awsaj, who is Sunni, thousands of war widows are struggling to feed their children, many of them sons and daughters of Islamic State fighters. That leaves families vulnerable to insurgents who have drafted child soldiers and lured the destitute by offering salaries.

Government officials say rebuilding has been slow because of a lack of federal funds and international aid. Prime Minister Haider al-Abadi said this month that the government is working at maximum capacity to return the displaced.

U.S. Col. Ryan Dillon, the spokesman for the U.S.-led campaign to beat Islamic State, praised what he said were Mr. Abadi’s efforts to involve all ethnicities and religions in reunification and reconstruction.

For many Sunnis, Baghdad isn’t doing enough. “This government is a complete failure. The only thing it’s good for is corruption and sectarianism,” Mrs. Rasheed said. That view has helped fuel multiple incarnations of Sunni insurgency.

The Iraqi government is working to regain the population’s trust to fight off future radicalism by employing local residents to help with reconstruction.

“With Islamic State, Iraqis have learned their lesson. Islamic State ended in destruction and Iraqis won’t let themselves be cheated again,” said Dr. Majda Mohamed, spokeswoman for a special task force designed to stabilize post-Islamic State areas.

Baghdad doesn’t have enough money to rebuild war zones. The economy is heavily dependent on oil and the global slump in

prices left the central government without enough revenue.

About \$210 million has been put into Iraq’s reconstruction fund since it was created in 2015, far from the \$100 billion that the government estimates is needed. In some places where reconstruction has started, residents said corruption is seeping into the process.

Saad Hamadi, 33, clears Ramadi’s streets of the postwar detritus. As a city employee, he is supposed to be paid 15,000 Iraqi dinars a day, or about \$13. He said he usually gets 10,000 dinars because the municipality charges him to use their tools. That, he says, is illegal.

“We already lack services and then we see that we are victims of corruption,” said Mr. Hamadi. “The people talk, but no one listens to us.”

—Ghassan Adnan contributed to this article.

Minority Discontent Fueled Militants

Ex-Saddam-era officers established insurgency

After the 2003 U.S.-led invasion, a group of Iraqi and foreign fighters emerged as al Qaeda in Iraq. The group was soon infused with military officers forced by the U.S. from their posts, with thousands of government officials, because they were members of former President Saddam Hussein’s Baath Party.

Disgruntled security officers established the insurgency that haunts Iraq to this day.

The insurgents killed thousands of U.S. and Iraqi troops before the group was severely weakened by 2007 and melted back into the population.

In the years that followed, they pursued a low-level insurgency while maintaining ties to local Sunni communities.

Sunni discontent with the government continued to fester, and in 2013, Sunni insurgents took advantage of antigovernment protests in parts of Iraq. They called themselves “tribal revolutionaries”—then, in 2014 unfurled their black banners and morphed into Islamic State.

As the group sought to set up a religious empire across Iraq and Syria, it presented itself as the protector of a minority under siege.

Three years of war against Islamic State have done little to heal the divides between majority Shiites and the sizable Sunni Arab and Kurdish minorities.

—Maria Abi-Habib



Israeli policemen guard the main entrance to the Al Aqsa Mosque, where the installation of metal detectors and video cameras has stirred Muslim anger and clashes with security forces.

Israel Steps Up Security After Violence at Shrine

By RORY JONES

Israel is doubling down in its standoff with Palestinian and Muslim religious authorities over the use of metal detectors at one of Jerusalem’s holiest shrines, installing additional cameras at the site after a weekend of bloodshed over the controversial issue.

Israeli police on Sunday added the surveillance equipment to the existing metal detectors at the main entrance to boost security at the ancient shrine compound known to Muslims as the Noble Sanctuary and Jews as the Temple Mount, an Israeli official said.

Israel first installed the detectors last week after Arab gunmen shot dead two Israeli policemen at the site, located in Jerusalem’s Old City. That attack led Israeli authorities to close the Temple Mount to all Muslim men under the age of 50 during the following week’s Friday prayers. Tension over the site then sparked violence across the city.

“The checkpoints will stay,” Tzachi Hanegbi, a minister in Prime Minister Benjamin Netanyahu’s government, told Army Radio. “The government of Israel isn’t willing to put up with acts of murder.”

Waqf, the Islamic religious authority that administers the Temple Mount, has called on Muslims not to visit the site until the cameras are removed and accuses Israel of trying to take control of the area. Only Muslims are allowed to pray on the compound, but Jewish groups are lobbying for that right.

Palestinian leader Mahmoud Abbas said on Friday that the Palestinian Authority will cut all ties with Israel until the issue is resolved. A Pal-

Islamic authority accuses Israel of trying to take control of the Jerusalem site.

estinian official on Sunday said the suspension included security cooperation, but offered no details on how ties would be severed.

Attempts by the Palestinian Authority to cut ties with Israel would only damage that body’s own security and economic interests, Israeli Defense Minister Avigdor Lieberman warned on Sunday.

In governing parts of the West Bank, the Palestinian Authority is deeply intertwined with Israel, which transfers a large portion of the Authority’s monthly revenue in taxes and other duties.

Security services from both sides work closely and thousands of Palestinians cross to Israel from the West Bank each day for work, making a permanent break in ties unrealistic.

The latest confrontation at the Temple Mount strikes at the heart of a longstanding dispute over who holds ultimate sovereignty over it.

Israel captured the area from Jordan in the 1967 Arab-Israeli war, but allowed Waqf, a Jordanian religious authority, to continue to administer the site. Palestinians, meanwhile, want the compound as part of the capital of a future independent state.

“We oppose all means Israel implements at the entrance to the Al Aqsa Mosque, including metal detectors,” Waqf said on Sunday, referring to the mosque that stands atop the Temple Mount. It asked Jordan, the Palestinian Authority and other Arab nations to lobby Israel to back down from its additional security measures.



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Stunning craftsmanship. Unique design. Ultimate collector’s piece. This incredible, one-of-a-kind watch display cabinet brings together the beauty of an antique with the functionality of modern technology. Crafted of mahogany, this 19th-century jewelry display cabinet has been ingeniously retrofitted with an electrified watch winding system. Located in its top three drawers, it is capable of winding up to 14 automatic movement watches at one time. A marriage of 19th-century craftsmanship and present-day innovation, this cabinet is an extraordinary find. 42½”h x 49⅞”w x 28¼”d. #30-1801

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Across Russia, Kremlin Reins In Opposition

He has also traveled around

But Mr. Navalny faces hur-

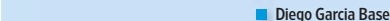
And his movement is encountering other challenges. The June 12 protest was one of the largest in Izhevsk that Mr. Urban and other local activists can recall. But protests

Mr. Vasiliev said a court will

Opposition offices across the country, including in Izhevsk, have been raided by

Pro-Kremlin groups are also mobilizing. When Mr. Navalny visited Izhevsk in June, several dozen protesters, including military veterans and former border guards, gathered outside his local office and chanted, "Navalny, get out of Izhevsk!"

India's Ministry of Home Affairs denied a request by



"At the actual project level, we're having difficulty figuring out the decision-making process" in India's government, he said.

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 na-

"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."

OLD AND NEW: A woman uses her smartphone to photograph traditional alphorn players at a festival in Nendaz, Switzerland.

—James Glynn

U.S. NEWS

Request for Voter Details Rattles States

Frustrations mount over federal demand; cybersecurity is also fuel for debate

By ALEXA CORSE

State election officials often fly under the radar, and many prefer it that way.

Now they are being thrust into the spotlight by an unusual records request from President Donald Trump's election-integrity commission, along with an intensifying debate over cybersecurity.

And, on both fronts, tensions have arisen with federal authorities.

U.S. and state officials both say they want fair and accessible elections. But state officials described frustrations as the two sides debate the best way to cooperate.

"These federal efforts are causing a lot of alarm at the state level, particularly for chief election officials," said Kay Stimson, a spokeswoman for the nonpartisan National Association of Secretaries of State. "It's bipartisan," she added.

On July 19, the election-integrity commission, formally known as the Presidential Advisory Commission on Election Integrity, held its first meeting in Washington, D.C. The panel's chairman is Vice President Mike Pence.

Mr. Trump has claimed that

voter fraud was the reason Democrat Hillary Clinton won the popular vote in the 2016 election. Independent experts say no evidence supports that claim.

Last month, before the panel's meeting in Washington, state officials of both parties criticized the panel's request for voters' personal information, to the extent permitted by state law, sent in a letter to all 50 states by commission Vice Chairman Kris Kobach.

Several states said their laws prevented them from providing 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 that they thought the panel was unwarranted because experts say there is not 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.

At a meeting of the commission last week, Mr. Trump questioned states' decisions to



The Presidential Advisory Commission on Election Integrity had its first meeting this month.

hold back information. "If any state does not want to share this information, one has to wonder what they are worried about, and I asked the vice president, I asked the commission, what are they worried about?" Mr. Trump said. "There's something, there always is."

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 on the panel.

Tensions between federal and state authorities are also evident as Washington attempts to help the states guard their election infrastructure against cyberattacks.

Also recently, 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.

against election systems.

By the November election, 33 states and 36 cities and counties had used DHS tools or sought advice from the agency, Jeh Johnson, the former secretary of homeland security, told the House Intelligence Committee last month.

In January, Mr. Johnson formally designated election systems "critical infrastructure," which federal officials said would help DHS place a higher priority on election-security efforts. But state election officials said it wasn't clear how the designation would help them.

"There is certainly some tension," said Edgardo Cortés, commissioner of the Virginia Department of Elections. "This is new for everyone, so it's going to take some time for everyone to work well together."

Tre Hargett, Tennessee's secretary of state, said that Mr. Kelly "made clear the door was open for states to ask for assistance."

State officials met with federal representatives earlier this month at a conference of the National Association of Secretaries of State in Indianapolis. An acting deputy undersecretary at DHS, Robert Kolasky, said the agency was working to answer questions about organizing a "coordinating council" for information-sharing and whether some state officials would be eligible for security clearances to view classified threat information.

GOP Health Bill Remains Uncertain

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

Senate Majority Leader Mitch McConnell (R., Ky.) has told lawmakers they will 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 the Republican bill Sunday on CNN's State of the Union 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.



Republicans are negotiating to win back defectors, some of whom hope to soften Medicaid cuts.

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.

Republican leaders are urgently trying to win back defectors among the conservative and centrist wings of their party. Negotiations with centrists 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. Susan Collins (R., Maine) said on Sunday on CBS's

Face the Nation that senators had no idea what they would be voting on Tuesday. "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, calling for hearings on the bill.

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."

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.).

White House Backs Sanctions Bill

By NATALIE ANDREWS

WASHINGTON—The White House supports legislation that would punish Russia for its interference in the 2016 election, a spokeswoman said Sunday, despite its previous objection to measures restricting the president's power to remove sanctions on Moscow.

Congressional negotiators reached a deal late Friday to advance the bill, previous versions of which White House spokeswoman Sarah Huckabee Sanders had said contained provisions that eroded the president's power to conduct diplomacy. President Donald Trump has said he wants to improve America's relationship with Russia and has been slow to embrace the conclusion of intelligence agencies that Moscow meddled in the election.

But 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.

Anthony Scaramucci, who on Friday was named White House communications director, was more cautious about the president's direction while speaking on CNN's "State of the Union." Mr. Scaramucci said Mr. Trump "hasn't made the decision yet to sign that bill." The White House didn't immediately respond to a request to clarify.

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.). The new Russian sanctions, which passed the Senate last month in a 98-2 vote, have been held up in the House over disputes about a provision that

would have prevented the House minority from introducing legislation to block the president if he chose to remove the sanctions.

The new deal is a compromise between Republican and Democratic leaders. It also makes some concessions to oil

The response is being closely watched amid the Russian election interference probe.

and-gas companies. The legislation, which must pass the House and Senate, 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. It also would require the president to seek Congress's permission to relax sanctions against Russia.

The White House response to the bill is being closely watched, because despite the administration's previous criticism of the legislation, a failure to sign it could prompt criticism that Mr. Trump is siding with President Vladimir Putin amid investigations into the Russian interference in the election and into possible ties between Mr. Trump's associates and Russia.

Russia has denied interfering in the election. Mr. Trump has said there was no collusion between his campaign and Russia and has called questions about campaign associates' ties to Russia a "witch hunt."

The European Union raised alarm over the sanctions deal, urging Congress to coordinate with its G7 partners.

Trump's Media Staff Shift Signals Divide

By PETER NICHOLAS AND MICHAEL C. BENDER

President Donald Trump's communications team shake-up Friday capped the rise and fall of one of the White House's most recognizable faces, press secretary Sean Spicer, and underscored the president's deep dissatisfaction with the team and his willingness to take action to fix it.

The changes also point to divisions in the White House, where top officials clashed over the hiring of former New York hedge-fund investor Anthony Scaramucci as communications director.

In a long-simmering staff shuffle, Mr. Scaramucci took over a 35-person team that has often struggled to push through a message amid rapidly moving events and a stream of tweets from a president who relishes the reach of social media.

Mr. Spicer's deputy, Sarah Huckabee Sanders, will succeed him, putting her behind the lectern for daily press briefings that, on days they are televised, command audiences rivaling those of TV soap operas.

Mr. Scaramucci's appointment was backed by Jared Kushner, the president's son-in-law and senior adviser, and opposed by Reince Priebus, the White House Chief of staff, according to people familiar with the matter.

The hiring unsettles, at least in the short term, a West Wing chain of command that has been beset by constant competitions for power. Mr. Scaramucci said he would be reporting directly to Mr. Trump.

Until now, the communications team was largely under the influence of Mr. Priebus, who had stocked it with Republican National Committee aides who worked for him when he was party chairman. By installing Mr. Scaramucci in the job, Mr. Trump is in essence diluting Mr. Priebus's power base.

The new appointment also strengthens the position of Mr. Kushner, presumably giving

him a new internal ally.

Mr. Spicer, during his six-month stint as press secretary, became something of a mini-celebrity, famously satirized on NBC's "Saturday Night Live" by comedian Melissa McCarthy.

Ms. McCarthy's portrayal was a hit with many viewers but not in the West Wing, where aides privately worried that Mr. Spicer was getting unwelcome attention distracting from the White House's agenda.

Mr. Spicer's tenure drew criticism from the get-go when he claimed on the president's first full day in office that more people had witnessed the inauguration—"in person and around the globe"—than any in history. Pictures taken of the event showed that the crowd was smaller than that of former President Barack Obama's inauguration in 2009.

Over time, Mr. Spicer's public role diminished. The White House began barring TV cameras from the briefings and Ms. Sanders picked up more of his duties.

Mr. Scaramucci, 53 years old, comes to the job without the years of government or campaign communications experience that his predecessors had.

But a few parts of his résumé clearly appealed to Mr. Trump, an avid cable-news viewer: He is a polished TV figure, having been a contributor to Fox Business Network. He also tangled successfully with CNN, a network that Mr. Trump and other White House officials view as an antagonist.

Last month, CNN retracted a story it had written about Mr. Scaramucci. Three CNN staffers resigned, a development Mr. Trump highlighted on Twitter.

In his debut in the White House press briefing room Friday, Mr. Scaramucci was pressed by reporters on whether he would reopen press briefings to TV cameras. He made no commitments.

"I obviously am committed to being transparent because I'm standing here," he said.



Mr. Scaramucci is the new White House communications director.

IN DEPTH

DRUGS

Continued from Page One
former Maine attorney general who later worked with Mr. Moore during the tobacco wars.

Mr. Moore is among many tort lawyers flocking to help government bodies seek damages from makers of opioid painkillers. 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.

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.

Drug companies said they are committed to the appropriate use of opioids.

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 country 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



Mr. Moore, right center, met with other lawyers in Florida in June to discuss ways to help cities and states sue pharmaceutical companies for costs associated with the opioid epidemic. 'I want there to be a huge amount of resources available for treatment,' he said.

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 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 Beach, Fla., a quaint seaside town on the Gulf of Mexico where three of them live.

