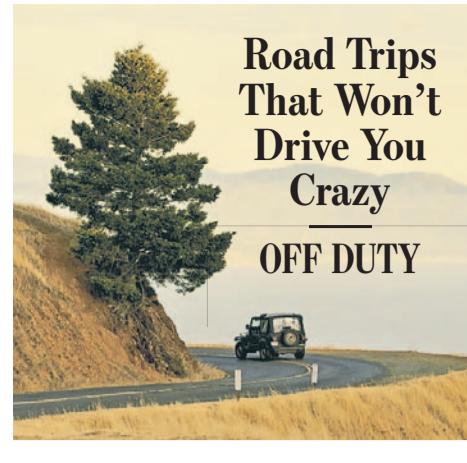


## The Lessons of Our Judicial Theater

REVIEW

## WSJ

THE WALL STREET JOURNAL WEEKEND



DOW JONES | News Corp \*\*\*\*\*

SATURDAY/SUNDAY, JULY 14 - 15, 2018 ~ VOL. CCLXXII NO. 11

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## What's News

World-Wide

**M**ueller charged a dozen Russian intelligence officers with hacking the computers of Democratic organizations, putting Russian election meddling front and center ahead of the Trump-Putin summit. A1, A4

◆ **Trump affirmed** his commitment for striking a trade deal with the U.K., seeking to walk back comments in which he criticized May's approach to Brexit. A6

◆ **Mexico's president-elect** gave visiting U.S. officials, including Pompeo, a set of proposals on how the countries could work together. A7

◆ **A federal judge** ordered the Trump administration to give legal advocates 12-hours notice of when and where immigrant families would be reunited. A3

◆ **U.A.E. officials** have engaged in secret talks with a Libyan commander to help export Libya's oil outside of U.N.-approved channels. A8

◆ **Poland's government** is drafting new laws to step up its purge of the Supreme Court, damping EU hopes for slowing the drive. A6

◆ **Bombings killed** at least 132 in Pakistan and ex-leader Sharif was arrested upon his return to the country. A8

## Business &amp; Finance

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◆ **Wells Fargo's profit fell** 11%, due in part to escalating costs related to past misdeeds and weakness in several of its key businesses. B12

◆ **U.S. and Western** officials are considering an emergency release of stockpiled oil if new supplies can't prevent another sharp rise in prices. A1

◆ **Arconic is the subject** of takeover interest from private-equity firms, including Apollo Global Management and others. B1

◆ **AT&T's chief said** the company won't alter its plans for running Time Warner's media assets despite a U.S. appeal of the ruling that allowed the transaction. B1

◆ **U.S. stocks rose**, as a solid start to earnings season helped investors brush aside trade fears. The Dow gained 94.52 points to 25019.41. B13

◆ **McDonald's pulled** salads from 3,000 restaurants in 14 states after the products were linked to gastrointestinal illnesses in Iowa and Illinois. B3

## Inside OPINION All An Ally Sizes Up Donald Trump

**CONTENTS** Sports A14  
Books C7-12 Style & Fashion D2-3  
Business News... B3 Travel D4-5  
Food D7-8 U.S. News A2-5  
Head on Street B14 Weather A8  
Obituaries A9 Wknd Investor B7  
Opinion A11-13 World News A6-8

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## Russians Indicted in DNC Hacking

Latest charges in Mueller investigation come before Trump's meeting with Putin

Special counsel Robert Mueller charged a dozen Russian intelligence officers on Friday with hacking the computers of Democratic organizations, putting Russian election meddling front and center ahead of the Trump-Putin summit. A1, A4

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in Helsinki.

The detailed indictment, which identified the alleged operatives by name and rank, is the latest set of charges in Mr. Mueller's wide-ranging investigation into the Kremlin's electoral meddling.

Mr. Trump, who has expressed skepticism that Russia was involved in the hacking, told reporters before the indictment that he planned to raise the issue with Mr. Putin.

The indictment lays out a vivid picture of a powerful nation deploying the latest tech-

By Aruna Viswanatha,  
Sadie Gurman  
and Del Quentin Wilber

nological trickery to subvert the U.S. election. It outlines notable details, including the way operatives allegedly used false Google security alerts to hoodwink Democratic staffers or created emails that differed by one letter from the name of a staffer of Democratic candidate Hillary Clinton.

Russia doesn't extradite its citizens to face trial in the

U.S., so the defendants aren't likely to see the inside of an American courtroom. Rather, the document lays out a broad case that the Russian government directed an array of crimes as it sought to disrupt the 2016 campaign.

In announcing the case, Deputy Attorney General Rod Rosenstein cited the deep partisan divide in the U.S. between Republicans and Democrats, and encouraged Americans to assess the charges on their merits and not through a political lens.

A White House spokeswoman noted that the indictment cited no wrongdoing by Americans and didn't allege that any votes were affected. "This is consistent with what we have been saying all along," Lindsay Walters said.

Russia on Friday repeated its previous denials of electoral meddling, saying the in Please see page A4

◆ Rosenstein insists probe isn't partisan..... A4  
◆ Indictment raises stakes for Trump-Putin summit..... A4

## Royal Ties: Trump Softens His Tone During U.K. Visit



READY FOR REVIEW: President Donald Trump and Queen Elizabeth II inspect the Coldstream Guards during a visit to Windsor Castle. Earlier Friday Mr. Trump sought to mend relations with U.K. Prime Minister Theresa May, offering support for a post-Brexit trade deal. A6

## Lust, Anger Topple Powerful Lawyer

How a sexting scandal ended the career of William Voge, former head of Latham & Watkins

By SARA RANDAZZO

It had been two days since William Voge was publicly disgraced, and the 61-year-old globe-trotting lawyer couldn't sleep.

His family, his colleagues and competitors, everyone it seemed, knew about the sexually explicit texts he exchanged last year with a woman he had never met in person, and still hasn't. The fallout scandalized the legal profession and would cost Mr. Voge his job at Latham & Watkins LLP, one of the highest grossing law firms in the world, where he was chairman.

Mr. Voge slipped out of his \$5 million house in Solana Beach, Calif., that

night in March. He went to a nearby bar where he looked over hundreds of messages on his phone—some sympathetic, others shaming. His wife and grown daughter had asked hours earlier when it would all die down.

On a business trip in November, Mr. Voge spent two nights sexting with a married mother of three. After the woman told others, including at the law firm, Mr. Voge threatened legal action, which only provoked more trouble.

"I was irrational, I was stupid and I was reckless," Mr. Voge told The Wall Street Journal.

He sat at the bar that night drinking India pale ale, and his thoughts grew darker as he went over in his mind all

that happened. He could never understand suicide, he said, until he experienced such deep feelings of shame firsthand.

Mr. Voge and the Chicago-area woman, Andrea Vassell, never had a physical relationship. The repercussions of their entanglement have nevertheless been costly.

Partners at Latham, which counts such clients as Citibank and American Airlines, earn an average of more than \$3 million a year. Mr. Voge, who grew up on a farm in Iowa, had made twice that before his abrupt departure in March from a law firm where he spent his entire 35-year career.

Please turn to page A10

## France, on the Brink of Victory at The World Cup, Has the Bleus

The French have an existential crisis: Is winning really winning without style?

By STACY MEICHTRY  
AND JOSHUA ROBINSON

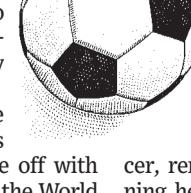
In his quest to conquer the World Cup, head coach of the French national soccer team Didier Deschamps has stuck to a strategy rooted in rigor, hustle and unselfish play.

That, according to many of his countrymen, isn't very French.

Fans across France are ecstatic as Les Bleus prepare to face off with Croatia on Sunday in the World Cup final. That euphoria is tinged with Gallic dissatisfaction over how Les Bleus are getting the job done.

In sports as in life, France is a nation that traditionally awards points for style, win or lose.

It was the panache of cyclist Raymond Poulidor that won French hearts—along with several second-place finishes in the Tour de France in the 1960s—but never a yellow jersey. Few stand taller in France's pantheon of flawed geniuses than Zinedine Zidane, a lion of French soccer, remembered for the stunning head butt he delivered to the chest of an Italian defender in the 2006 World Cup final that drew a red card, which Please turn to page A10



## Cellphone Bills On the Rise

As providers pull back on discounts after years of fierce competition, rates show first increase since 2016. B3

Change from a year earlier in consumer-price index for wireless telephone services



Source: Labor Department

THE WALL STREET JOURNAL

## U.S., Allies Consider Release of Oil Reserve

By BOENIT FAUCON  
AND TIMOTHY PUOKO

U.S. and Western officials are considering an emergency release of stockpiled oil if new supplies can't prevent another sharp rise in prices, according to people familiar with the matter.

The Trump administration is actively assessing whether to dip into the country's emergency oil stocks while it simultaneously pushes other countries to boost their output, according to people familiar with the matter. The discussions are part of a broader effort to ensure oil markets remain well supplied amid a host of production disruptions around the world, and rising global demand.