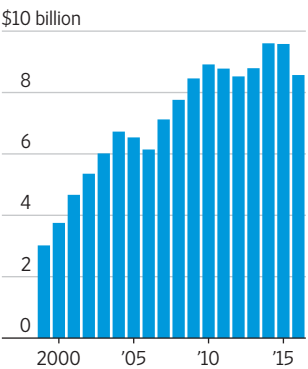
Gathered in one lawyer's home, the group discussed the potential for painkiller suits in the state. "We're not sure if the AG of Florida is going to file litigation," Mr. Moore said. He encouraged the lawyers to think more broadly. "Miami should file a case. Orlando should file a case. Panama City should file a case," he said.

Mr. Moore noted that Florida's Republican attorney gen-

Deadly Problem

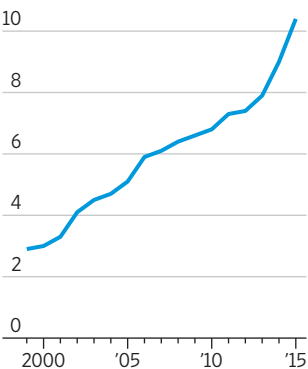
As prescription opioid sales have increased, so have opioid-related deaths.

Prescription opioid sales in the U.S.*



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

U.S. opioid-related deaths per 100,000†



eral, Pam Bondi, is on a commission formed by President Donald Trump to address the 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 drug-makers 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." 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.

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."

CLINICS

Continued from Page One
the 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 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, tube-tied 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."



Jeb Lopez recovers at Obsidian Men's Health in Tysons Corner, Va.

got good and relaxed before their recent procedure, according 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.

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 is 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 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 center's data.

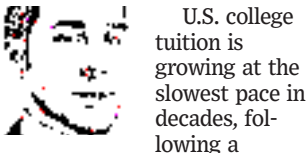
A survey by the Centers for Disease Control and Prevention found most women who rely on vasectomies for birth control have as many children as they or their partner want. A vasectomy is faster, safer and less expensive than a common sterilization procedure for women called tubal ligation, according to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

Megan Gerald said the fancy setup at Obsidian Men's Health when she joined her fiancé, 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!"

U.S. NEWS

THE OUTLOOK | By Josh Mitchell

Colleges Begin Reining In 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.

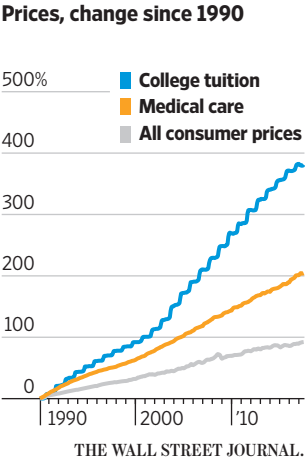
Another factor: Congress last increased the maximum amount undergraduates could borrow from the government in 2008. Some economists have concluded schools raise prices along with increases in federal financial aid. A clamp-down on aid, in turn, could limit the ability of schools to charge more.

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

Higher Education Inflation

College and graduate-school tuitions rose rapidly in recent decades but are now growing roughly in line with overall inflation.



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

Moody's Investors Service projects shifting consumer be-

havior 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 non-profit 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.

The average cost of attending the University of Washington in Seattle fell two years ago, in part due to state legislative mandates to ease tuition. Average tuition and living expenses stood at \$10,100, after scholarships and grants, in 2015, down 3% from two years earlier. A school spokeswoman said one factor was that more students were living at home to avoid room-and-board payments.

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.

Polarized State of Politics Lamented

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 of 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 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 fondly singled out Sen. Orrin Hatch, the Utah Republican, saying he was her biggest supporter in the Senate Judiciary Committee at the time of her nomination. The senator, she said, still invites her to speak to Utah audiences, which she will do later this month.

“My hope is in my lifetime we will get back to the way it was,” Justice Ginsburg said.

The justice made no mention of President Donald Trump, though current events clearly hung over the discussion. Justice Ginsburg said she was optimistic about the nation “over the long haul” and she cited the pendulum swing of U.S. politics. When the pendulum swings too far in one direction, “you can look forward to it moving back,” she said.

Homicide Rate Roils Baltimore’s Leadership

By SCOTT CALVERT

BALTIMORE—For the Rev. Donté 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 killings 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



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

police chiefs from the nation's largest cities. “We just don't want to go back to the days of the '90s with the levels of violence we had.”

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

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 suspended—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.

Hanging over the debate is a court-enforced process to overhaul the Baltimore Police Department. The city and federal government agreed to a consent decree in January after a scathing Justice Department report alleged longstanding unconstitutional practices. An independent monitor hasn't yet been chosen to manage the overhaul, which a federal judge will oversee.

Death Toll in Human Smuggling Case Rises to 10

By SCOTT CALVERT

The death toll from an apparent human smuggling crime rose to 10 after eight people were found dead in San Antonio overnight inside a sweltering tractor trailer packed with men, women and children, authorities said. Two later died in the hospital.

Twenty people who also were in the trailer were taken to area hospitals, some by helicopter, in very serious or extremely critical condition, San Antonio Fire Chief Charles Hood said at an early morning news conference. Another eight individuals were treated for less serious dehydration, he said. Paramedics reported that people had high heart rates and were hot to the touch, suffering from heat stroke and dehydration, he said.

“The truck was loaded with people,” Chief Hood told reporters at the news conference. A total of about 38 people were believed to be inside the truck, including “at least two school-age children,” he said. There wasn't any additional information on their identities or countries of origin.

gin.

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

Police responded to an 18-wheeler parked in a Wal-Mart parking lot after a bedraggled man emerged from the vehicle and approached a store worker, demanding water. Inside the truck, police and paramedics found eight people dead, and about 28 others packed among them, Chief McManus said.

Some of those inside fled into some nearby woods as authorities arrived, Chief McManus said, adding that they would resume searching for other potential passengers in the woods Sunday morning. Passengers are likely to be turned over to Immigration and Customs Enforcement for questioning after they have been treated, he added.

The driver of the truck, parked outside a Wal-Mart store, is in custody and will face charges, said Richard Durbin Jr., the U.S. attorney for western Texas.

Mr. Durbin said those inside the trailer were “victims of ruthless human smugglers in-



The people were discovered in the tractor trailer in San Antonio.

different to the well-being of their fragile cargo.”

“These people were helpless in the hands of their transporters,” he said in a statement. “Imagine their suffering, trapped in a stifling trailer in 100-plus degree heat.”

The trailer wasn't air-conditioned and rescuers saw no

sign occupants had access to water.

“They were very hot to the touch. So these people were in that trailer without any signs of any type of water,” Chief Hood said. “So you are looking at heatstroke, a lot of dehydration,” he added.

The Wal-Mart's surveillance camera shows that a number

of vehicles had earlier arrived to pick up some of the people who were in the trailer and survived the trip, Chief McManus said.

He said authorities didn't yet know where the truck began its journey and that the Department of Homeland Security is aiding the investigation. Anyone else found to be involved would face state and federal charges, he said, while the individuals in the trailer will be investigated by immigration authorities.

“This is not an isolated incident; this happens quite frequently,” Mr. McManus said, referring to human trafficking. “It happens late at night, under darkness.”

In fiscal year 2016, the Homeland Security Investigations arm of U.S. Immigration and Customs Enforcement launched 2,110 human smuggling investigations, yielding 1,522 criminal convictions, federal officials say.

That same year the unit made 2,734 criminal arrests and about 3,000 administrative arrests linked to trafficking.

—Miguel Bustillo contributed to this article.

LIFE & ARTS



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 Epi- phone 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



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

convinced Music On Vinyl to de- stroy the 500 copies that had been pressed, reimbursing the firm 3,300 euros for its costs. “This is com- monplace,” Mr. Rawlings says. A representative of Music On Vinyl could not be reached.

Major labels say they use origi- nal 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-press- ing, says Billy Fields, a veteran vi- nyl 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 re- leasing new albums, labels can’t al- ways cut vinyl to the absolute best audio quality, says Mr. Fields, who declined to discuss specific exam- ples on the record because it might alienate others in the industry.

Another culprit for vinyl’s slow- down is cost: Mr. Sheldon estimates vinyl has gone up four to six dollars per album in recent years. So-called “180-gram” or “audiophile” records, marketed as higher quality, can cost

loud and harsh-sounding, opti- mized for ear-buds, not living rooms. So the new vinyl LP is sometimes inferior to what a con- sumer hears on a CD.

“They’re re-issuing [old albums] and not using the original tapes” to save time and money, says Mi- chael 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

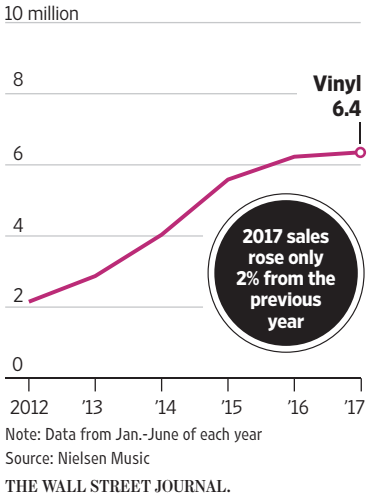
plant Rainbo Records. While he doesn’t see a bubble bursting— plants are busy—he believes vinyl is “getting close to plateauing.”

When labels advertise a re-issued classic as mastered from the origi- nal analog tapes, the source can be more complicated. Sometimes they are a hodge-podge of digital and an- alog. Often “labels are kind of hid- ing 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 Mu- sic Group. Ms. Welch and Mr. Raw- lings, 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

Vinyl Sales Sputter

The surge in sales of vinyl records over the past several years is slowing.



\$30 to \$40. Their heaviness makes them more stable during playing, Mr. Sheldon says, and such records might last longer. But any sound differences are “very marginal.”

As low-quality vinyl proliferates, Ms. Welch and Mr. Rawlings are taking the high road.

It took five years to get their re- cord-cutting equipment up and running. Once they bought their lathe, they found a tech who gave up his job at a particle accelerator for the new job. “The scientists who developed how to cut good stereo were the brightest people in our country at that time,” Mr. Raw- lings says. With their trusted mas- tering engineer Stephen Marcussen, the team customized the lathe for Ms. Welch and Mr. Rawlings’ sparse, haunting acoustic music.

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 en- graved onto a “lacquer,” the techni- cal 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 possi- ble. A high-quality LP can give lis- teners the sensation of instruments or sounds occupying different points in space—a “three-dimen- sional” quality that Mr. Fremer says evokes a live performance. Ms. Welch likens it to the difference be- tween “fresh basil and dried basil.”

The vinyl version of “The Har- row & the Harvest” is “mesmeriz- ing,” 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, effec- tively becoming a full-service, ver- tically-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.”

PLAYLIST | By Mario Livio

SLOW DANCING IN ISRAEL

Mario Livio, 72, is an astrophysicist and the author of six books, includ- ing his latest, “Why? What Makes Us Curious” (Simon & Schuster). He spoke with Marc Myers.

Before the 1967 Six-Day War, life in Tel Aviv, Israel, was anxious but hopeful. I was 15 in 1960 when I first heard the Platters’ “ONLY YOU (AND YOU ALONE)” on the radio. I didn’t see them yet on a variety show. I only knew that their voices sounded beautiful.

In the early ’60s, we had parties in our neighborhood on Friday nights. About 20 or 30 teens would get together at a friend’s house, when parents were out, and dance to records.

Most of the dancing was slow. Sofie was a friend who lived a few blocks from me, and we had grown up together. At these parties, we of- ten paired up to dance.

“Only You” was a big party re- cord. The title song opens with a measure of bluesy electric guitar chords followed by a one-beat pause. Then this powerful, velvety male voice comes on and takes your breath away:

“Only you can make this world seem bright / only you can make the darkness bright / only you and you alone can thrill me like you do.”

Tony Williams, whose name I didn’t know at the time, was the lead vocalist. He had a high voice that he could break in places to make a romantic point. The rest of the group sang harmony.

The song had come out in the States in 1955, but we didn’t know that at the time, nor did we care. For us, it was a timeless song by a man singing openly about love and devotion.

As the years went on, many of us from the parties continued to see each other regularly. Sofie and I en- tered military service at about the same time, though we served in dif- ferent units. We also were at the Hebrew University together.

At some point, Sofie and I took a trip together to the Dead Sea and went along with friends to being a couple. In 1968, we married.

At home today in the States, I still have a CD of the Platters. I rarely put it on, but when I do, Sofie and I stop what we’re doing and dance to “Only You.” The way we used to, in Tel Aviv.



THE PLATTERS on stage circa 1955.

GETTY IMAGES

LIFE & ARTS

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 shooting remote, frigid 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 trekking 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, which is crucial to my job," 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. He first started rock climbing in Yosemite National Park. 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



JOSHUA CURRY FOR THE WALL STREET JOURNAL

Photographer Chris Burkard bodysurfs in the ocean at Pismo Beach, Calif., above, practices climbing, left, and does yoga, far left, to stay fit for his work trips.



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 himself 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.

Mr. Burkard installed standing desks at his photography studio. In a pinch he'll 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 sustain-

ably-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 has a weakness for gummy candy. "I could crush a bag of Haribo sour gummies," he says.

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).

ENTERTAINMENT | By Ben Fritz

COMIC-CON'S COOLER SIBLING

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—without 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 downtown 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 this year is for "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, neon lights, a bar and 34 actors playing future residents, including police who "test" whether visitors are humans or "replicant" robots.

While some of these events 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 where they answered questions from a masked actor, received a recorded phone call from the show's co-star B.D. Wong and got to peek at pho-



Fans flocked to attractions for 'Blade Runner 2049,' above, and 'Game of Thrones,' that were not in the San Diego Convention Center but nearby.

tos offering hints about the coming third season.

A promotion for "Westworld," HBO's sci-fi Western show, accommodated only 12 visitors an hour. The visitors, who had to secure advance reservations, landed a personal interview to help figure out what type of cowboy they would be. Then, fitted out in 10-gallon hats, they entered a recreation of a saloon from the show where actors portraying bartenders and a prostitute talked to them and served cocktails.

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. Ama-



FROM TOP: ERIC CHARBONNEAU; SANDY HUFFAKER/ASSOCIATED PRESS

zon 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.

OPINION

REVIEW & OUTLOOK

Trump’s Nafta Stakes

President Trump campaigned on tearing up Nafta, but maybe he’s learning on the job. The White House last week rolled out its objectives for renegotiating the North American Free Trade Agreement that could allow him to claim victory without doing too much protectionist damage.

The President has blamed Nafta for U.S. manufacturers moving jobs to Mexico. In April Mr. Trump came close to terminating the deal before cooler heads in the Administration persuaded him that withdrawing would be a disaster for U.S. businesses, especially farmers.

Nafta has helped American businesses stay competitive and prevented a larger exodus of jobs overseas by integrating cross-border supply chains. Consider Cummins, which makes the engine for Chrysler’s RAM truck outside Columbus, Ind. Cummins exports its engines to a Chrysler plant in Mexico, where the trucks are assembled and sent back to the states. Prior to Nafta, Mexico imposed tariffs as high as 20% on automotive imports as well as local-content requirements of 80% that shut out U.S. suppliers like Cummins.

American inputs make up 40% of Mexican products exported to the U.S. Since 2007 U.S. exports of auto parts to Mexico have more than doubled. Nafta has enabled U.S. auto makers to compete with the Japanese, and many cars assembled in Mexico with American parts are shipped to Asia and Europe. Another example of cross-border integration: Canadian manufacturers use U.S. scrap metal, coal and iron to produce steel slab and coil for American vehicles, airplanes and public works.

Some of Nafta’s biggest winners are American farmers. Nafta cut Mexico’s high agricultural tariffs—ranging from 15% on soybeans and processed vegetables to 215% on corn—to zero on most products. U.S. exports of feedstock to Mexico have soared. Soybean sales to Mexico have quintupled since Nafta was finalized in 1993. Farm and ranch exports to Mexico and Canada have more than quadrupled.

It’s true that Canada’s supply-managed dairy system remains walled off from competition, and pricing policies discriminate against such U.S. products as a milk-protein used to make cheese. Canada also maintains high tariffs on U.S. poultry, eggs and wine. Mr. Trump should seek to ease these trade barriers in return for giving up some U.S. farm subsidies.

A major focus of U.S. Trade Representative Robert Lighthizer’s agenda will be e-commerce,

financial services, telecommunications and intellectual property. This recognizes that trade in services is growing fast and an area in which the U.S. has a significant comparative advantage. For instance, the Administration says it aims to “secure commitments not to impose customs duties on digital products” and to prevent restrictions on sending and storing data.

The Administration will also try to “strengthen the rules of origin,” which require a certain share of products to be sourced in North America—e.g., 62.5% for autos—to qualify for preferential trade treatment. One risk of raising the thresholds is that manufacturers may decide it makes more sense to move abroad and pay an import tariff.

Canada and Mexico adopted many of the Administration’s objectives in the stillborn Trans-Pacific Partnership, so the biggest sticking points will likely be trade remedies. Mr. Lighthizer has called for eliminating Nafta’s “global safeguard exclusion” to allow the U.S. to take action if a surge of imports imperils its domestic industries. He also wants to let the U.S. “impose measures based on third country dumping.” So the U.S. could, say, levy duties on Mexican products with Chinese steel, though such actions would likely be challenged and invite retaliatory tariffs.

Nafta allows investors to arbitrate disputes with foreign governments. The Administration is targeting this system as some on the right claim that it undermines U.S. sovereignty. Unions also hate arbitration because it reduces the risk of investing in Canada and Mexico. But the system has protected American investors from arbitrary policies, and the U.S. government has never lost a case.

The White House wants to conclude negotiations by the end of this year, though they could drag on if it tries to back Canada and Mexico into protectionist corners. While the President may think he has the whip hand, the U.S. can’t afford to jilt its neighbors. Mexico is currently renegotiating its 2000 trade accord with the European Union to boost its trade in services and agriculture. It is also seeking to reduce its dependence on U.S. agriculture. During 2017’s first four months, Mexican imports of U.S. soybean meal fell 15%. Canada has just concluded a deal with Europe.

If Mr. Trump wants a political victory, he’ll push to further open Mexican and Canadian markets rather than impose trade barriers that hurt American businesses and consumers.

Joseph Rago

These columns are a collaborative effort, but some writers collaborate more than others. No one contributed more in his meteor of a career than Joseph Rago, who died last week at age 34. The anonymous nature of these columns means that readers will soon miss him without knowing how much they had read and learned from him.

From a middle-class family in Falmouth, Mass., Joe majored in history at Dartmouth and edited the Dartmouth Review. His work caught our eye not for its politics but for the prose. Even as young as he was, he knew how to put together a sentence to persuade without lecturing. This has taken some of us a lifetime to learn.

Joe joined the editorial page as a Bartley Fellow in 2005, and we hired him on the spot. He edited op-eds at first and began writing editorials in 2007. Not counting his profiles and other features, Joe wrote 1,353 Wall Street Journal editorials, including his last one on Wednesday, “The ObamaCare Republicans,” which carried his signature punch: Argument built on facts and quotes, with irony and sardonic wit as polemical leavening. (A sample of his work appears nearby.)

Joe wrote about many subjects—Amazon and antitrust, Apple and privacy, the limits of

the Constitution’s Commerce Clause, the follies of Congress and presidential politics, energy, trade, taxes and more. But his particular contribution was on health care and the long debate over ObamaCare.

On this and other issues he was a reporter’s opinion writer: He read everything on the subject, from academic literature on insurance markets to scientific papers on new drugs as he fought the Food and Drug Administration for faster approvals for patients. He had sources from industry, Capitol Hill, think tanks and HHS.

Joe had to persuade himself of what he thought before he could write to persuade others. He won a Pulitzer Prize in 2011 for his health-care editorials, but he knew it is folly to write for prizes. Joe wrote for readers.

We can say from experience that Joe was also a capital comrade-in-arms, a colleague you could disagree with and still join for a beer. He could argue about Donald Trump without making it a showdown about your personal character. This is admirable in any age, but especially in these polarizing times.

Our friend Roger Kimball of The New Criterion, who also published Joe, called him an “allegro spirit,” and it fits. We mourn his passing but take consolation that his work made the world a better, freer place.

Our late colleague knew more about the subject and wrote better too.

Jeff Sessions Hangs In There

The White House said Thursday that President Trump still has confidence in Attorney General Jeff Sessions, but the better question is whether Mr. Sessions still has confidence in the President. Mr. Trump needs the AG at this point more than the reverse.

Mr. Trump is like no other President, and he proved it on Wednesday by telling the New York Times that he would never have tapped Mr. Sessions for AG if he had known he would recuse himself from the investigation into Russia’s 2016 campaign meddling. “He should have told me before he took the job and I would have picked somebody else,” Mr. Trump said, but Mr. Sessions didn’t know at the time he would be presented with such a choice. He did so after news came out that he had met with the Russian ambassador during the campaign, and Mr. Sessions didn’t want any political doubt hanging over the investigation.

Mr. Trump is understandably upset about the special-counsel probe into Russia, but Deputy AG Rod Rosenstein didn’t appoint counsel Robert Mueller until months after Mr. Sessions recused himself. The political trigger

Trump needs the Attorney General more than he realizes.

for the special counsel appointment was Mr. Trump’s dismissal of FBI Director James Comey followed by his tweet implying that he had tapes of his meetings with Mr. Comey.

Mr. Sessions might have resigned after this presidential outburst, but we’re glad he didn’t. The AG said Wednesday he’d serve “as long as that is appropriate” and that “we love this job.” We have our policy differences with the AG, but no one doubts that he is a man of integrity who will defend the Justice Department against improper political interference.

Mr. Trump has shown he isn’t bound by political norms, and he needs advisers like Mr. Sessions to say when one of his impulses would be a mistake. The same goes on national security with Defense Secretary Jim Mattis, or on economic policy with adviser Gary Cohn.

Working for a President who can be as willful and rash as Mr. Trump can’t be easy, and some advisers may find it impossible over time. But Mr. Trump needs people who can protect him and the country from his worst instincts, and if Mr. Sessions quits, Mr. Trump might not find anyone else who’ll take the job.

The Martyrdom of Father Jacques Hamel

By Christopher White

Dominique Lebrun, the archbishop of Rouen, France, was attending the Catholic Church’s World Youth Day in Poland last July when the news came. One of his priests, 85-year-old Father Jacques Hamel, had been murdered by Islamic State-inspired terrorists while celebrating morning mass on July 26.

Archbishop Lebrun soon received an urgent request from François Hollande, then the French president. Fearful of civil unrest between the nation’s Christians and Muslims, Mr. Hollande requested the archbishop speak with him before making any public statements. “What will you say?” the president asked the archbishop. “I am going to pray and ask God to help me love my enemies,” he replied.

A few months later, Mr. Hollande admitted the prelate had stunned him: He actually seemed to believe what he was saying, and his tone of forgiveness and reconciliation was crucial after the attack. The following week Muslims throughout the country were encouraged by Islamic leaders to attend Mass as a show of solidarity with their Catholic neighbors.

The killing moved millions of people, including Pope Francis. In September the pope described Hamel as a martyr. He urged Catholics to ask for the intercession of the late priest so that he “gives us the courage to say the truth: to kill in the name of God is satanic.” The Vatican has fast-tracked Hamel’s path to sainthood, and Francis has already declared him “blessed,” the first step in the canonization process.

In an earlier era, France’s leader wouldn’t have been so shocked by the archbishop’s words of forgiveness. Once thought of as a Catholic country, France, like much of Europe, has abandoned any overt association with its Christian heritage over the past several decades. If Europe’s political leaders were somehow able to reclaim the attitude of sacrifice and solidarity embodied by Archbishop Lebrun’s statement, it could reshape the way their ailing continent deals with terrorism and the anti-immigrant, populist backlash it produces.

In the aftermath of World War II, when nations throughout Europe were on the verge of collapse, the project of European integration was born to ensure that the war’s atrocities could never be repeated. There

was a strong sense that those who had died in the war had sacrificed themselves so that others could live in freedom and prosperity. In the new European project, stronger countries would help weaker ones. They had a moral responsibility.

And while the European Union has at times been hostile to religious concerns, it nonetheless has been undergirded by the Catholic doctrine of solidarity. This principle demands shared responsibility and sacrifice in spiritual and physical matters, between nations and peoples, rich and poor. A core commitment to the belief in the dignity of all human beings means that the practice of solidarity isn’t one of mere charity, but one of Christian duty.

After the murder, his archbishop asked God for help loving his enemies. It worked.

Speaking to European heads of state this spring, Pope Francis argued that solidarity was the antidote to populism and extremism. “Politics needs this kind of leadership, which avoids appealing to emotions to gain consent,” he argued, adding that the EU needs “a spirit of solidarity and subsidiarity.”

Is it a coincidence that in an era of nationalist populism, the one country that offered a resounding rejection of such principles is the one where an elderly priest was brutally beheaded while offering his daily mass? Could it be that, in this secular European nation, Hamel’s martyrdom triggered, unconsciously, an examination of conscience, stirring many French citizens to reconsider the type of future they want to build and the values they want to define them?

In his statement after Hamel’s death, Archbishop Lebrun noted that the attack produced three victims: the priest and his two killers. Hamel’s brutal end personified true sacrifice while his attackers’ deaths perverted it.

Perhaps the witness of this modern martyr will lead to an embrace of this traditional teaching of solidarity, and therein shore up the foundation of a country and a continent.

Mr. White is the director of Catholic Voices USA.

In the Netherlands, the Doctor Will Kill You Now

By Kees van der Staaij

In 2002 the Netherlands became the first country to legalize euthanasia and physician-assisted suicide for those suffering deadly diseases or in the last stages of life. Not long after the legislation was enacted, eligibility was expanded to include those experiencing psychological suffering or dementia. Today pressure is mounting for the Dutch government to legalize a “euthanasia pill” for those who aren’t ill, but simply consider their lives to be “full.”

Proponents of assisted suicide continue to claim that safeguards already built into Dutch law are sufficient to reduce the risk of abuse. They point out that medical professionals are required to assess whether a person’s suffering is indeed unbearable and hopeless.

These safeguards do exist. In practice, however, they are hard to enforce. A poignant illustration was recently aired on Dutch television. An older woman stricken with semantic dementia had lost her ability to use words to convey meaning. “Upsy-daisy, let’s go,” she said.

Both her husband and her physician at the end-of-life clinic interpreted her words to mean, “I want to die.” A review committee judged her euthanasia was in accordance both with the law and her earlier written instructions, an outcome very few would have imagined possible as recently as 10 years ago.

Such episodes have many Dutch people worried about the erosion of protections for the socially vulnerable and medically fragile. A broad and heated public debate recently flared about whether doctors may administer fatal drugs to those with severe dementia based on a previously signed “advance directive.”

In several controversial cases, assisted suicide wasn’t directly discussed with patients who were incapable of reaffirming earlier written death wishes. In one case, a doctor slipped a dementia patient a sleeping pill in some apple sauce so that he could be easily taken home and given a deadly injection.

Hundreds of Dutch physicians signed a declaration outlining their moral objection to these increasingly common practices. Nonetheless, the Dutch government stands by its claim that the law permits doctors to end such patients’ lives. Meanwhile, the

Dutch Right to Die Society, a national euthanasia lobby, keeps pressing to take further steps, arguing that individuals should have the option to “step out of life.”

But is this argument really convincing? Those seeking death because their lives are “full” are often haunted by loneliness and despair. Some elderly people fear bothering their children with their social and medical needs. They don’t want to be perceived as burdensome.

Healthy people who consider their lives ‘full’ may soon be eligible for assisted suicide.

Legalizing the euthanasia pill could put even more pressure on the vulnerable, disabled and elderly. More than 60% of geriatric-care specialists already say they have felt pressure from patients’ family members to euthanize elderly relatives. Will the day come when society considers it entirely normal—even “natural”—for people who grow old or become sick simply to pop the pill and disappear? If so, those who desire to continue living in spite of society’s expectations will have some serious explaining to do.

All of this clearly shows the slippery slope of the euthanasia path. Contrary to the emphatic advice of a special advisory committee chaired by a prominent member of a liberal-democratic party, the departing Dutch government wishes to expand and extend the euthanasia law to those who consider their lives to be full. The pressing question is where the slope ends and the abyss begins. Will those with intellectual disabilities or physical defects also be “empowered” to step out of life? Will those battling thoughts of suicide be encouraged to opt for a “dignified death” in place of excellent psychiatric care?

The government’s most fundamental task is to protect its citizens. The Dutch government, to its credit, often speaks out when fundamental human rights are under threat around the world. Now that the fundamental right to life is under threat in the Netherlands, it’s time for others to speak out about the Dutch culture of euthanasia.

Mr. van der Staaij is a member of the Dutch Parliament.

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.



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

Frankenthaler relished the 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 virtuosic “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 ½-foot-wide master-

work, 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 Frankenthaler’s



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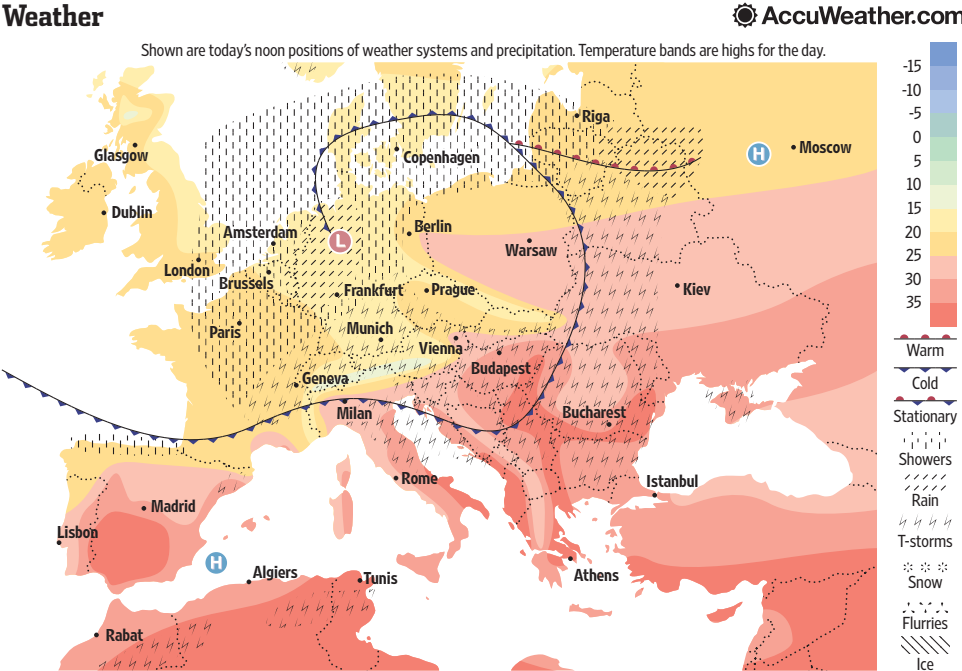
er’s dominant painting concerns over five decades, beginning with the Miró and De Kooning-influenced “Abstract Landscape” (1951), a muscular, airy improvisation by an ambitious 22-year-old Bennington graduate who was pitting herself against the best art on view in her native New York and already finding 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 described 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