Any drawdown of the so-called Strategic Petroleum Re Please turn to page A8

serve isn't imminent, according to people familiar with the matter.

Such releases have been rare, and typically only as a last resort. The current discussions about such a move, while preliminary, underscore growing worry among consuming nations over supplies. The Organization of the Petroleum Exporting Countries and Russia have committed to pumping more crude to ease markets, but a host of global production constraints—and rising demand—have raised questions about whether that new oil will be enough.

Some senior Trump advisers are strongly opposed to the idea, and the administration is primarily concerned with keeping its options open, according to people familiar Please turn to page A8

## EXCHANGE



## ENERGY GIANT'S GAMBLE TO RECLAIM GLORY

## Inside OPINION All An Ally Sizes Up Donald Trump

**CONTENTS** Sports A14  
Books C7-12 Style & Fashion D2-3  
Business News... B3 Travel D4-5  
Food D7-8 U.S. News A2-5  
Head on Street B14 Weather A8  
Obituaries A9 Wknd Investor B7  
Opinion A11-13 World News A6-8

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## U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

## The Changing Face of Illegal Border Crossings



In the early 2000s, millions of undocumented Mexicans crossed the

U.S. border to look for work.

Nearly two decades later, border crossings look remarkably different. The number of Mexicans has plummeted.

Other countries are now the source of most undocumented immigrants. And their motivation for taking the risk is different.

The shift is largely related to changing demographics in Mexico and the levels of violence and, in some cases, poverty in Central America. In fiscal 2000, the U.S. Border Patrol apprehended 1.6 million Mexicans at the southwest border, according to reports by U.S. Customs and Border Protection.

Last fiscal year, the number was 128,000, with 176,000 more coming from other countries.

"It was the lowest level of apprehensions since 1972," said Douglas Massey, a Princeton sociologist who gathers data on the topic as co-director of the Mexican

Migration Project. It's unclear how many undocumented immigrants get into the U.S. in any year, but in its most recent report, the Department of Homeland Security estimated 12.1 million lived in the U.S. in 2014, including 6.6 million Mexicans.

**A**s the number of Mexicans attempting to cross the border has declined, the number of Central Americans—most from El Salvador, Guatemala and Honduras—has increased, with the demographics of the border crossers shifting as well.

Undocumented Hondurans and Salvadorans who travel to the U.S. tend to have more money and education than their peers, and they experience more violence, said Jonathan Hiskey, who analyzes survey data collected through the Latin American Public Opinion Project.

They also tend to arrive with other family members.

Last year, the Border Patrol apprehended 24,122 people who arrived with family members from El Salvador, 22,366 from Honduras and

24,657 from Guatemala. Only 2,217 people from Mexico arrived as part of a family.

The number of unaccompanied Mexican children has also decreased. Last year, the Border Patrol apprehended 8,877, compared with about 32,000 from El Salvador, Guatemala and Honduras. The reason for the decline in the number of Mexican migrants may have less to do with the U.S. economy or border security than with changes in Mexico. Immigration—especially a treacherous border crossing—is a young person's venture, according to the experts, and Mexico is not so

young anymore.

"If you haven't done it by the time you're 35, generally speaking, you're not going to," Dr. Hiskey said.

A baby boom in Mexico peaked in the 1960s and 1970s, and those generations are older than that. In addition, the country's economy has improved, and its fertility rate has declined to 2.2 children per woman from a peak of 6.8.

A rate of 2.1 is considered the minimum to maintain population without immigration. (The U.S. fertility rate dropped to 1.76 last year.)

Experts who study immigration also believe the motivation for coming to the U.S. has changed, with a yearning for safety supplanting the search for income.

"The classic illegal migrant is a young male coming to work," Dr. Massey said. "It's increasingly families from Central America seeking to escape threats at home."

For Hondurans and Salvadorans in particular, the strongest predictor of an intent to emigrate, according to Dr. Hiskey's research, is

whether they have been targeted by crime.

"When we did the Honduras analysis, gender was not a significant predictor of an intent to emigrate, age was not a significant predictor, and economic situation was not a significant predictor," Dr. Hiskey said. "Among the strongest predictors was whether someone had been victimized by crime multiple times in the previous 12 months."

On the other hand, Guatemalans, he said, do appear to be driven more by economic reasons, perhaps because of drought in recent years.

**T**he Latin American survey suggests undocumented immigrants who come to escape crime aren't deterred by the risk of emigrating or by the threat of deportation.

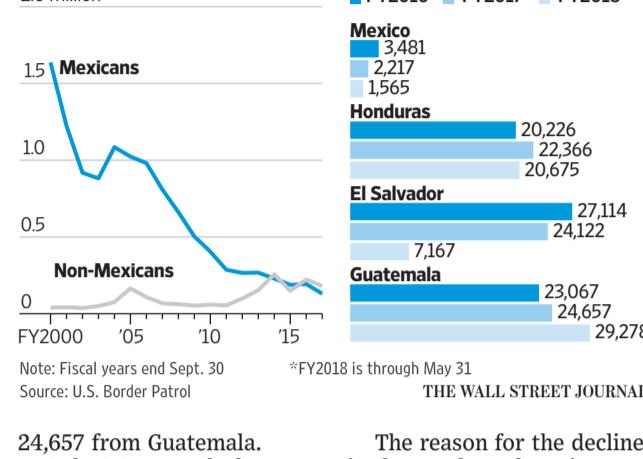
"Deterrence will work on some people," Dr. Hiskey said. "Deterrence does not work on people fleeing for their lives."

If his assessment is correct, the flood of immigrants may be stemmed. But a desperate trickle could persist.

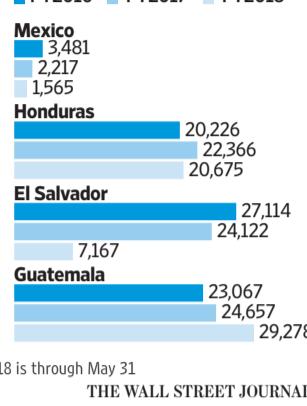
## Migration Patterns

The number of Mexicans apprehended at the border has plummeted. More immigrants now come from other countries and are more likely to arrive with family members.

## Illegal immigrant apprehensions



## People apprehended with a family member, by country



THE WALL STREET JOURNAL.

## Fed Defends Its Use of New Tools

By NICK TIMIRAO

**WASHINGTON**—The Federal Reserve defended having the flexibility to set interest rates by using relatively new tools that include paying interest to banks, in its semiannual report to Congress on Friday.

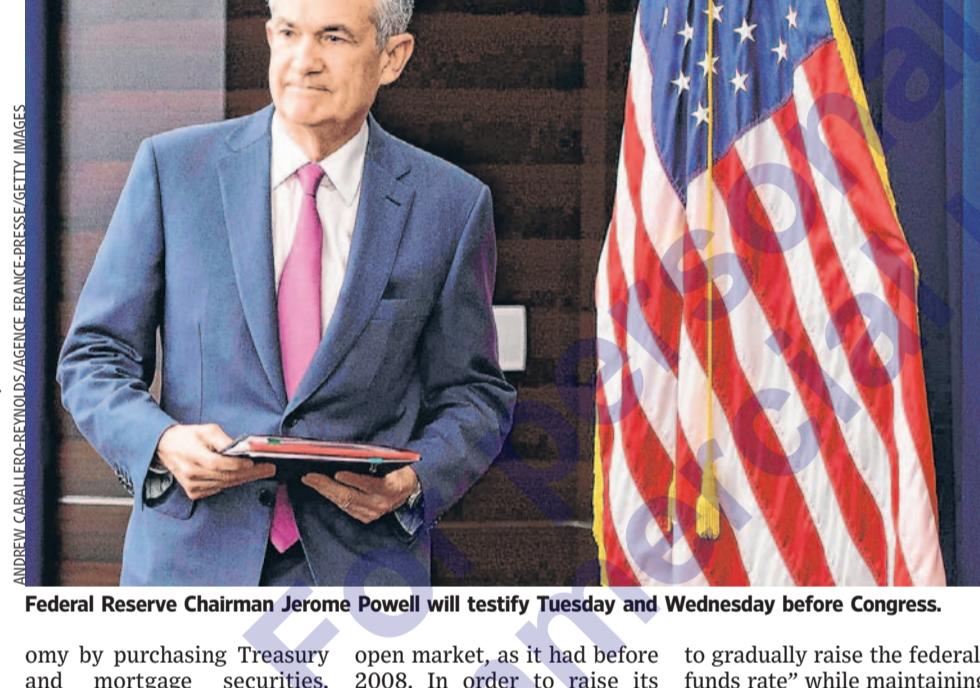
Fed Chairman Jerome Powell is scheduled to testify on Capitol Hill over two days beginning Tuesday in the Senate.

Some lawmakers have criticized the Fed in recent years for the use of new facilities that enabled the central bank to guide short-term interest rates higher while maintaining a much larger portfolio of bonds and other assets than existed before the 2008 financial crisis.