Weather



Global Forecasts

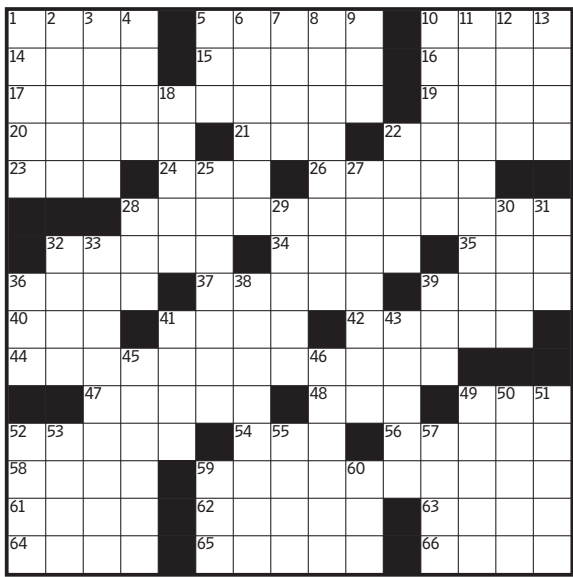
s.:sunny;pc.:partly cloudy;c.:cloudy;sh.:showers;t.:tstorms;r.:rain;sf.:snow flurries;sn.:snow;i.:ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	18	14	r	20	13	pc
Anchorage	18	12	c	17	13	sh
Athens	35	26	s	35	26	s
Atlanta	32	23	t	32	23	t
Baghdad	46	30	s	46	29	s
Baltimore	33	21	pc	30	19	pc
Bangkok	34	27	t	33	26	t
Beijing	28	22	c	28	21	c
Berlin	24	15	pc	19	15	r
Bogota	19	10	c	18	9	r
Boise	37	20	pc	34	19	pc
Boston	19	16	r	19	15	sh
Brussels	19	13	r	20	12	pc
Buenos Aires	16	9	c	16	13	c
Cairo	37	25	s	38	26	s
Calgary	21	10	s	24	11	s
Caracas	32	24	pc	32	27	pc
Charlotte	34	22	t	34	22	t
Chicago	25	17	pc	28	19	pc
Dallas	37	26	t	38	27	s
Denver	34	18	pc	34	17	pc
Detroit	26	16	pc	27	17	s
Dubai	43	33	s	42	34	s
Dublin	22	12	pc	21	15	pc
Edinburgh	21	10	pc	19	10	pc
Frankfurt	21	13	r	21	14	r

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Geneva	19	13	t	19	13	sh
Hanoi	34	26	t	32	26	t
Havana	33	24	pc	33	24	pc
Hong Kong	32	27	sh	33	27	pc
Honolulu	31	25	sh	31	25	t
Houston	35	25	s	35	25	pc
Istanbul	31	22	s	32	24	s
Jakarta	32	25	pc	32	24	pc
Johannesburg	19	6	s	18	5	s
Kansas City	32	22	s	34	24	pc
Las Vegas	36	28	t	35	28	t
Lima	21	15	pc	21	15	pc
London	20	13	pc	24	15	pc
Los Angeles	27	19	pc	28	19	pc
Madrid	33	18	s	32	18	s
Manila	30	26	t	30	26	t
Milan	28	18	t	31	17	s
Minneapolis	26	19	pc	32	23	pc
Montreal	36	22	pc	36	22	pc
Montreal	18	13	sh	22	13	pc
Moscow	22	15	pc	22	15	pc
Mumbai	30	27	r	31	27	r
Nashville	33	24	pc	33	23	t
New Delhi	33	27	pc	34	27	pc
New Orleans	33	25	t	33	24	pc
New York City	23	19	r	25	19	c
Omaha	32	23	s	36	25	t
Orlando	33	23	t	34	23	t

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Ottawa	18	13	sh	22	11	pc
Paris	22	14	sh	24	14	pc
Philadelphia	29	21	c	28	21	pc
Phoenix	34	27	t	39	27	pc
Pittsburgh	27	16	pc	26	17	pc
Port-au-Prince	35	23	pc	37	23	pc
Portland, Ore.	32	16	s	31	16	s
Rio de Janeiro	26	19	s	28	19	s
Riyadh	45	32	s	45	30	s
Rome	29	20	pc	28	18	pc
Salt Lake City	37	23	pc	31	23	t
San Diego	25	21	pc	25	21	pc
San Francisco	23	14	pc	23	14	pc
San Juan	32	26	pc	31	26	sh
Santiago	15	5	s	17	5	s
Santo Domingo	33	24	pc	32	24	pc
Sao Paulo	26	13	s	26	13	s
Seattle	27	15	s	29	15	s
Seoul	33	26	pc	33	24	pc
Shanghai	42	31	pc	42	29	s
Singapore	31	26	pc	31	26	c
Stockholm	21	10	sh	21	12	c
Sydney	20	9	s	20	13	s
Taipei	36	27	c	35	27	t
Tehran	37	26	s	37	26	s
Tel Aviv	32	26	s	33	26	s
Tokyo	33	27	pc	33	27	r
Toronto	21	14	sh	25	15	s
Vancouver	24	15	s	25	15	s
Washington, D.C.	34	24	pc	30	22	pc
Zurich	20	12	t	18	12	sh

The WSJ Daily Crossword | Edited by Mike Shenk



SHOWER ROOM | By Zhouqin Burnikel

- Across**

1 Missing from military roll call

5 Minor fights

10 In ___ (stuck)

14 Carrying current

15 Shooter Shaquille

16 “Gone With the Wind” estate

17 Meteor shower?

19 Med. plan providers

20 One of the noble gases

21 Somme summer

22 Provides with hay, say

23 Long-eared equine

24 “Full Frontal With Samantha Bee” network
- 26 Bread and butter, for two

28 Cold shower?

32 Nonreactive, chemically

34 They hoot at night

35 ___-friendly

36 Baltimore seafood favorite

37 “The March King”

39 “Smooth Operator” singer

40 “Who ___ to judge?”

41 Writer Kingsley

42 “Bye Bye Bye” boy band

44 April shower?
- 47 Sauvignon ___

48 Verizon acquisition of 2015

49 Big commotion

52 Suspect’s excuse

54 Galley tool

56 Castile-born folk hero

58 Place

59 Baby shower?

61 Assemble-it-yourself furniture seller

62 Chucklehead

63 Spoken

64 Plant with fronds

65 Big shrimp

66 Contrary girl of rhyme

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

- Down**
- 1 Amazon Echo’s personal assistant
- 2 Henry VIII had six
- 3 Pizzeria fixtures
- 4 Jay of late night fame
- 5 Freight weight
- 6 Consume
- 7 Song or slug follower
- 8 Incredible stories often spread via social media
- 9 Crafty
- 10 Wise daughter of Zeus
- 11 “Rebel Without a Cause” star
- 12 Youngest player to reach 600 HRs
- 13 Sacred service
- 18 Lay to rest
- 22 Pricey winter wraps
- 25 Cricket player
- 27 Home of the Magic
- 28 Fly catcher
- 29 Casino, to gamblers
- 30 “Back in Black” rockers
- 31 Sturgeon eggs
- 32 “___ la Douce”
- 33 Game that goes into overtime, e.g.
- 36 Crow cry
- 38 Medium for Matisse
- 39 Neighbor of Isr.
- 41 Purple smoothie berry
- 43 Cyber Monday come-ons
- 45 Freeport-based retailer
- 46 Tightly defined
- 49 Honda luxury brand
- 50 Kuwaiti currency
- 51 Contrary to expectation
- 52 “In your dreams!”
- 53 Be partial to
- 55 Gillette razor brand
- 57 Shuttle setting
- 59 Strike caller
- 60 TV’s Curry

Previous Puzzle’s Solution

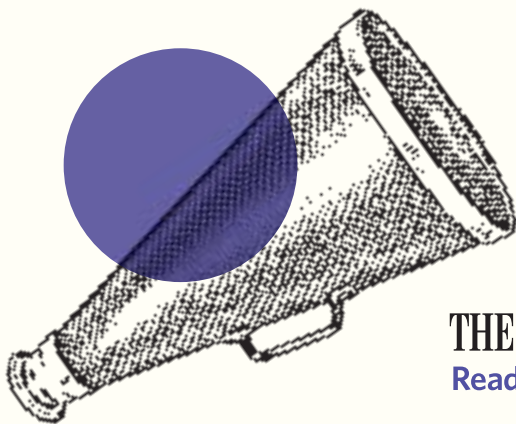


The contest answer is **FOUR CORNERS** (MONUMENT). The grid contains four two-by-two blocks consisting of UC atop AN. These stand for, and geographically represent, the four western states (Utah, Colorado, Arizona, New Mexico) at whose meeting point is found the contest answer.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, July 24, 2017 | B1

Euro vs. Dollar 1.1661 ▲ 0.25%

FTSE 100 7452.91 ▼ 0.47%

Gold 1254.30 ▲ 0.76%

WTI crude 45.77 ▼ 2.45%

German Bund yield 0.506%

10-Year Treasury yield 2.232%

BMW Denies Antitrust Offenses

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 requirements. 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 be-

tween 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.

Shares in Volkswagen were down nearly 5% during the session in Frankfurt, eventually closing 3.6% lower. Shares in BMW closed 2.6% lower, while **Daimler** AG fell 2.1% after partially recouping early losses.

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,



BMW rejects emissions claims.

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 po-

sitions 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. Other car makers have recalled millions of cars for their engines to be fixed after they were shown to emit more dangerous chemicals. *Please see CLAIMS page B2*

OPEC Fights to Keep Oil Accord

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 Faucon
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 minister, describing him as "very nervous." Mr. Falih declined to speak with reporters. A Saudi oil-ministry official didn't respond to a 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.

OPEC officials and analysts cautioned against expecting the cartel and its allies to take major action on Monday. It is a routine committee meeting. *Please see OPEC page B2*

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 major 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 over everyone's heads, 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 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 *Please see MIMS page B4*



Lumber futures have soared in July as fires spread across British Columbia. Above, a log driver in Squamish Mills in British Columbia.

Wildfires Choke Lumber Supply

U.S. home builders fear higher prices as blazes and a trade spat leave wholesalers short-handed

By Benjamin Parkin
and David George-Cosh

Wildfires in Canada are making lumber harder to find for 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.

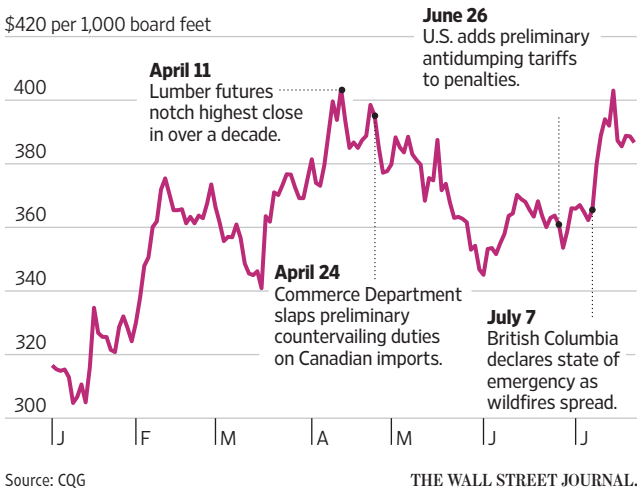
Now home builders in the U.S., which gets around a third of its lumber from Canada, fear prices might climb even higher as wholesalers try to restock amid the price surge. British Columbia produces nearly half of all Canadian lumber, according to **Statistics Canada**.

"People need wood now," said Paul Harder, a timber

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



Source: CQG

THE WALL STREET JOURNAL.

trader at wholesaler **Dakeryn Industries** in North Vancouver, which sells to U.S. lumber yards. "Little lumber is being offered out there."

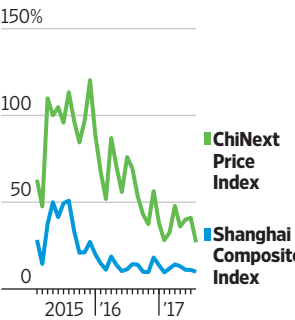
Lumber futures at the **Chi-**

cago 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

Investors Shun China Technology Shares

Small-Cap Swoon

Monthly turnover rate on the ChiNext board has dived as investors ditch small-cap stocks.



Source: Wind Info

THE WALL STREET JOURNAL.

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. 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 "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 *Please see SHARES page B2*

INSIDE



A BATTLE OVER GRIPES ABOUT U.S. LENDERS

FINANCE, B5

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LUMBER

Continued from the prior page
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 by 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

A stronger Canadian dollar also has weighed on lumber shipments.

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.

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 sheeting.

Canadian officials said Saturday that some 160 fires were still burning in British Columbia, where about 43,000 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 894,000 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.

Siemens, Bombardier Explore Deal

By BEN DUMMETT
AND JACQUIE McNISH

Siemens AG and Bombardier Inc. are in advanced talks to combine their train-making businesses, according to people familiar with the matter, as they face stiffer competition from consolidating rivals in China.

Germany's Siemens, one of the world's biggest industrial conglomerates, and Canada's Bombardier, which is also a major plane maker, are discussing possibly creating two joint ventures from their train operations. One unit, controlled by Siemens, would hold the signaling operations of the two companies. The second, which Bombardier would majority own, would oversee the rolling-stock operations. Signaling equipment is used to keep trains clear of each other, and rolling stock centers on train manufacturing.

The joint ventures would have combined annual sales of about €15 billion (\$17.5 billion) based on 2016 results of both firms' train divisions, according to one person familiar with the discussions.

The companies expect to reach a deal in the next couple of weeks, though one person familiar with the negotiations said there are still some key issues that need to be re-



Employees work on a train car at a Bombardier production hall in Bautzen, Germany, last month.

solved. As in all complex merger negotiations, talks could collapse without an agreement. The discussions were previously reported by Bloomberg.

The talks come at a time when the 2015 merger of Chinese train makers CSR Corp. and China CNR is forcing rivals to gain scale, which enables them to boost results by cutting costs and winning additional customers. In 2016, Bombardier's transportation business reported its revenue fell 9% from a year earlier to

\$7.57 billion. Earnings before interest and taxes, a profit measure, also fell.

Siemens's train business has fared better, as its revenue and profit grew in its fiscal year ended Sept. 30. Still, orders fell 23% in the year.

Siemens is the leading supplier of train-signaling equipment, accounting for about 25% of the global market, compared with Bombardier's estimated 10% share, according to a recent report by the National Bank of Canada. The report said overlap between

the two companies' rolling-stock businesses could "present some challenges" with competition authorities.

The train-manufacturing arms of Bombardier and Siemens are both based in Germany, where the two rank as the country's largest suppliers, the report said.

Bombardier had signaled as far back as 2015 that it was considering a possible joint venture amid consolidation in the sector.

—Christopher Alessi
contributed to this article.

SHARES

Continued from the prior page
country's largest insurer by market value, and state-owned China Merchants Bank Co.

However, some market observers said they fear the concentration of investment flows into large state-owned companies risks propping up areas of China's so-called old economy such as big banks and heavy industry, which 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."

To be sure, 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 soared 73% on the New York Stock Exchange so far this year, while Hong Kong-listed **Tencent Holdings Ltd.** has jumped 57% year to date.

The drop in mainland China's tech stocks has been

linked to Beijing's clampdown on speculative investment fueled by heavy borrowing. China's central bank has raised several money-market interest rates multiple times this year, and ordered banks to cut back on selling highly leveraged investment products.

Much of the money borrowed to bet on stocks had previously flowed into small-cap companies listed in Shenzhen, China's second-largest stock market. "One popular saying in the startup circle in 2015-2016 was that floating shares on the ChiNext was the next best thing to printing your own money," said Wendy Liu, head of China equity research at Nomura.

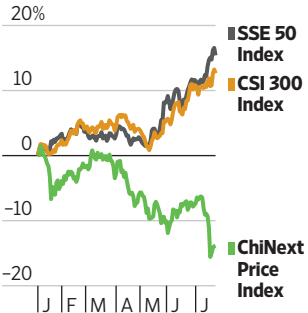
According to exchange data, ChiNext-listed companies, more than half of which are in the tech or telecommunications sectors, still on average trade at 47 times their earnings—a measure commonly used by investors to assess a stock's value. That is far below the 140 times earnings at which they traded at the height of the 2015 bull market, but high when compared with Nasdaq-listed stocks, which on average trade at 26 times.

A flood of new companies

Betting Big

Blue-chip companies in China's "old economy" are attracting renewed fund inflows.

Index performance



Source: Wind Info
THE WALL STREET JOURNAL.

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 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.

Leshi Internet Information & Technology Corp., ChiNext's third-biggest stock, is struggling to repay debts after Jia Yueting, 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. Before the shares were suspended, they were off 40% since November.

Shares of **Shanghai Amarsoft Information & Technology Co.**, another once-highflying stock, have plunged 90% since 2015, when regulators opened an investigation into the software developer for suspected collusion with brokers to issue misleading reports about the company. The following year, Amarsoft said it was fined for violations of the law. The company didn't immediately respond to requests for comment.

—Yifan Xie

CLAIMS

Continued from the prior page
cals than they should.

It is standard practice for manufacturers to work together to agree on technical standards for new technology. In the case of diesel, auto makers established standards for emissions-control systems that regulated certain aspects, including fluid used to neutralize nitrogen-oxide emissions, the size of tanks containing the fluid, and other details.

"We meet every month to discuss a wide range of issues important to the industry and unify positions with the government. Where do these discussions cross the line into an-

titrust territory?" said another auto-industry executive.

That was the question that Volkswagen's legal experts raised in 2016. Under scrutiny after the diesel scandal, Volkswagen decided to let antitrust authorities make the determination. By offering itself as a whistleblower, VW could also be hoping for leniency in the event that European Union regulators rule against the German car industry.

Volkswagen admitted in 2015 to rigging nearly 11 million diesel engines world-wide to cheat emissions tests and pleaded guilty in 2016 to conspiracy to defraud the U.S. government and U.S. consumers.

The company agreed to pay more than \$22 billion in fines, penalties and compensation for

consumers.

By blowing the whistle on cartels and cooperating in investigations, some companies that had engaged into anticompetitive behavior have managed to obtain penalty reductions, and sometimes complete exemptions, in recent years.

Germany's antitrust authority launched a witness leniency program in 2000, offering companies reduced fines if they report themselves for potential cartel violations. A fine can be reduced as much as 50%, depending "on what stage you come forward and what we already knew," said the cartel office's spokesman, Michael Detering.

—Zeke Turner
and Emre Peker
contributed to this article.

OPEC

Continued from the prior page
with only handful of the 24 countries involved.

Another reason to expect little action on Monday is that OPEC is still weighing how to deal with U.S. producers, which remain largely outside of the cartel's control.

Shale drillers—which work on shorter-term projects than traditional oil producers—took advantage quickly when oil prices briefly rose last year after the OPEC deal, 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.

OPEC members have repeatedly ruled out making deeper production cuts. While that action would likely raise prices, it would probably also allow



Saudi Arabia's Khalid al-Falih

the deal all OPEC producers will benefit from higher revenues," said Giovanni Stauonovo, commodity analyst at the Swiss bank UBS.

Iraq and the United Arab Emirates, two of OPEC's largest producers, haven't been meeting their output-cut pledges, J.P. Morgan Chase & Co. said in a report last week, making them "material drags on overall compliance." Saudi Arabia has picked up the slack, cutting more than pledged, but the kingdom in recent months has been pumping more to meet higher summer demand.

Ecuador's oil minister recently said his country had no plans to stick to its output-cut pledge because the country needed the revenue. Ecuador is a small producer, but its oil minister's unusual public stance drew a phone call from Mr. Falih, who got the country to issue a statement reiterating its support for the output deal.

ADVERTISEMENT

Legal Notices

BANKRUPTCIES

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**
In re: **CGG HOLDING (U.S.) INC., et al.,**
Debtors.
Chapter 11
Case No. 17-11637
(Jointly Administered)
The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: CGG Holding (U.S.) Inc. (6762); CGG Holding B.V. (4673); CGG Marine B.V. (1518); CGG Holding I (UK) Limited (2086); CGG Holding II (UK) Limited (2105); CGG Services (U.S.) Inc. (3790); Altheia Resources Inc. (5147); Viking Maritime Inc. (7405); CGG Land (U.S.) Inc. (2437); Sercel Inc. (6603); Sercel-GRC Corp. (C837); Sercel Canada Ltd. (9968); CGG Canada Services Ltd. (4432); and CGG Marine Resources Norge AS (7825). The location of the Debtors and their non-Debtor affiliates' global corporate headquarters is Tour Maine Montparnasse 33, Avenue du Maine, B.P. 191, 75755 Paris Cedex 15, France.
Official Form 309F (For Corporations or Partnerships)
Notice of Chapter 11 Bankruptcy Case **12/15**
For the debtor listed above, a case has been filed under chapter 11 of the Bankruptcy Code. An order for relief has been entered.
This notice has important information about the case for creditors, debtors, and trustees, including information about the meeting of creditors and deadlines. Read both pages carefully.
The filing of the case imposed an automatic stay against most collection activities. This means that creditors generally may not take action to collect debts from the debtor or the debtor's property. For example, while the stay is in effect, creditors cannot sue, assert a deficiency, repossess property, or otherwise try to collect from the debtor. Creditors cannot demand repayment from the debtor by mail, phone, or otherwise. Creditors who violate the stay can be required to pay actual and punitive damages and attorney's fees.
If you are a creditor who has a claim against the debtor, you may be required to file a claim in the bankruptcy clerk's office within the deadline specified in this notice. (See line 11 below for more information.)
To protect your rights, consult an attorney. All documents filed in the case may be inspected at the bankruptcy clerk's office at the address listed below or through PACER (Public Access to Court Electronic Records at www.pacer.gov).
The staff of the bankruptcy clerk's office cannot give legal advice.
Do not file this notice with any proof of claim or other filing in the case.
1. Debtors' full names: CGG Holding (U.S.) Inc.; CGG Holding B.V.; CGG Marine B.V.; CGG Holding I (UK) Limited; CGG Holding II (UK) Limited; CGG Services (U.S.) Inc.; Altheia Resources Inc.; Viking Maritime Inc.; CGG Land (U.S.) Inc.; Sercel Inc.; Sercel-GRC Corp.; Sercel Canada Ltd.; CGG Canada Services Ltd.; and CGG Marine Resources Norge AS.
2. All other names used in the last 8 years: CGG Veritas Holding (U.S.) Inc.; CGG Veritas Services Holding (U.S.) Inc.; CGGVeritas Services (U.S.) Inc.; Veritas Geophysical Corporation; Digicon Geophysical Corp.; CGGVeritas Land (U.S.) Inc.; Veritas DGC Land Inc.; CGGVeritas Services Holding B.V.; CGGVeritas Holding B.V.; CGGVeritas Services (UK) Holding B.V.; CGGVeritas Marine B.V.; Sercel Acquisition Corp.; Geophysical Research Company, LLC; Seismic Company of America, Inc.
3. Address: 10300 Town Park Drive, Houston, Texas 77072
4. Debtor's attorney: Name and address: Alan W. Kornberg, Paul Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York, 10019-6064, Contact phone: (212) 373-3000, Email: akornberg@paulweiss.com, bhernmann@paulweiss.com, ishumeida@paulweiss.com
5. Bankruptcy clerk's office: Clerk of the United States Bankruptcy Court, One Bowling Green, New York, New York 10004-1408. Hours open:

8:30 a.m. – 5:00 p.m., Contact phone: (212) 668-2870. Documents in this case may be filed at this address. You may inspect all records filed in this case at this office or online at www.pacer.gov. **Claims Agent:** CGG Holding (U.S.) Inc., c/o Principal Clerk LLC, 830 3rd Avenue, 3rd Floor, New York, NY 10022. Contact phone: (844) 721-3891 (domestic), (347) 338-6512 (international), Email: cginfo@principleclerk.com
6. Meeting of creditors: August 9, 2017 at 2:30 p.m. Location: United States Bankruptcy Court, SDNY, One Bowling Green, Room 523, New York, New York 10004-1408. The meeting may be continued or adjourned to a later date. If so, the date will be on the court docket. The debtor's representative must attend the meeting to be questioned under oath. Creditors may attend, but are not required to do so.
7. Proof of claim deadline. Deadline for filing proof of claim: A date by which to file proofs of claim has not yet been set in these cases, and may not be set at all. Accordingly, proofs of claim could be filed at this time. If a bar date is set, separate notice of such bar date will be given.
A proof of claim is a signed statement describing a creditor's claim. A proof of claim form may be obtained at www.uscourts.gov or any bankruptcy clerk's office.
Your claim will be allowed in the amount scheduled unless:
• your claim is designated as disputed, contingent, or unliquidated;
• you file a proof of claim in a different amount; or
• you receive another notice.
If your claim is not scheduled or if your claim is designated as disputed, contingent, or unliquidated, you must file a proof of claim or you might not be paid on the claim. You will receive notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the property and may continue to operate its business.
8. Exception to discharge deadline: You must start a judicial proceeding by filing a complaint if you want to have a debt excepted from discharge under 11 U.S.C. § 1141(d)(6)(A). The bankruptcy clerk's office must receive a complaint and any required filing fee by the following deadline. **Deadline for filing the complaint:** Notice of deadline will be sent at a later time.
9. Creditors with a foreign address: If you are a creditor receiving notice mailed to a foreign address, you may file a motion asking the court to extend the deadlines in this notice. Consult an attorney familiar with United States bankruptcy law if you have any questions about your rights in this case.
10. Filing a Chapter 11 bankruptcy case: Chapter 11 allows debtors to reorganize or liquidate according to a plan. A plan is not effective unless the court confirms it. You may receive a copy of the plan and a disclosure statement telling you about the plan, and you may have the opportunity to vote on the plan. You will receive notice of the date of the confirmation hearing, and you may object to confirmation of the plan and attend the confirmation hearing. Unless a trustee is serving, the debtor will remain in possession of the property and may continue to operate its business.
11. Discharge of debts: Confirmation of a chapter 11 plan may result in a discharge of debts, which may include all or part of your debt. See 11 U.S.C. § 1141(d). A discharge means that creditors may never try to collect the debt from the debtor except as provided in the plan. If you want to have a particular debt owed to you excepted from the discharge under 11 U.S.C. § 1141(d)(6)(A), you must start a judicial proceeding by filing a complaint and paying the filing fee in the bankruptcy clerk's office by the deadline.

BUSINESS NEWS

Boeing Pushes Ahead With Cutting Jobs

By DOUG CAMERON

Boeing Co. is cutting workers at its fastest clip in more than a decade.

The aerospace company shed more than 6,000 employees during the first half of the year, some 4% of its workforce, through a mix of attrition, buyouts and layoffs, most of them at its jetliner plants in Washington state.

Boeing has said it needs to improve efficiency and rely on more factory automation to build the next generation of aircraft as the company 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 de-

partment 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 has 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.

Richard Aboulafia, an aerospace consultant at Teal Group, said Boeing's warming relationship with Mr. Trump



STEPHEN BRASHEAR/GETTY IMAGES

Work at a Boeing facility in Everett, Wash. The aircraft maker shed more than 6,000 employees during the first half of 2017.

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 analyst also questioned Boeing's contention that cuts are needed to keep pace with Airbus. "Competition is pretty much the same as it's been for

years," said Mr. Aboulafia, who views them as an opportunistic move to boost profits and stoke share buybacks.

The stock is up about 36% so far this year, valuing the company at close to \$129 billion. Boeing reports second-quarter earnings on July 26.

More than 1,800 Boeing employees have accepted voluntary buyouts so far this year, with 3,000 taking that route in

'Dunkirk' Triumphs at Box Office

By BEN FRITZ

Executives at **Time Warner** Inc.'s **Warner Bros.** breathed perhaps the biggest sigh heard in Hollywood this summer as a costly movie about a World War II battle little known outside Western Europe 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, debuting to just \$17 million.

"Dunkirk" also had a strong start overseas, where it grossed a total of \$55.4 million in 46 markets.

For obvious reasons it performed best in the United Kingdom, where its \$12.4 million opening was bigger than even Mr. Nolan's "Inception," starring Leonardo DiCaprio, which opened to \$9 million there in 2010.

With a budget of \$180 million, "Valerian" represented a big bet by France's **Europa-Corp** that it could compete with the event movies coming out of Hollywood this summer. Based on a comic-book series popular in France, 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.

GE, Its Outlook Hazy, Asks Investors to Wait

By THOMAS GRUYTA

General Electric Co., a company in transition that also is changing its chief executive, told investors Friday that they would have to wait four months to hear the new boss's strategy for boosting results.

GE investors, who have missed out on the broader stock market's rally, were in no mood to be patient. Shares of the Boston-based conglomerate fell nearly 3%, leaving the stock 18% below where it started the year.

GE, its profit under pressure, improved its cash flow and ramped up cost-cutting efforts—two areas of investor concern—in Chief Executive Jeff Immelt's last quarter at the

helm. The bad news from investors' point of view was that GE tempered profit expectations for the current year and said investors would have to wait until mid-November for CEO-designate John Flannery to discuss the outlook for 2018.

It is unusual for a big company, especially one such as GE that is being pressured by an activist investor to improve its performance, to ask shareholders and customers to wait so long to learn about its game plan.

"This is a strange situation," said Nicholas Heymann, an analyst with William Blair & Co. "This increases the duration of the period of uncertainty."

On a conference call Friday,

analyst Deane Dray of RBC Capital Markets asked whether GE would be in "limbo" until November. Mr. Flannery said the financial framework for 2017 is set and that he is "not worried that we're going to be, you know, dead in the water in the meantime."

Mr. Immelt will step down at the end of this month after 16 years as CEO.

GE is under increasing pressure to show that its pivot away from financial services, big bets on the oil industry and a renewed focus on making jet engines and power turbines would be good for investors.

Shares fell 2.9% to \$25.91 each in Friday trading.

Mr. Flannery, who formerly

ran GE's health-care unit, is meeting with small groups of investors and visiting the business units of the roughly 300,000-person company.

Jeffrey Bornstein, GE's chief financial officer, defended the timeline in an interview and said the company would have to "play through" any uncertainty created by a review that includes "testing everything we believe."

"The notion that [Mr. Flannery] is going to get his arms around this in a month is a fallacy," Mr. Bornstein said in an interview. "I don't think asking for four or five months to do this is asking a lot."

On Friday, GE backed its prior 2017 projection of earn-

ings of \$1.60 to \$1.70 a share and organic sales growth of 3% to 5%, but it warned that profit would be on the weak side.

On Friday, GE said it cut \$593 million in annual industrial costs in the second quarter and is on track to meet or beat its \$1 billion savings goal by the end of the year. It has eliminated \$670 million in spending so far this year.

In all, GE's second-quarter earnings fell less than expected, with much of the drop reflecting a year-earlier boost from the sale of its home-appliances business. The company reported a profit of \$1.19 billion, down from \$2.76 billion a year earlier. Revenue fell 12% to \$29.56 billion.

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Norway Leads Race for Crewless Ships

Domestic firms Yara and Kongsberg are developing a ‘Tesla of the Seas’ cargo vessel

By COSTAS PARIS

OSLO—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 fiord 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 agriculture 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,



The Yara Birkeland, slated for launch late in 2018, will make short trips delivering fertilizer.

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. “There is a lot of interest from operators of coastal tankers, fish-transport vessels and supply ships that are knocking on our door.”

MIMS

Continued from page B1
party to the conflicts, says Corey Thomas, chief executive of cybersecurity firm Rapid 7. Recent ransomware attacks that some analysts attribute to Russia may have been aimed at Ukraine but resulted in the shutdown of computer systems at businesses and governments around the world. Russia has denied involvement in these attacks. Botnets made of internet-connected devices, stitched together by an unknown hacker for unknown reasons, caused countless 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 be-

lieve 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 cyberweapons 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 like WannaCry, which hit businesses in the U.S. and around the world. Microsoft has made this point and called for a “digital Geneva Conven-

tion.”

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 institutions 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. The Trump administration is considering an Obama-era proposal to split Cyber Command from the NSA, so its offensive capability can be kept apart from the NSA’s mandate to gather intelligence.

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. (Look at attempts by Russian hackers to do just that in Ukraine.)

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.

Stricter U.S. Rules Set for Airlines

By ROBERT WALL AND SUSAN CAREY

LONDON—The U.S. is requiring stricter security checks on some inbound international flights, U.S. and European airlines said Friday, amid new concerns about terrorists planning to attack planes.

The Department of Homeland Security in late June mandated a set of enhanced security requirements covering hundreds of U.S. and overseas airlines and 280 foreign airports that offer direct flights to the U.S.