Those criticisms reflect in part broader concern on the part of those lawmakers with the emergency steps the Fed undertook from 2008 through 2014 to stimulate growth after the central bank cut interest rates to near zero.

The report included a three-page overview of its new tools that could serve as a pre-emptive rebuttal against any further concerns lawmakers might raise.

The Fed dramatically expanded its bond portfolio after the 2008 financial crisis as it unleashed successive campaigns to stimulate the econ-



Federal Reserve Chairman Jerome Powell will testify Tuesday and Wednesday before Congress.

omy by purchasing Treasury and mortgage securities. Those purchases swelled the amount of deposits, known as reserves, that banks maintain in accounts at the Fed.

The vast increase in reserves, which rose to more than \$2.5 trillion in 2014 from about \$15 billion in 2007, made it harder for the Fed to change interest rates by buying or selling securities in the

open market, as it had before 2008. In order to raise its benchmark federal-funds rate without first draining its bondholdings and the accompanying bank reserves, the central bank implemented new tools to guide the fed-funds rate in a certain range, including by paying interest on those reserves.

Without the new tools, the Fed "would not have been able

to gradually raise the federal-funds rate" while maintaining a larger portfolio, the report said. Instead, it would have had to consider "a rapid and sizable reduction" to the bond portfolio to push up borrowing costs.

"Such an approach...would have run the risk of disrupting financial markets" and hurting economic growth, the report said.

JPMorgan reported profit of \$8.3 billion, up 18% from a year earlier, and earnings of \$2.29 a share, topping expectations of \$2.22 among analysts polled by Thomson Reuters. Citigroup's profit rose 16% to \$4.5 billion from a year ago, a result that also topped forecasts. Earnings per share of \$1.63 beat analyst estimates of \$1.56.

Income at both banks continued to benefit from last year's tax-law changes that slashed the corporate rate. JPMorgan's effective tax rate fell to 21% from 28% a year ago, Citigroup's rate of 24% was down from 32%.

The banks' results were buoyed, in part, by loan growth, which is a major factor in profitability. Business lending in particular has begun ticking up after a decline that began in 2016.

JPMorgan showed strength in several other areas. Its trading revenue increased 13% to \$5.4 billion from \$4.8 billion a year earlier. Fixed-income revenue rose 7% to \$3.45 billion.

Excluding the impact of U.S. tax changes, the bank said its trading revenue would have risen 16% and fixed income

would have risen 12%.

Return on equity, a measure of profitability, was 14% in the second quarter compared with 12% a year ago. Its returns in 2018 have been meaningfully higher than in previous years

The banks' results were buoyed by loan growth, a big factor in profitability.

thanks to the benefits of the tax-code overhaul.

One weak area: home lending. JPMorgan extended \$21.5 billion in mortgages in the quarter, a decrease of 10% from the \$23.9 billion the bank ex-

tended in the second quarter a year ago. Revenue in its mortgage division, one of the largest in the U.S. by volume, was \$1.35 billion, down 6% from the \$1.43 billion it reported in the year-earlier period.

Wells Fargo, which is one of the biggest players in the mortgage market along with JPMorgan, saw a similar decline. Its mortgage business earned \$770 million in the second quarter, down a third from a year earlier.

Citigroup's results were more mixed than JPMorgan's. Second-quarter trading revenue fell about 1% from a year ago, to \$3.94 billion, driven by a 6% decline in fixed-income trading.

Citigroup's return on equity improved to 9.2%, from 6.8% a year ago. But that is still below the bank's theoretical cost of

capital of about 10%.

Lackluster returns at Citigroup are one reason its stock has struggled this year, losing about 10%. Another issue is that Citigroup is viewed by many investors as being among the most internationally oriented of U.S. banks and has a large operation in Mexico.

This quarter, however, profit and revenue were up in Citigroup's consumer bank in Mexico. Some investors fear Citigroup could be particularly exposed if trade disputes led to a meaningful downturn in cross-border activity, or if negotiations over the North American Free Trade Agreement broke down completely.

For now, Citigroup executives expressed confidence the bank would fare well even if there is a chill in U.S. trade.

## CORRECTIONS &amp; AMPLIFICATIONS

Inc. makes Healthy Choice.

A graphic on Friday with Heard on the Street column about inflation showed changes in retail and wholesale prices for consumer goods, excluding food and energy. The graphic failed to state that the prices were for consumer goods.

Global debt totaled \$247 trillion at the end of March. A Banking & Finance article Thursday about Guggenheim

Partners' agreement to buy Millstein & Co. incorrectly said \$247 billion.

The 52-week high price for Toronto-Dominion Bank (NYSE symbol: TD) is \$61.06. The Biggest 1,000 Stocks table in weekend editions from May 19 through July 7 incorrectly listed a 52-week high price of \$75.45. Also, in the May 18 Business & Finance section Toronto-Dominion Bank incorrectly appeared in the New Highs and Lows table for May 17.

Readers can alert The Wall Street Journal to any errors in news articles by emailing [wsjcontact@wsj.com](mailto:wsjcontact@wsj.com) or by calling 888-410-2667.

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## U.S. NEWS

# Ross Sale Of Stakes Worth Millions

By DAVE MICHAELS

WASHINGTON — Commerce Secretary Wilbur Ross's pledge to sell his remaining private-equity holdings covers about seven private funds and management companies valued at as much as \$31 million, according to estimates he provided to the government when he was nominated to the post.

Mr. Ross on Thursday acknowledged that he didn't sell in a timely fashion some investments as required by ethics agreements. The move to sell the remaining portfolio came after the government's top ethics watchdog said his mistakes had raised questions about conflicts of interest and public trust.

When taking the Commerce post, the former private investor pledged to sell many assets but was allowed to retain his stake in private funds and companies that principally invested in real-estate financing, mortgage servicing and transoceanic shipping businesses, according to his ethics agreement.

Since entering the government and beginning to divest himself of financial holdings in January 2017, Mr. Ross has sold assets valued at between \$78 million and \$261 million, according to transaction reports maintained by the Office of Government Ethics. The assets include stocks, bonds and stakes in private-equity vehicles, records show.

Mr. Ross agreed Thursday

**The commerce secretary's mistakes had raised questions about conflicts of interest.**

to sell the additional private equity holdings after sparking a controversy by failing to disclose some assets in ethics forms or making inaccurate statements about them. The government's top ethics watchdog, the Office of Government Ethics, told him that the errors undermined public trust. In addition, they could have placed him "in a position to run afoul of the primary criminal conflict of interest law," the ethics watchdog said.

The private-equity stakes that Mr. Ross held on to were permitted under his ethics agreement because they posed only a "remote" chance of a conflict of interest, his ethics letter states. Mr. Ross asked to retain them "because they were illiquid and not easy to divest," said Theodore Kassinger, an attorney for Mr. Ross at O'Melveny & Myers LLP.

Because ethics forms require reporting the value of assets only within a range, the precise value of his remaining interests isn't clear. The low end of the range is \$6.7 million, while the maximum is \$31.4 million, according to ethics records. Mr. Ross had pledged to be a passive investor and said he wouldn't know about any investment decisions made by the funds' managers.

Stakes in private-equity funds, which lock up investors' cash for 10 years or more and are used to buy entire companies, are far less liquid than stocks, bonds and other securities.

# Judge Orders 12-Hour Notice to Reunite Immigrant Families

By ALICIA A. CALDWELL

A federal judge ordered the Trump administration on Friday to give legal advocates 12-hours notice of when and where immigrant families would be reunited to avoid the chaos that has hampered the process so far.

The order came during a hearing in San Diego after complaints from the American Civil Liberties Union about rapidly changing logistics, that in some cases left legal advocates and parents scrambling to figure out where they were supposed to be going or when the children would arrive.

Judge Dana Sabraw also praised the administration for

# Temple Fires Business School Dean

University ousts official after finding school inflated data for M.B.A. rankings

By KELSEY GEE AND JANAKI CHADHA

The dean of Temple University's business school was ousted this week after an outside investigation found employees had inflated student test scores and grade-point averages used for calculating a closely watched M.B.A. ranking—a brewing controversy that triggered a request Friday by the Pennsylvania attorney general for a state probe.

Temple's Fox School of Business held the top spot in a U.S. News & World Report list of more than 200 online master's in business administration programs for four consecutive years, including the 2018 rankings.

In January, the publication revised the school's position to "unranked" after being notified by Fox of its inaccuracies. The rankings are based on universities' self-reported data

## Off the Charts

Temple University's Fox School of Business broke out from a three-way tie in 2016 when its online M.B.A. was ranked the nation's best.

2015	2016	2017	2018
1. Indiana University Bloomington (Kelley)	1. Temple University (Fox)	1. Temple University (Fox)	1. Temple University (Fox)*
1t. University of North Carolina—Chapel Hill (Kenan-Flagler)	2. Indiana University Bloomington (Kelley)	2. Carnegie Mellon University (Tepper)	2t. Carnegie Mellon University (Tepper)
1t. Temple University (Fox)	3. University of North Carolina—Chapel Hill (Kenan-Flagler)	3. Indiana University Bloomington (Kelley)	2t. Indiana University Bloomington (Kelley)
4t. Arizona State University (Carey)	4. University of Florida (Hough)	4. University of North Carolina—Chapel Hill (Kenan-Flagler)	4. University of North Carolina—Chapel Hill (Kenan-Flagler)
4t. University of Florida (Hough)	5. Arizona State University (Carey)	5t. Arizona State University (Carey)	5. Arizona State University (Carey)

\*Revised to 'unranked' after notification of inaccurate data. Tepper and Kelley now tie for #1. Source: U.S. News & World Report

about the number of students submitting standardized test scores to gain admission and other factors, such as average debt held by its graduates.

Temple President Richard Englert on Monday asked Moshe Porat, Fox's dean of 22 years, to step down immediately, as the results of a four-month review by the law firm Jones Day were made public.

"Fox School, under the leadership of Dean Moshe Porat, knowingly provided false information to at least one

rankings organization about the online M.B.A.," Mr. Englert told students, staff and alumni in a letter about the investigation's findings.

The Jones Day report said, "Fox's leadership and other employees" bore responsibility for sending erroneous information and on certain occasions doing so intentionally.

The report didn't name any employees other than Mr. Porat, and noted that in 2013 he disbanded a committee tasked with ensuring the accuracy of

rankings data.

Mr. Porat didn't respond to requests for comment.

The scrutiny intensified Friday when the state's attorney general directed the state consumer-protection agency to look into whether marketing practices at Temple broke the law, and if the university's other schools falsified student data.

Pennsylvania Attorney General Josh Shapiro wrote in a letter to the university that he was troubled to learn a state-

funded institution, legally mandated "to educate our citizens, is alleged to have so flagrantly violated the trust of students, families and taxpayers alike."

University officials said they were informed by the business school's leaders in January that Fox employees submitted false student testing numbers to U.S. News. Later that month, the university hired Jones Day to investigate the school's data-collection and reporting practices.

Brian Kelly, editor and chief content officer at U.S. News, said, "As the only organization that collects data at the program-level for online degrees, U.S. News & World Report relies on schools to provide accurate information."

Mr. Kelly said he sent a letter to Temple on Tuesday requesting additional documents to verify data used to calculate the school's overall college ranking, as well as other degree programs offered.

"The scope and duration of the misreporting at Fox calls into question all of Temple University's submissions to U.S. News," the letter said.



Bridge Housing is working on a \$500 million fund to finance affordable housing, such as this project in the Watts neighborhood of Los Angeles, shown in a handout photo.

# Race Is On to Define 'Opportunity Zones'

By RUTH SIMON AND RICHARD RUBIN

A new Marriott hotel in the Phoenix area might seem a world apart from an affordable-housing complex in the Watts neighborhood of Los Angeles.

But both are poised to benefit from the new "opportunity zone" program created in last year's federal tax overhaul, which gives tax breaks for investments in low-income neighborhoods.

Real-estate developers, wealthy investors, nonprofit groups and local officials are among those racing to put their mark on the program, which has few restrictions. The first ventures are likely to shape the direction the program takes and whether it has lasting political support.

Some investors are focused on reaping tax benefits from

projects like the Phoenix area hotel. Other ventures, like the one under way in Watts, aim to use the tax break to provide housing and other benefits to residents of struggling communities.

"This is the biggest initiative of this type by the federal government with the least debate, the least staff support, the least research and still the least clarity," said Eric Garcetti, the mayor of Los Angeles, who has been working on his own city's zones and assisting governments in Louisville, Ky., Oklahoma City and South Bend, Ind. "It hasn't really been fleshed out and that's exciting for me."

Unlike earlier federal efforts to spur economic development in poorer communities, the program takes a free-market approach and isn't backed with federal spending.

Being designated an "opportunity zone" doesn't guarantee that a community will receive money for schools, health care or other services.

Foundations are exploring how they can foster investments that create jobs or services needed by low-income communities and ensure that existing residents benefit without getting displaced.

"One of the concerns we have is that opportunity zone capital will most naturally flow to projects that have the highest return with the least amount of risk," said Kimberlee Cornett, a managing director at the Kresge Foundation. "Investments most needed by these communities don't necessarily have those characteristics."

The opportunity-zone program is open-ended by design, said Sen. Tim Scott (R., S.C.), one of its authors, who drew on his experience growing up in a

struggling area. "To transform a community, to have a paradigm-shifting experience, at least for me, came from the private sector," he said.

Under the new law, governors designated up to 25% of qualifying low-income census tracts as opportunity zones. To claim tax benefits, investors must put capital gains into special funds, which must keep at least 90% of their investments in stock, partnership interests or business property in these qualifying areas. Investors get additional benefits for holding investments longer.

The Treasury Department hasn't yet issued guidelines on how the program will operate and what rules investment funds must follow, but firms and investors are already positioning themselves to use the new benefit.

Bridge Housing, a nonprofit,

is working on a \$500 million opportunity zone fund to finance affordable housing in West Coast markets, such as the Watts neighborhood. The development includes housing and a community center and offices for college-prep and job-training programs.

Virtua Partners, a Phoenix-based private-equity firm, is raising \$200 million for an opportunity zone fund including three Phoenix-area projects: a 130-room Marriott hotel with furnishings by West Elm; 81 single-family townhomes with a swimming pool and clubhouse; and a 90-unit apartment complex near Arizona State University's campus in Tempe.

All three projects would have been completed even without the tax break, said Virtua executive Derek Ulrichs, who said the opportunity zone program will speed fundraising.



A Honduran man held his son this week after 55 days apart.

LUCAS JACKSON/REUTERS

## U.S. NEWS

# Rosenstein Insists Probe Isn't Partisan

**Latest U.S. charges come as Republicans seek to undercut the Russia investigation**

By SADIE GURMAN  
AND ANDREW DUEHREN

In unveiling the latest indictments in the probe of Russia's efforts to interfere in the 2016 presidential campaign, Deputy Attorney General Rod Rosenstein paused to call for an end to the deepening partisan acrimony surrounding the investigation.

"When we confront foreign interference in American elections, it is important for us to avoid thinking politically as Republicans or Democrats and instead to think patriotically as Americans," Mr. Rosenstein said, in calculated commentary that went beyond the just-the-facts style typical of his appearances.

Mr. Rosenstein's Friday announcement that a dozen Russian intelligence officials were indicted for hacking the Democratic National Committee and

the Clinton campaign fell just days before President Donald Trump's scheduled meeting with Russian President Vladimir Putin.

It also came a day after an FBI agent, Peter Strzok, spent 10 hours testifying in a heated joint House committee hearing during which he vigorously defended himself from attacks from congressional Republicans accusing him of letting his political views influence the probe, and as a former bureau attorney, Lisa Page, met behind closed doors on Friday with lawmakers from the same joint House committee.

Some Republicans in Congress have seized upon Mr. Strzok's anti-Trump text messages to argue the broader investigation by special counsel Robert Mueller is biased. Mr. Strzok worked on the Mueller team in the early days of the probe before the special counsel removed him after the Justice Department inspector general uncovered Mr. Strzok's messages with Ms. Page, with whom he was having an affair.

Mr. Rosenstein's job overseeing the Russia probe has



Deputy Attorney General Rod Rosenstein at his news conference announcing the indictments on Friday.

made him the target of attacks from GOP lawmakers and from Mr. Trump, who in a news conference with British Prime Minister Theresa May on Friday again called the investigation a "witch hunt." The probe

has now produced charges or guilty pleas involving more than 30 people, including several Trump campaign officials for crimes including lying to federal investigators.

On Friday, Mr. Rosenstein

said he had briefed Mr. Trump about the indictments earlier in the week, and he urged a unified front given the breadth of the alleged Russian breach of personal, party and state election computer systems.

Even some of the FBI's toughest critics echoed Mr. Rosenstein's message. House Oversight Committee Chairman Trey Gowdy (R., S.C.), who a day earlier led the charge in assailing Mr. Strzok, said of Friday's indictments, "This was not an attack on Republicans or an attack on Democrats—this was an attack on the United States."

But some of Mr. Trump's closest congressional allies had a different takeaway from the indictments.

"The Mueller investigation was about Russian collusion with the Trump campaign. Nothing in the indictments would indicate that there was any Russian collusion," said Rep. Mark Meadows (R., N.C.), chairman of a bloc of conservatives known as the House Freedom Caucus.

Throughout a closed-door interview Friday afternoon,

which will continue on Monday, Ms. Page answered questions about the text messages and provided new information to investigators. While she argued that the messages aren't evidence of a broader anti-Trump conspiracy at the law enforcement agency, Republicans still said her testimony was illustrative.

The top Democrat on the Senate Intelligence Committee, Mark Warner of Virginia, said the indictments show "the investigation is not a witch hunt." He added: "It is proving time and again evidence of Russian interference in our elections."