The first phase of the changes went into effect last week, with more to come over the next three months. In return for meeting the new directives, the DHS didn’t, as feared, impose a ban on passengers bringing most electronic devices larger than standard cellphones into airplanes heading to the U.S. But the heightened screening protocols are expected to include enhanced scrutiny of those devices at the foreign airports in the midst of the busy summer holiday travel period.

As a result, some airlines notified their customers Friday that they should be prepared for more rigorous pre-flight screening. **Delta Air**

Lines Inc. and **United Continental Holdings** Inc. both recommended that passengers should arrive three hours in advance for flights to the U.S. **American Airlines Group** Inc. said it was sticking to its two-hour check-in requirement.

Deutsche Lufthansa AG, Germany’s largest carrier, said it received a directive from the U.S. government about the enhanced security measures, without providing detail. Lufthansa said it didn’t expect any operational impact but said passengers will have to check in earlier. **Air France-KLM** SA also said it had taken note of the U.S. mandate.

The U.S. in March banned passengers flying from 10 airports in the Middle East and North Africa from bringing laptops, tablet computers and other devices on board U.S.-bound flights, requiring them instead to leave the gadgets at home or check them into the cargo hold. All those airports have now met new security standards and the bans have been lifted.

Washington had considered widening the device ban to U.S.-bound flights from Europe and other international departure points. European regulators, airlines and airports lobbied the U.S. government to

hold off, saying such a ban could dent demand for travel. Opponents also said storing a large number of devices in the cargo hold poses safety risks because lithium batteries used in most laptops can easily catch fire.

The Department of Homeland Security said Thursday that all 180 U.S. and overseas airlines that fly direct to the U.S. from 280 foreign airports now have met the first required changes. The Transportation Security Administration, part of the DHS, said Friday it is the airlines’ deci-

sion as to what they tell their customers about heightened screening. The new security directives give carriers the flexibility to implement the measures in line with their operational needs and customer-service goals, the agencies said.

A TSA spokesman said these airline notifications are related to the new security regime, not a response to any new, particular threat risk.

However, the DHS continues to be concerned about the attraction aviation holds for terrorists.



Passengers prepared their belongings for security checks at John F. Kennedy International Airport in New York earlier this year.

Lyft Intends to Create A Driverless-Car Unit

By GREG BENSINGER

When **Uber Technologies** Inc. embarked on a costly mission to develop self-driving vehicles, ride-hailing competitor **Lyft** Inc. set a different course, relying on partnerships for what many believe is the future of urban transportation.

Now Lyft is raising the ante at a vulnerable time for its rival.

The San Francisco company said Friday that it is forming its own autonomous-car development division, to be staffed by hundreds of engineers and technicians at a new office in the heart of Silicon Valley. Lyft said it would be developing its own software and hardware to enable vehicles to maneuver without a human at the wheel, while the company also works to attract new partners that can plug their own self-driving cars into its grid.

“We want to take a proactive role into pushing the industry into a more open environment,” Raj Kapoor, Lyft’s chief strategy officer, said at a media event. “The only way to do that is to go deeper and to develop these technologies.”

The new division marks a shift for Lyft, which had favored partnerships with self-driving vehicle developers including **Alphabet** Inc.’s Waymo, **NuTonomy** Inc., **General Motors** Co. and **Tata Motors** Ltd.’s Jaguar Land Rover. While Lyft has kept many details of those deals under wraps, it had signaled it would leave the development of those cars and underlying technology to the manufacturers, which promised to provide the vehicles to Lyft’s network in the coming years.

Later this year, NuTonomy and GM plan to test their cars on Lyft’s network.

Lyft executives insist their efforts to develop driverless cars won’t conflict with those partnerships. But the move indicates Lyft is hedging its bets as an increasing array of tech companies and auto makers jockey for position as the multitrillion-dollar U.S. automotive industry evolves. Many technologists see autonomous vehicles saving lives by reducing human error and lowering the costs of transportation, but it isn’t clear who will own the cars or how they will be managed and operated. Self-driving technology is still unproven and will take years to perfect and to receive regulatory approval.

“While these players started a long time ago, the technology has evolved since then,” said Luc Vincent, Lyft’s vice president of engineering. “We can build on the current technology and move faster.”

As Lyft plants its flag, Uber’s self-driving operation is reeling after the company fired the division’s head in the wake of a lawsuit from Waymo that alleges the ride-hailing company conspired with the executive, Anthony Levandowski, to steal design secrets. Uber, which denies the allegations, has sought to be a leader in self-driving cars, rolling out tests in Pittsburgh, San Francisco and Tempe, Ariz.

Lyft is opening a new office in Palo Alto, Calif., and hopes that base will help it attract engineering talent, said Director of Product Taggart Mathiesen. He said the company plans to hire “hundreds” for the new division.

BUSINESS WATCH

FIAT CHRYSLER AUTOMOBILES
Plaintiffs Seek Vehicle Buybacks

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 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. There aren’t any guarantees the auto maker will be forced to take such an action.

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.

—Sara Randazzo

CARDINAL HEALTH

Company Considers Its Options in China

Cardinal Health Inc. is exploring the sale of its China distribution operations, marking a potential exit from a fast-growing pharmaceuticals market.

In a note to investors last week, the U.S. company said it was exploring strategic alternatives for Cardinal Health China, citing investment costs. The Shanghai-based unit distributes branded and generic drugs and operates direct-to-patient specialty pharmacies. It employs about 2,300 people across China.

Reuters reported earlier about Cardinal Health’s plans and that it had drawn interest from firms willing to pay as much as \$1.5 billion in a deal.

—Anne Steele and Joseph Walker

FINANCE & MARKETS

Fight Brews Over CFPB Gripe System

U.S. agency's database for complaints against banks divides lenders, consumer advocates

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 con-

sumers receive a response within 15 days of filing a complaint. Consumers sometimes report on social media and elsewhere that the process can 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 Compli-



John Lukach of Minnesota filed a complaint to the CFPB after he was unable to get his bank to offer repayment options on student loans.

ance 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.

Consumers can use the database to evaluate financial products and identify companies that are prone to receiving complaints. Users also can

opt to post anonymous descriptions of their experiences. The CFPB is looking at allowing consumers to provide feedback about the company's response, a plan fiercely opposed by industry.

The CFPB confirms the consumer has had business relations with the company, but it doesn't verify the complaint itself.

The database accepts small and large complaints, and some consumers report that turning to the CFPB spurs a lingering problem to resolution.

John Lukach, a 25-year-old St. Paul, Minn., social worker, said he was having difficulty making payments in 2015 on \$120,000 in undergraduate and graduate-degree loans, which consumed more than 80% of his monthly income after rent. He said he contacted

customer service at student-loan servicer Navient Corp. to reduce a \$730-a-month private student loan payment "probably four to five times."

He was offered a temporary reduction for one of two loans but that later resulted in a higher monthly bill. "I was at my wit's end," he said. "It was out of control." After filing a complaint with the CFPB, he said Navient called two days later and offered several repayment options. "It was totally because of the CFPB database. It puts their feet to the fire."

Navient CEO Jack Remondi said in a recent blog post that consumer feedback at the CFPB's portal was an "important tool in helping us improve the way we work with borrowers," adding the company has responded to all complaints lodged there since it was

launched in 2011. Mr. Remondi pointed out that a large number of complaints were related to disagreements over loan terms set when the loan was made.

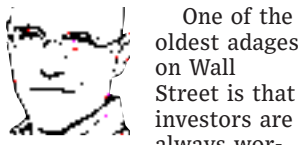
A Navient spokeswoman said customer-privacy rules don't allow the company to comment on a customer without permission.

Consultants, including accounting firms Ernst & Young Global Ltd. and Deloitte LLP, have started to provide services by using the database. The consultants offer companies advice on complaint records and that of their competitors, and advise on how to avoid potential enforcement actions from regulators based on complaint data.

The CFPB says the database helps it determine stances in bank supervision and enforcement matters.

THE INTELLIGENT INVESTOR | By Jason Zweig

Volatility Quandary: 'It Just Is What It Is'



tuated in a narrow band about 80% of the time, similar to their current behavior.

Viewed over the longer term, the recent calm is even less unusual. Counting July as if it were already over, all seven months of 2017 do rank among the least volatile on record, but they are far from the historical extremes, according to William Schwert, a finance professor at the University of Rochester.

February—statistically, the duller point in the market's doldrums this year—was only the 18th-least volatile among the 1,586

just is what it is."

History shows that periods of low volatility can last surprisingly long and aren't necessarily harbingers of bad markets to come. After multiyear periods when stocks barely fluctuated, returns have sometimes been poor, as they were after the 1929 crash, the mid-1970s and the early part of the last decade. But calm markets have also preceded or coincided with periods of robust returns, as in the 1950s, the late 1990s and now, at least so far.

You might be tempted to bet against a continuation of today's calm by buying an exchange-traded fund designed to profit if volatility jumps up. But, for complicated technical reasons, such funds can deviate wildly from the underlying performance of the VIX, sometimes delivering bloodcurdling losses. Avoid them.

What you can do is make sure the market's calm doesn't infect you with complacency. Stocks aren't significantly more likely to go down after a quiet period than after a time of turbulence. But a drop will feel a lot more shocking than it otherwise would, so you had better be prepared.

Ask yourself or your financial adviser whether you have enough cash to make it through a bad market, are overexposed to stocks or have any money-losing positions you can sell to harvest a tax loss. Taking structured actions like these will help prevent you from reaching for extra risk now or suffering regret later.

After low-volatility periods, returns have sometimes been poor, sometimes robust.

months since reliable data became available in 1885. So far, July is the 44th-least volatile month on record.

The early 1950s, mid-1960s and the mid-1990s, among many other periods, had volatility at least as low as today's.

Is volatility too low for the market's own good? Does that mean that we're in a bubble that's bound to burst?

"I don't think it means anything," says Prof. Schwert, who has been studying volatility for more than 30 years. "There's no way to determine whether volatility is too high or too low. It

Regulators Ease Part of 'Volcker'

By RYAN TRACY

U.S. regulators told foreign-owned banks they won't take action against them for holding certain types of investments for the next year during a review of the regulation dubbed the "Volcker rule."

The move, made Friday, affects a relatively narrow piece of the rule, but shows the five U.S. agencies in charge of enforcing the rules are willing to be flexible as they evaluate potential changes to it. Congress also is looking at changing the regulation, part of the 2010 Dodd-Frank financial-overhaul law, which had its seventh birthday Friday.

The rule, named after former Federal Reserve Chairman Paul Volcker, was created to rein in what some policy mak-

ers viewed as excessive risk-taking by Wall Street banks. It bars banks from trading unless on their customers' behalf and restricts investments in hedge and private-equity funds.

Bankers and some regulators say that in practice the rule hasn't worked, and they have started pushing for lawmakers to make changes. Among their concerns: Bankers and regulators are having trouble defining the line between a speculative trade and a transaction legitimately intended to serve clients. Spurred by the Trump administration, regulators are undertaking a broad review of the rule.

The decision about foreign-owned investment funds is likely to be welcomed by foreign-owned banks, whose U.S. operations are covered by the

rule but not their foreign operations. Those banks have argued that the rules unintentionally affect some of their non-U.S. businesses, specifically certain investment funds.

The regulators acknowledged foreign banks' arguments, but also said they were "mindful of concerns" that a bank could potentially use investment funds to evade the Volcker rule, for instance, by moving risky activity into funds outside the rule's reach.

The regulators said they hope the review will "address any unintended consequences of the Volcker Rule."

They said that through July 21, 2018, they won't take action against foreign-owned banks for owning the investment funds, as long as the funds meet certain criteria.

Wells Must Rehire Whistleblower

By YUKA HAYASHI

WASHINGTON—The Labor Department on Friday ordered Wells Fargo & Co. to reinstate a former employee who was terminated in 2011 after she raised concerns that her subordinates were opening accounts without customer consent.

The department also ordered Wells Fargo to pay the former employee \$577,000 in back wages, damages and attorney fees.

The Consumer Financial Protection Bureau, the Office of the Comptroller of the Currency and the Los Angeles City Attorney fined the bank \$185 million last September for allegedly opening as many as 2.1 million accounts nationwide by using fictitious or unauthorized customer information.

The order Friday involved a former branch manager in Pomona, Calif., who was fired after reporting suspicious con-

duct by at least three private bankers working under her. The department didn't identify the former employee.

A Wells Fargo spokeswoman said Friday the bank disagreed with the findings in the preliminary order and would request a full hearing of the matter. "We take seriously the concerns of current and former team members," she said.



Wells Fargo also was ordered to pay back wages, damages.

The department said the bank could appeal its decision but an appeal doesn't halt the preliminary reinstatement order. Regulators said last year they found the bank had long ignored hundreds of whistleblower complaints about such sales practices and an employee incentive structure that fueled the conduct. The bank agreed to pay the fine and settled allegations without admitting or denying them.

The Labor Department and the Securities and Exchange Commission have been investigating allegations that the bank may have violated whistleblower protection rules by firing employees who reported suspicious conduct. "No banking industry employee should fear retaliation for raising concerns about fraud and practices that violate consumer financial protections," said Barbara Goto, a department regional administrator in San Francisco, on Friday.

Advertisement

INTERNATIONAL INVESTMENT FUNDS

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FUND NAME GF AT LB DATE CR NAV —%RETURN— YTD 12-MO 2-YR
■ Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866
Fax No: 65-6835-8865, Website: www.cam.com.sg, Email: cam@cam.com.sg
CAMS-GIT Limited 01 01 MU5 07/14 USD 305319.25 1.1 3.8 -0.3

For information about listing your funds, please contact: Freda Fung tel: +852 2831 2504; email: freda.fung@wsj.com

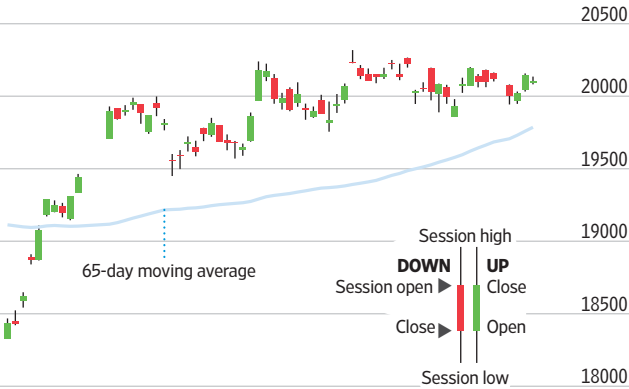
MARKETS DIGEST

Data as of Friday, July 21, 2017

Nikkei 225 Index

20099.75 ▼44.84, or 0.22%
High, low, open and close for each trading day of the past three months.