Sen. Ben Sasse (R., Neb.) said Russian election interference should be accepted as reality. Mr. Trump has repeatedly attacked the Mueller investigation and questioned whether Russia interfered in 2016, which Moscow denies.

"All patriotic Americans should understand that Putin is not America's friend, and he is not the president's buddy," Mr. Sasse said in a statement.

—Natalie Andrews contributed to this article.

# Indictment Raises Stakes for Trump-Putin Summit

By PETER NICHOLAS  
AND VIVIAN SALAMA

A federal indictment Friday that spelled out Russian agents' alleged role in hacking Democratic computers in the 2016 presidential race put renewed pressure on President Donald Trump to confront his Russian counterpart about election meddling when the two hold a summit Monday in Helsinki.

Two days before the indictment was released, Mr. Trump dismissed the Russia probe as a "rigged witch hunt" and later said he anticipated the encounter with Russian President Vladimir Putin would be the "easiest" of a series of overseas meetings this week with European allies and NATO officials.

At a news conference Thursday, he told reporters that when he meets with Mr. Putin he would "ask your favorite question about meddling," going on to say that "he may deny it."

But the indictment could give Mr. Trump fodder to challenge Mr. Putin's denials of Russian attempts to influence the election.

A dozen Russian intelligence officials are named in the legal document and charged with hacking into the Democratic National Committee and Democratic presidential nominee Hillary Clinton's campaign beginning in March 2016. The Russian agents obtained login credentials and used them to secretly monitor the activity of "dozens" of Democratic campaign and party officials, the indictment said.

The White House said Fri-



Russia's cooperation in Syria and other hot spots.

Following Mr. Putin's election victory in March, Mr. Trump spoke to him by phone and congratulated him, ignoring the advice of national security advisers, White House officials familiar with the call have said.

On the same call, Mr. Trump touted the U.S. economy's growth since he took of-

Some say the president should confront his Russian counterpart.

fice. Mr. Putin sought to charm the president on the call, occasionally breaking in to note that it was because of Mr. Trump's strong leadership that the economy is doing well, a Trump administration official said.

During the conversation, Mr. Trump didn't mention election meddling, the official said. That same sort of conciliatory approach toward Mr. Putin would backfire in light of the indictments, making Mr. Trump look cowed, some analysts said.

Michael McFaul, who was U.S. ambassador to Russia in the Obama administration, said: "President Trump now has to press President Putin on his government's violation of American sovereignty in the 2016 presidential elections."

—Michael Gordon contributed to this article.

# Russians Charged Over Hacks

Continued from Page One  
dictment was designed to "spoil the atmosphere" of the Trump-Putin meeting.

The indictment depicted a determined effort by two units of the Kremlin's intelligence directorate, called the GRU, to steal tens of thousands of emails and documents from Mrs. Clinton's campaign and Democratic groups, distribute them through fake online personas and pay for it through mining digital currency.

The hacked emails, from the account of Clinton campaign Chairman John Podesta and others, led to a series of embarrassing news stories at the height of the campaign.

According to the indictment, the Russian officers targeted more than 300 people associated with the Clinton campaign, the Democratic Congressional Campaign Committee and the Democratic National Committee, luring them with fake emails.

The hackers sent such a "spear-phishing" email to Mr. Podesta on March 19, 2016. Mr. Podesta followed the fake security instructions in the message, giving the hackers the ability to

## Investigators Alleged How Moscow Did It

The Mueller probe's latest indictment lays out in detail how it says 12 Russian operatives hacked Democratic Party organizations. In excerpts, it says that they:

**Sent** a spearphishing email to the chairman of the Clinton Campaign...altered...to make it look like the email was a security notification from Google...instructing the user to change his password by clicking the embedded link. Those instructions were followed.

**Created** an email account in the name (with a one-letter deviation from the actual spelling) of a known member of the Clinton Campaign [and] used that account to send spearphishing emails to...Clinton Campaign employees.

**Used** the stolen credentials of

a [Democratic Congressional Campaign Committee] Employee...to access the DCCC network. [The employee] had received a spearphishing email...and entered her password after clicking on the link.

**Captured** [the DCCC employee's] communications with co-workers and the passwords she entered while working on fundraising and voter outreach projects.

[After the DCCC hired a security company to try to exclude intruders from its networks, the Russians] registered the domain actblues.com, which mimicked the domain of a political fundraising platform [and] redirected DCCC website visitors to the actblues.com domain.

**Hacked** the website of a state board of elections and stole information related to approximately 500,000 voters.

**Used** an email account de-

signed to look like [the email address of a voting-software company] to send over 100 spearphishing emails to organizations and personnel involved in administering elections in numerous Florida counties.

**Received** a request for stolen documents from a candidate for the U.S. Congress [and] sent the candidate stolen documents related to the candidate's opponent.

**Discussed** the release of the stolen documents...with Organization 1 [which is identifiable as WikiLeaks.org] to heighten their impact on the 2016 U.S. presidential election. [Organization 1 said in messages to the Russians] "send any new material...here for us to review and it will have a much higher impact than what you are doing."

[And] "if you have anything hilary related we want it in the next two [sic] days prefable [sic] because the DNC [Democratic National Convention] is approaching."

tion, they successfully hacked into the DNC computers, ultimately gaining access to 33 DNC computers.

Once inside the network, Russian operatives demonstrated a focused effort to find files on particular topics, the indictment said. Shortly after breaching the DCCC in April 2016, the alleged conspirators

searched for files that included the words "hillary," "trump" or "cruz." A folder labeled "Benghazi Investigations" was also copied, the indictment said.

This was around the time that Trump foreign policy adviser George Papadopoulos learned that Russia possessed "dirt" on Mrs. Clinton, according to documents filed in con-

nexion with his plea agreement with Mr. Mueller's team. Mr. Papadopoulos pleaded guilty last year to lying to the FBI.

By May 2016, the Democratic

groups

hired a cybersecurity

company

to address the breach,

but the GRU officers

continued to try to

maintain their access

to the networks,

and remained on

the DNC network until Octo-

ber 2016, the indictment said.

On July 27, 2016, the officers

tried for the first time to spear-

phish email accounts used by

Mrs. Clinton's personal office,

the indictment said.

Earlier that day, Mr. Trump had invited Rus-

sia to unearth missing emails

from her time as secretary of

state, telling reporters, "Russia,

if you're listening, I hope you're able to find the 30,000 emails

that are missing."

The indictment alleges that

two of the main conduits of the

stolen data, Guccifer 2.0 and

DCLeaks, were created by

the Russian government.

Guccifer 2.0 claimed to be a lone Roma-

nian hacker, which the indictment

alleges was intended to

undermine allegations of Rus-

sian responsibility for the intru-

sion."

The Russians later began

funneling information to "Or-

ganization 1," which isn't

named in the indictment but is

identifiable as WikiLeaks.org,

which published thousands

of emails belonging to Mr. Podesta

and the DNC.

In August 2016, Russian offi-

cers posing as Guccifer 2.0 com-

municated with a person "who

was in regular contact" with "senior members" of the Trump campaign, telling the person, "please tell me if i can help u anyhow...it would be a great pleasure to me." The indictment doesn't name the person, but former Trump adviser Roger Stone has posted on his website a text exchange with Guccifer that corresponds to language included in the indictment.

Eleven of the GRU officials are charged with conspiring to commit computer crimes, launder money and commit identity theft through the DNC and Clinton hacks. One of the officers, along with a 12th individual, were also accused of trying to hack into state election agencies and voting software companies.

Specifically, "Russian GRU officers hacked the website of a state election board and stole information about 500,000 voters," Mr. Rosenstein said. There is no allegation that information was used to alter vote totals.

Friday's indictment follows previous election-interference accusations Mr. Mueller has leveled at Moscow. In February, a federal grand jury indicted three Russian companies and 13 Russian citizens on charges of engaging in a widespread effort to meddle in the 2016 campaign through social-media messages, invented fake personas and staged rallies.

—Alexa Corse

and Dustin Volz contributed to this article.

## U.S. NEWS

## Rift Emerges Among Democrats

BY KRISTINA PETERSON  
AND REID J. EPSTEIN

**WASHINGTON**—Since Hillary Clinton lost to President Donald Trump, the loudest voices in the Democratic Party have been jockeying to see who can tout the most liberal policies. Sen. Chris Coons is over it.

The Delaware Democrat this week launched a one-man campaign imploring his party to exchange "pie-in-the-sky" promises like abolishing the Immigration and Customs Enforcement agency for pragmatic policies. Without naming names, the subject of his ire was clear: Democratic colleagues seeking favor from the party's liberal base as they test 2020 presidential bids.

"Some members of our party, I fear, are instead taking the easy road, and proposing ideas that might sound great in a tweet, like free college, and free health care," Mr. Coons said in a speech to New Democracy, a centrist Democratic group.

"If the next two years is just a race to offer increasingly unrealistic proposals, to rally just those who are already with us, our strongest supporters, it'll be difficult for us to make a credible case we should be allowed to govern again," he warned.

Mr. Coons's chiding comes as a crush of Senate Democrats are laying groundwork for presidential runs in 2020, with several vying for the progressive populist energy that nearly propelled Vermont Sen. Bernie Sanders, an Independent, to the Democratic Party's presidential nomination in 2016.

The Democrats' intraparty fight over how robust their progressive agenda should be began during the 2016 primary contest, and has only accelerated since then, prompting a broader party shift to the left.

Mr. Coons's comments follow the upset win by Alexandria Ocasio-Cortez, a 28-year-old former Sanders campaign organizer, over House Democratic Caucus Chairman Joe Crowley in a New York primary on a platform that included abolishing ICE—a proposal sparked by the Trump administration's policy of separating children from their families at the border.

Mr. Crowley's loss spooked Washington Democrats who were already uneasy with their party's restive base. Since Ms. Ocasio-Cortez won, Sens. Kirsten Gillibrand of New York and Elizabeth Warren of Massachusetts echoed her call for abolishing ICE and assigning its responsibilities to other federal agencies.

Liberal Democrats say Mr. Coons's strategy could demoralize the most energized segment of the party, whose votes will be particularly crucial in the midterm elections, when turnout is generally lower.

Mr. Coons's sharply worded critique of the party's left wing was unusual because while many congressional Democrats privately agree with him, few are willing to say so publicly.

California Sen. Kamala Harris, a possible 2020 presidential candidate from the party's liberal wing, hasn't endorsed abolishing ICE but backs fully re-evaluating the immigration

agency. She said she "wouldn't suppress" any of the debate about abolishing ICE.

Wisconsin Rep. Mark Pocan, who introduced legislation Thursday to terminate ICE and establish a commission to implement what he called a more humane immigration enforcement system, said liberal policies reflect what he is hearing.

**The senator's calls for change come as presidential hopefuls test waters for 2020.**

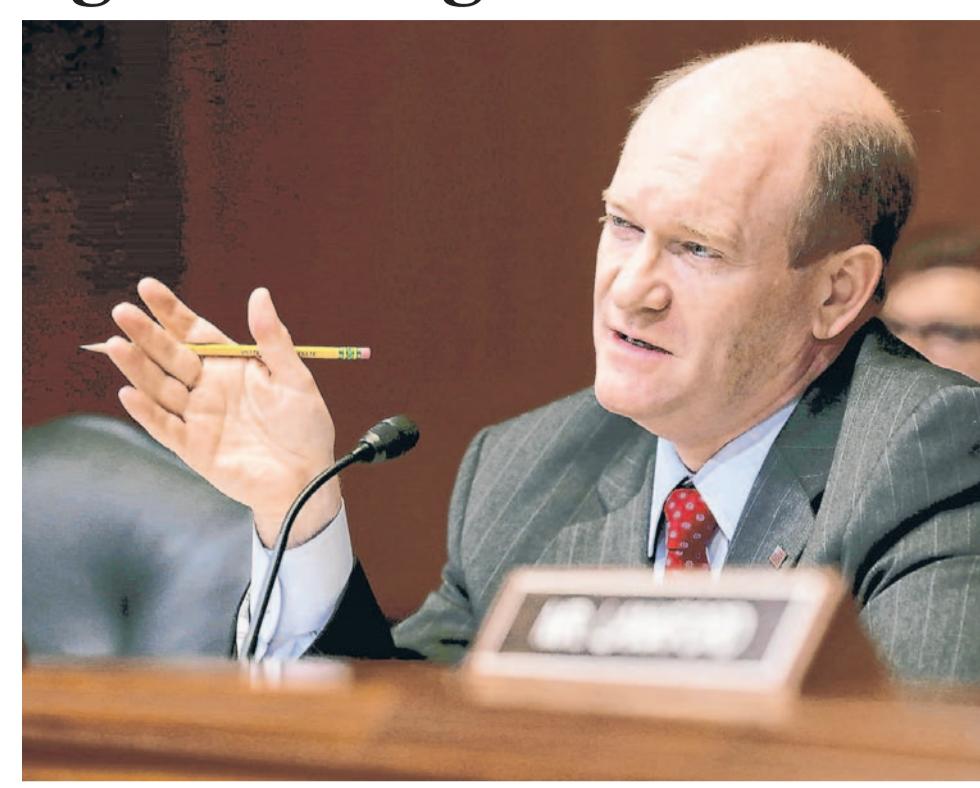
"They're tripping over themselves to move too far to the left," House Speaker Paul Ryan (R., Wis.) said Thursday. "They're out of the mainstream of America."

House Majority Leader Kevin McCarthy (R., Calif.) said Thursday he planned to bring Mr. Pocan's bill to abolish ICE to the House floor for a vote before the August recess.

But Mr. Pocan and two other Democratic co-sponsors accused Republicans of a political stunt to embarrass them and said they planned to vote against their own bill.

Mr. Coons's message could have ramifications in his home state, where Ms. Ocasio-Cortez has jumped into Delaware's Democratic primary between Sen. Tom Carper and challenger Kerri Evelyn Harris. Ms. Ocasio-Cortez this week dispatched campaign staffers to Delaware to help Ms. Harris, who like Ms. Ocasio-Cortez is an ill-funded insurgent arguing the Democratic incumbent is insufficiently progressive.

Mr. Coons said he is confident Mr. Carper will prevail.



Sen. Coons pressed members of his party to abandon 'unrealistic' liberal policy proposals.

CHIP SOMODEVILLA/GETTY IMAGES

## Report Raps Drug Firm's Cohen Ties

By JOE PALAZZOLO  
AND MICHAEL ROTHFIELD

**Novartis** AG made misleading statements playing down its 2017 relationship with President Donald Trump's then-personal lawyer, according to a report released Friday by Democratic senators that sheds new light on the company's consulting contract with the lawyer, Michael Cohen.

The report also reveals Mr. Cohen's advocacy for another pharmaceutical company, one the report says has ties to an investment firm associated with Viktor Vekselberg, a wealthy Russian businessman now under U.S. sanctions.

The \$1.2 million consulting deal with Novartis came to light in May. Then the Switzerland-based drug company said it hired Mr. Cohen for insight into how the Trump administration might approach U.S. health-care policy matters, but that executives realized from their first meeting with him in March 2017 that he wouldn't be helpful and stopped engaging with him.

In response to requests for information from Democratic senators, Novartis provided emails showing that Mr. Cohen's contact with then-Novartis CEO Joe Jimenez continued over the next six months.

The two men had at least four phone calls and exchanged multiple emails about the Trump administration's drug-pricing proposals, litigation stemming from the opioid crisis and Novartis's potential investment in a small company backed by Columbus Nova, another of Mr. Cohen's consulting clients, the senators said in their report.

"These communications are plainly inconsistent with Novartis's statement that they 'decided not to engage with [Mr. Cohen] further' following the March 1 meeting," the report said.

Novartis said Friday it disagreed with the report's conclusion. "We never asked Mr. Cohen to perform any services

on our behalf after March 1, nor did he perform any," it said.

Federal prosecutors are investigating whether Mr. Cohen illegally engaged in undisclosed lobbying, The Wall Street Journal previously reported.

"Mr. Cohen, who never introduced anyone from Novartis to anyone in the administration or Congress, did not 'sell access,'" said Lanny Davis, a lawyer for Mr. Cohen, referring to part of the report's title.

According to emails cited in the report, Mr. Jimenez in June 2017 sent Mr. Cohen a plan containing ideas for reducing drug prices, which Mr. Cohen promised to share with an unidentified person linked to the Trump administration.

Several policies in the Novartis document were eventually adopted in the administration's drug-pricing plan, "although the relationship between the administration's actions and this document is unclear," the senators' report said.

The report said Mr. Cohen tried in August 2017 to convince Novartis to invest in Yamo Pharmaceuticals LLC, a company "closely connected" to Columbus Nova. Columbus Nova is run by Mr. Vekselberg's cousin, Andrew Intrater.

Novartis didn't make the investment and Yamo didn't pay Mr. Cohen, the senators' report said.



Ex-Trump lawyer Michael Cohen

## FROM PAGE ONE

## At Finals, France Has The Bleus

*Continued from Page One*

tion of having to defend his victories. "We had to be pragmatic," he said, answering criticism of his team's often-stylized semifinal win.

Defenders of Mr. Deschamps say his no-frills pragmatism is evidence France itself is transforming. As of late, the nation that invented the 35-hour work-week has been rolling up its sleeves. President Emmanuel Macron, a former investment banker, has been on a mission to transform France's cosseted workforce into an army of go-getters by stripping away traditional job protections; economic growth is up; entrepreneurialism is in vogue.

"Like Emmanuel Macron, Didier Deschamps is a lover of pragmatism and of the need for results at any cost," said an editorial in French business weekly Challenges.

When Mr. Macron visited the team's training ground in the run-up to the tournament, he was asked whether reaching the quarterfinals would be considered a successful run for Les Bleus. "My definition of a successful tournament is winning it," Mr. Macron responded.