Year-to-date ▲5.16%
52-wk high/low 20230.41 16083.11
All-time high 38915.87 12/29/89



Bars measure the point change from session's open

Apr. May June July

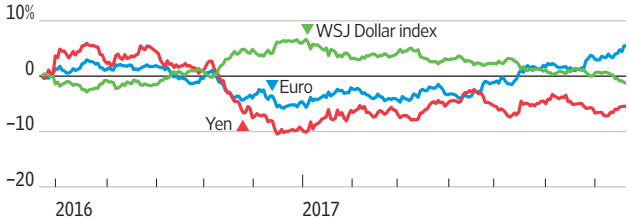
International Stock Indexes

Region/Country		Index	Close	Latest NetChg	% chg	Low	52-Week Range	High	YTD % chg
World		The Global Dow	2833.20	-8.47	-0.30	2384.42		2841.67	11.9
		MSCI EAFE	1927.65	-10.17	-0.52	1614.17		1937.82	14.5
		MSCI EM USD	1060.18	0.78	0.07	838.96		1060.18	23.0
Americas		DJ Americas	595.50	-0.43	-0.07	503.67		595.93	10.2
		Sao Paulo Bovespa	64684.18	-253.84	-0.39	56162.38		69052.03	7.4
		S&P/TSX Comp	15183.13	-81.51	-0.53	14349.10		15922.37	-0.7
		IPC All-Share	51564.62	420.48	0.82	44364.17		51564.62	13.0
		Santiago IPSA	3806.43	-19.05	-0.50	3127.54		3834.44	18.1
U.S.		DJIA	21580.07	-31.71	-0.15	17888.28		21640.75	9.2
		Nasdaq Composite	6387.75	-2.25	-0.04	5046.37		6390.00	18.7
		S&P 500	2472.54	-0.91	-0.04	2085.18		2473.83	10.4
		CBOE Volatility	9.36	-0.22	-2.30	9.36		22.51	-33.3
EMEA		Stoxx Europe 600	380.16	-3.91	-1.02	328.80		396.45	5.2
		Stoxx Europe 50	3118.13	-31.84	-1.01	2730.05		3276.11	3.6
		ATX	3162.01	-36.50	-1.14	2166.58		3209.58	20.8
		Bel-20	3883.47	-17.12	-0.44	3365.38		4041.03	7.7
		CAC 40	5117.66	-81.56	-1.57	4321.08		5432.40	5.3
		DAX	12240.06	-207.19	-1.66	10144.34		12888.95	6.6
		ATG	845.97	-8.57	-1.00	551.61		858.08	31.4
		BUX	35633.91	209.57	0.59	27023.94		36143.37	11.3
		Tel Aviv	1458.12	...	Closed	1378.66		1478.96	-0.9
		FTSE MIB	21202.16	-236.47	-1.10	16098.37		21787.90	10.2
		AEX	522.22	-4.07	-0.77	438.61		536.26	8.1
		WIG	61979.52	-290.20	-0.47	46171.72		62537.74	19.8
		RTS Index	1024.89	-13.65	-1.31	903.04		1195.61	-11.1
		IBEX 35	10426.60	-138.20	-1.31	8263.50		11135.40	11.5
		SX All Share	569.47	-5.42	-0.94	485.25		596.72	6.5
Asia-Pacific		Swiss Market	8938.68	-88.69	-0.98	7593.20		9127.61	8.7
		Johannesburg All Share	54162.71	-124.61	-0.23	48935.90		54548.91	6.9
		BIST 100	106842.79	107.23	0.10	71738.43		107417.52	36.7
		FTSE 100	7452.91	-34.96	-0.47	6634.40		7547.63	4.3
		DJ Asia-Pacific TSM	1673.57	2.18	0.13	1407.97		1673.57	17.6
		S&P/ASX 200	5722.80	-38.70	-0.67	5156.60		5956.50	1.0
		Shanghai Composite	3237.98	-6.88	-0.21	2953.39		3288.97	4.3
Asia-Pacific		Hang Seng	26706.09	-34.12	-0.13	21574.76		26740.21	21.4
		S&P BSE Sensex	32028.89	124.49	0.39	25765.14		32074.78	20.3
		Nikkei Stock Avg	20099.75	-44.84	-0.22	16083.11		20230.41	5.2
		Straits Times	3314.12	20.99	0.64	2787.27		3325.07	15.0
		Kospi	2450.06	8.22	0.34	1958.38		2450.06	20.9
		Weighted	10436.70	-62.66	-0.60	8902.30		10513.96	12.8

Source: SIX Financial Information;WSJ Market Data Group

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners

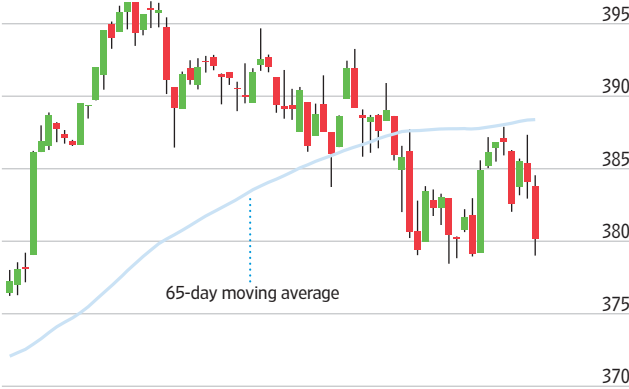


Country/currency	Fri in US\$	per US\$	US\$ vs. YTD chg (%)
Americas			
Argentina peso-a	0.0576	17.3754	9.5
Brazil real	0.3203	3.1224	-4.1
Canada dollar	0.7970	1.2548	-6.7
Chile peso	0.001534	652.00	-2.7
Colombia peso	0.0003317	3015.13	0.4
Ecuador US dollar-f	1	1	unch
Mexico peso-a	0.0569	17.5771	-15.2
Peru sol	0.3081	3.2458	-3.2
Uruguay peso-e	0.0350	28.600	-2.6
Venezuela bolivar	0.098377	10.16	1.7
Asia-Pacific			
Australia dollar	0.7907	1.2647	-8.9
China yuan	0.1478	6.7669	-2.6
Europe			
Hong Kong dollar	0.1280	7.8095	0.7
India rupee	0.0155	64.3857	-5.3
Indonesia rupiah	0.0000750	13328	-1.5
Japan yen	0.0008994	111.18	-5.0
Kazakhstan tenge	0.003076	325.09	-2.6
Macau pataca	0.1256	7.9594	0.5
Malaysia ringgit-c	0.2335	4.2835	-4.5
New Zealand dollar	0.7434	1.3452	-6.8
Pakistan rupee	0.0095	105.200	2.8
Philippines peso	0.0197	50.672	0.1
Singapore dollar	0.7337	1.3629	-5.8
South Korea won	0.0008939	1118.65	-7.4
Sri Lanka rupee	0.0065083	153.65	3.5
Taiwan dollar	0.03288	30.415	-6.3
Thailand baht	0.02989	33.460	-6.6
Middle East/Africa			
Bahrain dinar	2.6512	0.3772	0.01
Egypt pound-a	0.0560	17.8625	-1.5
Israel shekel	0.2801	3.5704	-7.2
Kuwait dinar	3.3070	0.3024	-1.1
Oman sul rial	2.5968	0.3851	0.03
Qatar rial	0.2749	3.638	-0.1
Saudi Arabia riyal	0.2667	3.7502	-0.01
South Africa rand	0.0773	12.9404	-5.5
WSJ Dollar Index			
	86.55	-0.18	-0.20

STOXX 600 Index

380.16 ▼3.91, or 1.02%
High, low, open and close for each trading day of the past three months.

Year-to-date ▲5.19%
52-wk high/low 396.45 328.80
All-time high 414.06 4/15/15



Apr. May June July

Global government bonds




Latest, month-ago and year-ago yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds around the world. Data as of 3 p.m. ET

Country/		Coupon	Maturity, in years	Yield	Latest	Spread Over Treasuries, in basis points	Previous	Yield	Year ago
Australia	2	2.750	10	2.707	50.3	56.4	32.8	86.0	1.916
		2.750	10	2.707	47.5	48.7	23.8	38.1	2.748
Belgium	2	3.000	10	-0.497	-184.1	-184.7	-191.6	-125.4	-0.495
		0.800	10	0.779	-145.4	-145.6	-157.1	-130.8	0.805
France	2	0.000	10	-0.395	-173.9	-176.5	-183.0	-120.2	-0.413
		1.000	10	0.747	-148.6	-148.3	-155.6	-133.6	0.778
Germany	2	0.000	10	-0.638	-198.3	-199.4	-200.7	-129.1	-0.642
		0.500	10	0.506	-172.7	-173.1	-189.7	-157.1	0.530
Italy	2	0.050	10	-0.007	-135.2	-134.0	-167.0	-74.9	0.012
		2.200	10	2.077	-15.6	-14.1	-25.1	-30.8	2.120
Japan	2	0.100	10	-0.115	-145.9	-146.1	-145.1	-100.9	-0.109
		0.100	10	0.071	-216.2	-218.5	-210.3	-179.5	0.076
Netherlands	2	4.000	10	-0.637	-198.1	-196.1	-196.5	-124.3	-0.609
		0.750	10	0.624	-160.8	-160.5	-169.4	-145.1	0.656
Portugal	2	4.750	10	0.065	-127.9	-129.9	-131.7	-0.2	0.054
		4.125	10	2.901	66.8	71.7	73.1	147.9	2.978
Spain	2	2.750	10	-0.305	-164.9	-166.9	-165.0	-85.8	-0.317
		1.500	10	1.456	-77.7	-77.0	-79.8	-43.7	1.491
Sweden	2	4.250	10	-0.714	-205.8	-205.4	-205.4	-132.6	-0.702
		1.000	10	0.620	-161.2	-162.0	-170.3	-137.2	0.641
U.K.	2	1.750	10	0.262	-108.3	-106.4	-113.8	-51.3	0.288
		4.250	10	1.176	-105.6	-105.3	-112.8	-72.3	1.208
U.S.	2	1.250	10	1.344	...	...	...	1.352	1.352
		2.375	10	2.233	...	...	...	2.261	2.164

Commodities

Prices of futures contracts with the most open interest 3:30 p.m. New York time

EXCHANGE LEGEND: CBOT: Chicago Board of Trade; CME: Chicago Mercantile Exchange; ICE-US: ICE Futures U.S.; MDEX: Bursa Malaysia Derivatives Berhad; TCE: Tokyo Commodity Exchange; COMEX: Commodity Exchange; LME: London Metal Exchange; NYMEX: New York Mercantile Exchange; ICE-EU: ICE Futures Europe. *Data as of 7/20/2017

	Commodity	Exchange	Last price	Net	One-Day Change Percentage	Year high	Year low
	Corn (cents/bu.)	CBOT	393.75	-11.00	-2.72% <div></div>	417.25	374.00
	Soybeans (cents/bu.)	CBOT	1021.75	-5.25	-0.51 <div></div>	1,047.00	907.00
	Wheat (cents/bu.)	CBOT	501.25	-4.50	-0.89 <div></div>	574.50	430.75
	Live cattle (cents/lb.)	CME	117.675	0.600	0.51% <div></div>	122.850	99.125
	Cocoa (\$/ton)	ICE-US	1,966	10	0.51 <div></div>	2,281	1,767
	Coffee (cents/lb.)	ICE-US	136.25	1.25	0.93 <div></div>	163.75	115.50
	Sugar (cents/lb.)	ICE-US	14.38	-0.03	-0.21 <div></div>	20.50	12.74
	Cotton (cents/lb.)	ICE-US	68.35	-0.63	-0.91 <div></div>	75.72	66.15
	Robusta coffee (\$/ton)	ICE-EU	2145.00	32.00	1.51 <div></div>	2,286.00	1,885.00
	Copper (\$/lb.)	COMEX	2.7230	0.0070	0.26 <div></div>	2.8495	2.4850
	Gold (\$/troy oz.)	COMEX	1261.30	9.20	0.73 <div></div>	1,307.00	1,160.80
	Silver (\$/troy oz.)	COMEX	16.490	0.145	0.89 <div></div>	18.780	14.340
	Aluminum (\$/mt)*	LME	1,924.00	-11.50	-0.59 <div></div>	1,972.00	1,688.50
	Tin (\$/mt)*	LME	20,110.00	45.00	0.22 <div></div>	21,225.00	18,760.00
	Copper (\$/mt)*	LME	5,968.00	-26.00	-0.43 <div></div>	6,156.00	5,491.00
	Lead (\$/mt)*	LME	2,229.00	-11.00	-0.49 <div></div>	2,445.00	2,022.00
	Zinc (\$/mt)*	LME	2,745.00	-29.00	-1.05 <div></div>	2,958.50	2,450.50
	Nickel (\$/mt)*	LME	9,610.00	-170.00	-1.74 <div></div>	11,095.00	8,780.00
Rubber (Y.OI/ton)	TCE	214.50	-1.70	-0.79 <div></div>	n.a.	n.a.	
	Palm oil (MYR/mt)	MDEX	2573.00	-4.00	-0.16 <div></div>	2950.00	2380.00
	Crude oil (\$/bbl)	NYMEX	45.59	-1.33	-2.83 <div></div>	58.36	42.29
	NY Harbor ULSD (\$/gal)	NYMEX	1.5169	-0.0309	-2.00 <div></div>	1.8065	1.3703
	RB0B gasoline (\$/gal)	NYMEX	1.5288	-0.0432	-2.75 <div></div>	1.8366	1.3805
	Natural gas (\$/mmBtu)	NYMEX	2.945	-0.088	-2.90 <div></div>	3.5490	2.8300
	Brent crude (\$/bbl)	ICE-EU	48.13	-1.39	-2.81 <div></div>	60.13	44.88
	Gas oil (\$/ton)	ICE-EU	448.25	-15.00	-3.24 <div></div>	532.25	405.50

FINANCE & MARKETS

U.S. Panel Brakes Chinese Acquisitions

CFIUS has held up a string of transactions amid concerns about national security

The U.S. is toughening its scrutiny of Chinese deals, throwing a number of high-profile takeover bids into ques-

By Kate O’Keeffe in Washington and Julie Steinberg in Hong Kong

tion and helping spur a huge case backlog, according to people familiar with the process.

The Committee on Foreign Investment in the U.S. has signaled there are significant obstacles facing the proposed \$1.2 billion purchase of Dallas-based payments firm **MoneyGram International Inc.** by **Ant Financial Services Group**, controlled by Chinese billionaire and **Alibaba Group Holding Ltd.** co-founder Jack Ma, some of the people said.

The committee, known as CFIUS, didn’t approve the deal by a recent deadline, the people said. Ant refiled its application, and Mr. Ma has continued a charm campaign that included a meeting Tuesday with 20 U.S. and Chinese executives at the U.S. Department of Commerce.

The backers of at least four other Chinese deals have recently refiled or said they would refile applications to the committee after failing to get approval within the roughly two-and-a-half-month review period, according to public disclosures.

At least two of them have taken the unusual step of refileing twice to try to address the committee’s concerns—China Oceanwide Holdings Group Co., which last year announced a \$2.7 billion takeover of Richmond, Va.-based insurer Genworth Financial Inc., and Chinese-government backed Canyon Bridge Capital Partners, which last year announced a \$1.3 billion plan to



Jack Ma in Detroit last month. An Alibaba affiliate’s bid for a U.S. payments firm faces obstacles.

take over Portland, Ore.-based Lattice Semiconductor Corp.

Though refiled deals can still be approved, delays can be symptomatic of committee concerns, said people familiar with the process. At least one smaller Chinese deal to buy a U.S. Wi-Fi hotspot business collapsed last month after failing three times to get approval.

Reviews are stretching on for many deals, including one by Chinese conglomerate HNA Group Co. to buy a controlling stake in hedge-fund investing firm SkyBridge Capital from financier Anthony Scaramucci, who on Friday was named White House communications director. People involved in the CFIUS process say many of their deals are facing months-long delays.

Deal makers say CFIUS—a multiagency committee led by the U.S. Treasury whose task is to screen foreign investments for national-security concerns—is growing increasingly wary of Chinese companies. A recent buying spree

pushed China’s announced overseas investments to a record \$221 billion last year, including \$66 billion in the U.S., according to Dealogic.

Critics in Congress and some government agencies say Chinese investment poses disproportionate risks to national

At least two bidders have taken the unusual step of refileing twice.

security because it may be directed and subsidized by the government of China, a U.S. economic and military rival.

The concerns began growing under the previous administration as investment surged, with then-President Barack Obama taking the rare step of blocking a Chinese technology deal on his way out of office, and have only continued to intensify dur-

ing the current administration.

Lawmakers and the Treasury are considering changes to the review process that could further tighten scrutiny on Chinese investment. Chinese deal makers are battling similar concerns from European regulators as well.

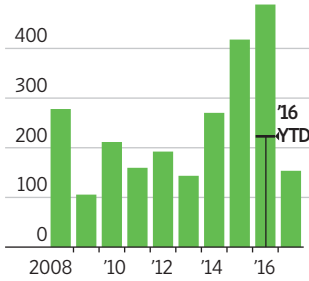
Rising trade tensions between China and the U.S. also could be contributing to increased hesitation by the committee, lawyers and bankers say. High-level trade talks between the two countries ended Wednesday without any concrete agreements, and President Donald Trump has said he would consider leveraging trade to get China’s help reining in North Korea.