It is with that single-minded pursuit of victory that Mr. Deschamps went about picking his World Cup team. The 49-year-old coach left some of France's most celebrated players on the sidelines. Instead he calculated which role players would fit best together on the field.

Eric Cantona, who played for Les Bleus in the 1990s before becoming a movie star, scolded

Mr. Deschamps's choices as the work of a "penny-pinching accountant."

Even then, France fielded some of the most talented and explosive players in the tournament, including Kylian Mbappé and Paul Pogba. But Mr. Deschamps has urged a more conservative approach that puts preventing goals top of the list. "Deschamps has a Ferrari in his hands and never breaks the speed limit!" said Icham, a nurse from Val-d'Oise who called into French radio to bemoan Les Bleus.

The strategy is an echo of Mr. Deschamps's days on the field. During France's last World Cup win, in 1998, Mr. Deschamps was the team's captain, playing alongside a younger, more graceful Mr. Zidane.

As a defensive midfielder, Mr. Deschamps was tasked with winning the ball back from opposing teams and making sure it wound up at the feet of his electrifying teammate who scored two goals in the final against Brazil. Days later the words "Zidane for President" were projected on the Arc de Triomphe. Mr. Deschamps was known by a different title: "water carrier."

Mr. Deschamps embraced the nickname. "In a team, you need architects and you need bricklayers," he said in a 2016 interview with the Journal, reaching for yet another analogy. "I was a bricklayer."

Mr. Zidane announced in early June he was quitting as coach of Real Madrid, creating a groundswell of speculation over whether he was waiting in the wings to coach Les Bleus.

Mr. Deschamps responded to the frenzy with characteristic self-effacement: "One day he'll be head coach. When? I can't tell you, but it seems logical to me. It will happen when it happens." Mr. Deschamps is under contract to coach Les Bleus through 2020.

Asked in June whether he wanted the job, Mr. Zidane replied: "Yes, but we shouldn't talk about this today."

"We're less stylish than before," said Arsène Wenger, one of France's preeminent managers. "But when you win, there's no reason for France not to recognize itself in that team."

—Nick Kostov contributed to this article.



Didier Deschamps coaches the French national soccer team.

FRANCK FIFE/AGENCE FRANCE PRESSE/GT/GETTY IMAGES

LEGEND IN TRAINING  
AUGUSTE-CLÉMENT CHRÉTIEN

*Neoclassical masterpiece. Salon provenance. Incredible artistry.* Shown at the 1861 Paris Salon, this important oil painting depicts a young Achilles being trained by the tutor of the gods, the centaur Chiron. Composed by the famed Auguste-Clément Chrétien, this painting is considered to be the artist's masterpiece. Exhibiting a painting

at the Salon was the highest honor an artist could achieve, and to find a *Salon* work is an exceptional rarity. Signed and dated "A.C. Chrétien 1861" (lower right). Canvas: 51 1/16" h x 64 3/8" w; Frame: 57" h x 70 1/4" w. #30-7585

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## WORLD NEWS

## Trump Affirms Support for May

President softens his criticism of Brexit approach, praises beleaguered leader

BY REBECCA BALLHAUS AND JENNY GROSS

ELLESBOROUGH, England—President Donald Trump affirmed his commitment to striking a trade deal with the U.K., seeking to walk back earlier comments in which he criticized Prime Minister Theresa May's approach to Brexit and said her plan would "kill" the chances of such a deal.

His softening of his criticism saved Mrs. May some embarrassment at a perilous time for the British leader, as she struggles to hold together a government riven by her plan to closely follow European Union regulations.

But the president, whose visit drew thousands of protesters in London and other places in the country, didn't back off other comments, made in an interview with a British tabloid, that implicitly criticized Mrs. May. Brexit hard-liners continued to insist his comments would add pressure on Mrs. May to harden her stance in negotiations with the EU.

At a joint news conference Friday, Mrs. May said she and Mr. Trump had agreed to pursue an "ambitious" trade deal between the two nations that "works for both countries right across the economies."

Mr. Trump also said he was open to pursuing a deal once the U.K. leaves the European Union. He signaled an openness to Mrs. May's approach to Brexit. "I don't know what you're going to do, but whatever you do is OK with me," he said. "That's your decision." He said the relationship between the two countries has "never been stronger."

The exchange was sharply at odds with his interview with the Sun, published late Thursday, in which he said also praised former Foreign Secretary Boris Johnson, who quit the government this week over Brexit. After the interview was published, Mr. Trump said, he told Mrs. May: "I wanted to apologize." He said she responded: "Don't worry, it's only the press."

The apology was a rare concession for the president, who



Prime Minister Theresa May and President Donald Trump made their way to a press conference. Below, protesters thronged central London.



in the face of criticism is more apt to double down than to walk back his comments, and who often instructs aides to never apologize for their actions.

It also helped to mend the strained relationship between the two leaders. Mrs. May is seeking to strengthen ties with the U.S. as the U.K. turns away from the EU. Mr. Trump is one of the few world leaders

who supported Brexit.

Earlier in the day, the two leaders viewed a joint military demonstration by U.S. and U.K. forces and met at Chequers, the U.K. prime minister's official country house, for a working lunch. Mr. Trump and first lady Melania Trump later traveled to Windsor Castle to meet Queen Elizabeth II, then left for Scotland to stay at one of Mr. Trump's golf

courses for the weekend, before his summit with Russian President Vladimir Putin in Helsinki on Monday.

The president arrived in London on Thursday after a contentious North Atlantic Treaty Organization summit in Brussels, and the extravagant gala dinner hosted by Mrs. May at Blenheim Palace was expected to be a more mellow event. But the evening was up-

ended by the Sun's interview, published shortly after Mr. Trump departed the dinner.

Mr. Trump on Friday said the Sun didn't include the positive things he said about the embattled British leader and called the reporting "fake news," but he reiterated that Mrs. May should take his advice on how to best negotiate with the EU. The Sun posted extensive audio excerpts on its web site but not the full interview.

Downing Street didn't comment on the interview, but officials and diplomats said they were surprised and angered by the move. The Sun and The Wall Street Journal are both owned by News Corp.

Mr. Trump largely traveled by helicopter on his visit, avoiding central London where protesters on Friday inflated a balloon depicting Mr. Trump as an orange baby outside the Houses of Parliament. Tens of thousands of protesters marched against the president in London in the afternoon, and others held demonstrations outside Chequers and Windsor Castle and in other parts of the U.K.

—Will Horner in London contributed to this article.

## Poland Steps Up Purge of High Court

BY DREW HINSHAW

WARSAW—Poland's government is drafting new laws to rush its purge of the Supreme Court, racing ahead of efforts by the European Union to halt what authorities in Brussels view as a rapid erosion in rule of law.

The moves damp hopes held by some EU leaders and officials that legal proceedings against Poland could slow Warsaw's drive to dismiss as much as a third of its Supreme Court bench. Instead, Poland's nationalist government appears set to accelerate its clash with Brussels, which worries the country is removing one of the few checks on the ruling party's power and shifting toward authoritarian populism.

One proposed law introduced to Parliament on Thursday would allow President Andrzej Duda to replace the court's acting chief justice when two-thirds of all vacancies on the court are filled. Current law requires every seat on the 110-member Supreme Court to be occupied before the president can appoint its leader.

A second would allow appointees to take up their posts even as their nominations are being appealed. Both bills are expected to easily pass.

Separately, the regulator that oversees the Supreme Court said it has rejected a request by its acting chief justice, Józef Iwulski, to stay in power.

The measures exacerbate a clash over rule of law between the EU and Poland, whose democratically elected government says it has the sovereign right to reorganize its judiciary.

EU leaders have threatened to slash aid to Poland, and have begun a legal process that could see the country fined or stripped of its voting rights within the bloc. But this week's developments mean the country's top court could be restaffed long before any of those measures bear fruit, legal experts said.

"It speaks volumes about the Polish government's attitudes towards the European Union," said Marcin Matczak, professor of law at the University of Warsaw.

## Hewing to EU Rules Complicates a U.S. Deal

BY STEPHEN FIDLER

LONDON—President Donald Trump embraced a possible U.S.-U.K. trade deal on Friday, reversing his earlier claim that British Prime Minister Theresa May's Brexit plan would make such a pact impossible.

But the U.S. president was right the first time: Mrs. May's vision of a divorce that leaves the U.K. tightly bound to the European Union will make a solo deal with Washington an insurmountable challenge.

Her plan seeks to maintain frictionless trade in goods with the EU after Brexit. It would do this through a special customs arrangement with the EU and by keeping British product regulations fully aligned with those set by the

bloc.

"If they do a deal like that, we would be dealing with the European Union instead of dealing with the U.K., so it will probably kill the deal," Mr. Trump said in an interview with British tabloid the Sun. Then, at a press conference Friday Mr. Trump said he looked forward to striking a U.S.-U.K. trade deal once Britain leaves the EU. "We want to trade with the U.K., and the U.K. wants to trade with us," he said.