“A deal that might not otherwise raise much concern could raise serious concern if it’s being done by a Chinese company,” said Peter Alfano, a lawyer at Squire Patton Boggs who maintains a database of publicly disclosed CFIUS activity. The committee is also receiving record numbers of fil-

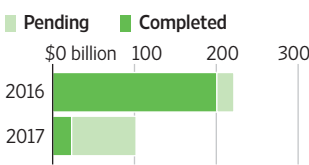
Slowdown

A Chinese M&A wave has slowed amid rising opposition in Washington.

U.S. inbound mergers and acquisitions



Announced Chinese outbound mergers and acquisitions



Note: 2017 figure is year to date. Source: Dealogic THE WALL STREET JOURNAL.

75 days, including an investigative period in which the committee may ask for more information. If companies aren’t approved in that period, they can tweak their deals to address concerns and refile their submissions. Preliminary discussions with the committee are dragging on too, lasting as long as six weeks, said a person familiar with the process.

For the Ant and China Oceanwide deals, the committee is concerned about the prospect of giving Chinese companies access to Americans’ personal data, said people familiar with the discussions. In the past, the committee likely would have approved such deals without much disruption, but it has grown more sensitive to personal-data issues after a cyberattack on the U.S. Office of Personnel Management that U.S. intelligence said in 2015 it suspected China was behind, these people said. China has denied the accusation.

Ant and MoneyGram officials have said MoneyGram would continue storing what little personal data it collects at a secure facility in Minneapolis.

Most sensitive are Chinese investments in technology, particularly semiconductors—seen by the U.S. as a potential economic and military threat. In December, Mr. Obama nixed the purchase of German semiconductor-equipment supplier Aixtron SE by a Chinese investment fund, following an investigation by CFIUS, which was looking into the deal because Aixtron has U.S. assets.

That doesn’t bode well for Canyon Bridge’s deal for Lattice, even though Lattice has said it doesn’t make military-grade technology. After recently failing again to win CFIUS approval, the companies discussed taking the deal to Mr. Trump to test his views on Chinese investment, according to people familiar with the matter. They ultimately decided to refile their application.

—Peg Brickley contributed to this article.



Before You Invest—Know Where They Rank

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THE WALL STREET JOURNAL.
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MARKETS

Short Sellers Retreat as Shares Surge

A gauge of bets against stocks is at a four-year low even as warning signs persist

BY BEN EISEN
AND AKANE OTANI

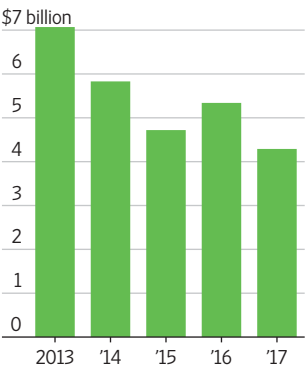
Times are tough for skeptics of the bull market. Flummoxed by the endurance of a 2017 rally that produced its 27th S&P 500 record last week, investors are backing off bets that major indexes are headed downward. Bets against the SPDR S&P 500 exchange-traded fund, the largest ETF tracking the broad index, fell to \$38.9 billion in the week ended July 14, the lowest level of short interest since May 2013, and remained near those levels last week, according to financial-analytics firm S3 Partners. Short sellers borrow shares and sell them, expecting to repurchase them at lower prices and collect the difference as profit. Bearish investors say they are scaling back on these bets, not because their view of the

market has fundamentally change but because it is difficult to stick to a money-losing strategy when it seems stocks can only go up. They believe the market moves are at odds with an economy that remains lukewarm as it enters its ninth year of growth, stock valuations that are historically high and a delay of business-friendly policies in Washington like tax cuts and infrastructure spending. "There seems to be an overall view that people are invincible, that things will always go up, that there are no risks and no matter what goes on, no matter what foolishness is in play, people don't care," said Marc Cohodes, whose hedge fund focused on shorting stocks closed in 2008. Mr. Cohodes is now a chicken farmer based in California who is looking to get into goat herding in Canada. He shorts a handful of individual stocks personally, but isn't focused on the broader market. The practice of shorting companies is also going by the wayside as stocks continue to notch records. Short-

Short End of the Stick

Rising share prices have hit funds focused on short selling, reducing the ranks of bearish investors at a time when sentiment is growing more bullish.

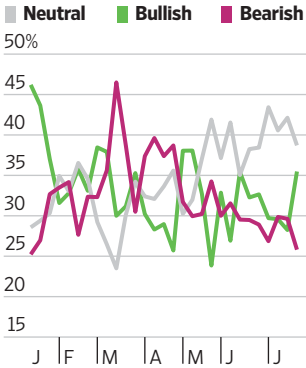
Estimated assets in short-biased hedge funds



*As of first quarter
Sources: Hedge Fund Research (assets); American Association of Individual Investors (sentiments)

biased hedge funds had \$4.3 billion in assets at the end of March, down from \$7.1 billion at the end of 2013, according to HFR Inc. The difficulty for stock-market bears stems from a Goldilocks-like market environment, in which the economy is ex-

Breakdown of surveyed investors by sentiment



THE WALL STREET JOURNAL.

panding fast enough to support corporate earnings, but slow enough for the Federal Reserve to keep rates relatively low. Years of low rates and easy-money policies have boosted stocks, defying forecasts for a steep, prolonged downturn. "The shorts have been frus-

trated now for quite a while," said Scott Miner, global chief investment officer at Guggenheim Partners, which has \$260 billion in assets under management. The scenarios that might lead to a payout for market bears—an economic recession or a sharp rise in interest rates—don't seem imminent, either, Mr. Miner added. In one sign of capitulation among the bears, stock pullbacks have been getting shorter. This year, there have been two times when the S&P 500 has closed down 1% or more. After these two selloffs, it has taken stocks an average of 14.5 days to recoup losses. That is well below the 25.5 days it took on average to bounce back from stretches of 1%-plus selloffs in 2016 and the 80 days it took to rebound in 2015, according to an analysis by WSJ Market Data Group. "The danger is that you're too early getting out," said Ernesto Ramos, head of equities at BMO Global Asset Management, which has \$246 billion under management. The issue for investors, Mr. Ramos said, is that there re-

main few compelling alternatives to stocks. Bond yields have remained stubbornly low this year, with the yield on the 10-year Treasury note ending Friday at 2.232%, down from 2.446% at the end of 2016. At the same time, many who are invested in stocks are wary of signs that the bull market's days are numbered. While signs of a housing bubble in the middle part of the last decade were abundant, indications that borrowing by companies will lead to a wave of defaults are more nuanced, said Albert Edwards, a strategist at Société Générale SA. Mr. Edwards has been bearish for most of the bull market and believes a corporate-debt binge will ultimately lead to a deeper bear market than in the 2008 financial crisis. "It's much harder this time to see the corporate-debt excesses," he said. "It's not a headline catcher. You have to be a bit geeky to pull apart the data and analyze it." —Peter Levin and Charley Grant contributed to this article.

Blackstone and CVC Bid for the U.K.'s Paysafe

BY BEN DUMMETT

Blackstone Group LP and CVC Capital Partners have teamed up on a \$3.8 billion bid for U.K. online-payments processor Paysafe Group PLC, joining a wave of consolidation in the payments sector. The preliminary bid comes as businesses and consumers are increasingly carrying out transactions online using smartphones and other mobile devices. The trend is expected to drive demand for the services of Paysafe and its competitors that can process online payments securely. At the same time, the pay-

ment-processing sector is under pressure to consolidate as a way to cut costs amid greater regulatory scrutiny and rising competition that risks squeezing fees.

The \$3.8 billion offer comes amid a wave of consolidation in the payments sector.

Earlier this month, Vantiv Inc. agreed to acquire the U.K.'s Worldpay Group PLC for \$10 billion in a deal that

would create a trans-Atlantic payments giant with a combined market value exceeding \$20 billion. Nets AS, a Denmark-based payments processor, said it is entertaining potential takeover offers. Buyout firms are also aiming to take advantage of the sector's appetite for deal making. Last week Nordic Capital Ltd., a Jersey-based private-equity firm, agreed to sell Stockholm-based payment-services firm Bambora for €1.5 billion (\$1.75 billion) to French payment-technologies company Ingenico Group SA. The Blackstone-CVC consortium first approached Paysafe

in May, eventually offering £5.90 (\$7.67) a share. That represents about a 9% premium to the company's closing price Thursday, though the stock has risen steadily since May amid expectations of a possible bid given the spate of deals in the sector. Paysafe, based in Isle of Man, said that the bid represents a 34% premium to its volume-weighted average price for the six months to the end of June. In London trading Friday, Paysafe advanced 6.8% to £5.79. Paysafe said its largest shareholder, Old Mutual Global Investors U.K. Ltd., with about a 10% stake, has

signed a nonbinding letter of intent to support the deal. An acquisition of Paysafe would give Blackstone and CVC significant exposure to the online gambling and gaming sectors. A big part of the company's business is its digital-wallet technology, which allows users to make bets online without tapping money from their bank accounts. That business generated revenue of \$311 million for Paysafe last year, the second-biggest contributor to its overall revenue after payment-processing services. Revenue totaled \$1 billion, up from \$613.4 million in the year before.



Blackstone and CVC first approached Paysafe in May.

Blackstone and CVC, under U.K. takeover rules, have until Aug. 18 to make a firm bid for Paysafe.

HEARD ON THE STREET

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Money Is Easy Despite Euro's Rise

Let the battle commence. On one side is the European Central Bank, which is seeking to preserve the benefits for the economy of its monetary-policy settings. On the other side are financial markets, eyeing an exit from ultraloose policy and led by a surging euro. ECB President Mario Draghi said Thursday that the euro's gains had "received some attention" on the ECB Governing Council. That statement wasn't enough to stop the currency from rising to its highest level against the dollar since January 2015. That is a problem for the ECB because a rising euro would tend to weigh on inflation and ultimately might start to raise concerns about competitiveness and growth. But the euro isn't the only factor that counts. A financial-conditions index constructed by Nomura shows that the backdrop for the eurozone economy has remained supportive even as the euro has appreciated.

Loose Fit



Note: Values above 100 denote relatively looser conditions; below 100 relatively tighter
Sources: Nomura; Reuters (photo)
THE WALL STREET JOURNAL.

That reflects factors such as buoyant credit markets, a steeper yield curve and stronger bank stocks, which offset the currency effect. Importantly, receding political risk has reduced the threat of turmoil for more highly indebted sovereigns in the eurozone, potentially a much bigger headache for the ECB than the currency. The gap between 10-year Italian and German bond



European Central Bank President Mario Draghi

yields has contracted by some 0.5 percentage point in the past three months and is unchanged since the start of the year. Euro-denominated corporate-bond spreads have tightened in 2017. Large companies have easy access to historically cheap borrowing. Meanwhile, the rise in government-bond yields has mostly been at long-dated maturities, leading to a

steeper yield curve. That should be good news for banks, a key conduit for financing in the eurozone. The Euro Stoxx Banks index is up 12.5% this year and close to 70% off its 2016 low. Credit standards and conditions have been easing. That might support investment, providing further underpinning for the economy. The reasons for the euro's rise are important, too. The stronger currency largely reflects the improvement in the eurozone economy. The dollar peaked on a rush of optimism about the U.S. outlook that has faded. Meanwhile, Europe has steadily outperformed expectations. A weaker dollar also tends to ease global conditions, particularly for emerging markets, something that Europe should benefit from. The euro will command a lot of attention and rightly so. But if credit-market conditions in particular remain supportive, the ECB's task looks more manageable. —Richard Barley

OVERHEARD

Most people like a little pick-me-up in the morning, but that means different things to different people. The Food and Drug Administration isn't amused about some imported morning beverages. One might argue that the caffeine contained in coffee and tea is a sort of legalized, widely abused drug that the FDA might oversee if it were invented today, but that ship has sailed. On the other hand, pharmaceutical products to treat erectile dysfunction are within the agency's bailiwick. It issued a recall for New Kopi Jantan Tradisional Natural Herbs Coffee from Malaysia because it contains material from a jungle tree root that is chemically similar to sildenafil, the active ingredient in Viagra. Oh, and it contains milk, which was left off the list of ingredients and to which some people may be allergic. "No illness has been reported to date," said the agency.

Payments Offer Worth The Gamble

Private-equity groups Blackstone and CVC are looking to join the payments party with a preliminary offer of nearly \$4 billion for U.K.-listed Paysafe, the company revealed Friday. It looks like a gamble Paysafe shareholders should welcome. Bid activity is rife in the sector right now: Just this month, the U.K.'s Worldpay agreed to a \$10 billion takeover by Vantiv, a U.S. rival, while an unnamed bidder approached Danish group Nets AS. Paysafe has large exposures to processing payments for online gambling as well as gaming, auction sites and dating services. Online gambling is subject to uncertain regulation in a number of countries, especially in Asia, where Paysafe conducts about one-quarter of its business. The joint bid from Blackstone and CVC is conditional on Paysafe selling part of its Asian operations, for which the private-equity groups have a potential buyer lined up. Paysafe was already aiming to dilute its Asian exposure. In line with that, it also said Friday it will buy Houston-based payment processor Merchants' Choice Payment Solutions for \$470 million. The preliminary offer values Paysafe at 20 times forecast earnings for this year. That valuation is a long way behind the 38 times earnings that Vantiv's offer for Worldpay is currently worth, but investor perception of regulatory risk around Paysafe means it has long traded at a discount. This private-equity bid is preliminary, and might not ultimately materialize, but it looks decent value for Paysafe investors if it does. —Paul J. Davies

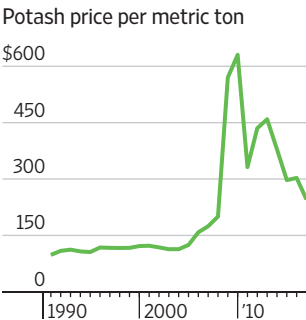
BHP Sees a Hungry Planet, Elliott Sees a Shale Disaster

Having just written off more than \$10 billion in U.S. shale investments, BHP Billiton looks poised to make a big move in the oversupplied potassium fertilizer business. Activist shareholder Elliott Management isn't impressed. After BHP's chief potash analyst wrote a bullish blog item on the commodity's outlook, Elliott warned in a terse statement that the comments sounded "alarmingly familiar." Elliott is already leading a shareholder movement to push BHP out of the U.S. oil business and increase returns, which it says have lagged behind BHP's main competitor, Rio Tinto. Deutsche Bank estimates

the massive Jansen mine the company is building in Saskatchewan, Canada, could ultimately cost \$13 billion to develop. BHP has yet to make a final call on further investment to complete the project, but Chief Executive Andrew Mackenzie said in May that management could seek board approval as soon as next year. The amount of cash involved could make such a greenlighting of BHP's potash ambitions its most important strategic decision over the next five years. There is little doubt that potash is risky. However, Elliott is wrong to draw a direct analogy between it and shale. BHP's main mistake

there was investing at the top of the commodity bubble in a new, highly technical sector in which it had little experience. By contrast, potash prices are down by more than half from their 2008 and 2009 highs, and the mining technology is well established. BHP has long argued it needs to diversify into different commodities to smooth out its earnings, but iron ore and oil are subject to many of the same demand drivers: namely, Chinese industry and construction. Fertilizer, ultimately driven by food demand, does offer the company genuine diversification. And while China's construction boom is slowing struc-

Green Thumb



Source: CEIC
THE WALL STREET JOURNAL.

turally, the world's growing food needs look to be a surer bet. The main worry with potash isn't demand, but supply:

By most estimates, the market will be saturated for the next decade, driven by major producers in Canada and Eastern Europe. BHP's project wouldn't come online until the mid-2020s, but even if it is able to leverage the latest technology and equipment to produce cheaply, margins might be unimpressive for the first few years. The best hope for substantial profits earlier on would be big mine closures from competitors now—a possibility if potash prices remain low in the years it takes BHP to build the Jansen mine. Potash in 2017 makes more sense than shale in 2011, but it is still a risky bet. —Nathaniel Taplin