Mrs. May's proposal is a long way from being a fact. It has to be negotiated with the EU, which may well reject it.

A U.S. trade deal would be important for Britain. The U.S. is its biggest national trading partner.

But such an accord would be less important for the U.S.

The U.K. is America's sixth-most important trading partner, accounting for just over 3% of its trade.

Mr. Trump's interview upset many in the U.K. by undermining his host on the day he arrived in the country. But the message wasn't wrong, trade specialists say.

"Fundamentally, it's the correct analysis," says Sam Lowe, a trade expert at the London-based Centre for European Reform, a pro-EU think tank. "The closer the U.K. remains to the EU, the more difficult it becomes to do a trade deal with the U.S."

There are two big reasons why Mrs. May's proposal would sink prospects for a U.S.-U.K. deal, Mr. Lowe says.

The first is that the customs arrangement would in effect keep U.K. tariffs the same as

the EU's for a significant period post-Brexit.

The second is that aligning product regulations with the EU—and in particular rules governing food and farm products—would continue to bar many American farm products, like chlorine-washed chicken, hormone-fed beef and genetically modified grain, from the U.K. market.

No U.S. trade negotiator would contemplate a trade agreement that didn't cut tariffs, for example on cars and food, or one that didn't open up the British market to American farm products.

Neither would a deal that excluded these elements secure support in the U.S. Congress.

In deciding to leave the EU, the U.K. unwittingly made itself the battleground for a

strategic fight between the two big setters of regulation in world trade: the EU and the U.S.

In financial services, the U.K. may be big enough to become a rule setter itself. But in trade in goods, its modest importance means it will largely have to accept rules set down by others.

Being able to set the rules for world trade delivers economic clout to the rule-setter. Probably only in this area can the EU be considered a superpower, and its global reach has been growing.

Both it and the U.S. see the emergence of a major competitor in China.

So if the U.S. can pull the U.K. into its regulatory orbit and away from the EU that would be a big win for Washington.

## In Europe, Some Officials Now Question American Security Pledge

BY LAURENCE NORMAN AND ROBERT WALL

BRUSSELS—A tense NATO summit and President Donald Trump's scheduled meeting Monday with Russian President Vladimir Putin are fueling uncertainty among U.S. allies about Washington's commitment to defend Europe, prompting new efforts in the region to beef up its own security.

European leaders at this week's meeting of the North Atlantic Treaty Organization re-committed to raise military spending after Mr. Trump hinted that failure to share more of its financial burden could prompt the U.S. to go its own way.

But many officials quietly said Mr. Trump's mixed signals of support for NATO—an alliance built on a pledge of mutual assistance—combined with his positive words for Mr. Pu-

tin, left them feeling less certain about future protection.

Mr. Trump at the NATO summit said he thought the U.S. might "get along with Russia" and that Mr. Putin is "a competitor" rather than an enemy.

The comments reinforced a growing fear in Europe that maligned Russian activity, particularly in smaller countries once part of the Soviet Bloc, might not draw defense from Washington.

"There's a world order where Europe is on its own, more and more," said former Belgian Prime Minister Guy Verhofstadt, now a leading EU lawmaker.

European leaders are responding in part by trying to beef up security outside of NATO, including through bilateral deals with Washington. At the summit, Polish President Andrzej Duda met with Mr. Trump to propose posting

more U.S. soldiers in Poland, Mr. Duda's office said. The country, which offered to pay for the increased American presence, sees having U.S. soldiers in harm's way on its soil as a guarantee of security.

But countries near Russia aren't alone in feeling vulnerable, said a Baltic diplomat. The diplomat brought up the poisoning of a Russian defector and his daughter in Salisbury, England, which Western governments say was a Russian assassination plot.

"We are geographically closest but that is irrelevant in a world of Salisburys, elections that are tampered with and troll factories," the diplomat said.

In response, European governments are planning a regional defense fund to develop military capabilities and France launched work on a coalition of

nations to tackle security challenges on their borders. But progress toward what the European Union calls "strategic autonomy" remains slow.

"We must be ready to prepare our Union for worst-case scenarios," European Council President

Donald Tusk said last month. Diplomats predict the Helsinki discussions will focus on issues important to Europe, including conflicts in Ukraine and Syria and the Iranian nuclear accord. Given Mr. Trump's unpredictability, diplomats fear an erosion of longstanding Western positions. They worry, for example, Mr. Trump could accept Mr. Putin's 2014 annexation of Crimea.

One senior diplomat from an Eastern European country said his confidence that Mr. Trump will protect European interests when he meets with Mr. Putin was diminishing by the day.

"After the NATO summit the only attitude I can adopt is—wait and see."

Complicating Europe's defense are divergent views of Russia across the Continent. Hungary has good relations with Russia and Italy's new government wants closer ties.

At a dinner during the summit, when most leaders warned of the threat from Russia, leaders from Bulgaria and the Czech Republic called for more openness, according to a NATO official present.



A U.S. Air Force plane taking part in a NATO exercise in June.

INT'L KANNIN/REUTERS

Diplomats predict the Helsinki discussions will focus on issues important to Europe, including conflicts in Ukraine and Syria and the Iranian nuclear accord. Given Mr. Trump's unpredictability, diplomats fear an erosion of longstanding Western positions. They worry, for example, Mr. Trump could accept Mr. Putin's 2014 annexation of Crimea.

## WORLD WATCH

CHINA

**Trade Surplus With U.S. Hits a Record**

China's trade surplus with the U.S. surged to a record monthly high in June, with exports swelling just as trade tensions between the world's two largest economies escalated.

The June boost in China's surplus with the U.S. to \$28.97 billion was fueled in part, some economists said, by exporters accelerating deliveries to avoid the tariffs both sides imposed on each other's goods.

China's total trade surplus with all of its trading partners also widened sharply, to \$41.61 billion in June, chiefly, economists said, because of a weakening economy—with sluggish demand for imports rather than markedly stronger exports.

—Grace Zhu and Lin Zhu

CHINA

**Beijing Issues Rules to Bolster Infrastructure**

China is accelerating efforts to prop up economic growth, clearing the way for infrastructure projects and boosting bank lending, as domestic demand fades and the trade fight with the U.S. escalates.

The State Council, China's cabinet, released guidelines to allow local governments to restart subway and light-rail projects put on hold in the past year when Beijing was worried about

debt. Banks have also opened the lending spigot. Central-bank data released Friday showed new loans surged to 1.84 trillion yuan (\$276 billion) in June, up from 1.15 trillion yuan in May.

While credit was unexpectedly high, the data showed the country's broadest measure of money supply, M2, slowed to a record low of 8% at the end of June.

—Grace Zhu

SOUTH SUDAN

**U.N. Security Council Sets Arms Embargo**

The U.N. Security Council narrowly approved a U.S.-drafted resolution imposing an arms embargo on South Sudan over objections that it could hurt African efforts to end the five-year conflict in the world's newest nation.

The resolution received the minimum nine "yes" votes. The six other council members abstained—Russia, China, Ethiopia, Equatorial Guinea, Kazakhstan and Bolivia.

There were high hopes that South Sudan would have peace and stability after its independence from neighboring Sudan in 2011. But it plunged into ethnic violence in December 2013 when forces loyal to President Salva Kiir, a Dinka, started battling those loyal to Riek Machar, his former vice president who is a Nuer.

A peace deal signed in August 2015 didn't stop the fighting, and neither did cessation of hostilities agreement this past December and a declaration on June 27.

—Associated Press

## WORLD NEWS

# U.A.E. Backed Militia's Play for Libya Oil

Gulf state has aided eastern Libyan leader against U.N.-favored government in Tripoli

United Arab Emirates officials have engaged in secret talks with a Libyan military commander seeking the Gulf state's help in exporting Libya's oil outside United Nations-approved channels, Libyan, Emirati and European officials said.

*By Benoit Faucon in London and Jared Malsin and Summer Said in Cairo*

With the U.A.E.'s assent last month, Khalifa Haftar, the military commander of forces in eastern Libya, moved to cut off his political rivals in Tripoli in western Libya from 850,000 barrels a day of oil production and begin exporting the oil through a breakaway company based in his part of the country, the officials said. The decision threatened to undo years of international efforts to reunify Libya and contributed to a rise in international crude prices to close to \$80 a barrel.

Under international pressure, Mr. Haftar on Wednesday backed away from his plan, which would have violated U.N. Security Council resolutions that ban any export of Libyan oil except through the



Eastern Libya militia leader Khalifa Haftar, left, reviewing a military parade in Benghazi in May.

country's National Oil Co. in Tripoli. The U.S., U.K., France, Germany and Spain had vowed action last month against any such effort.

The U.S. and Europe have supported the National Oil Co. as a core institution of the U.N.-recognized government in Tripoli, as opposed to the eastern government supported by Mr. Haftar's forces.

While the U.A.E. publicly supports the U.N. resolutions, the wealthy Gulf monarchy has moved privately to strengthen

Mr. Haftar as a bulwark against Islamist political groups that it sees as linked to regional rivals Turkey and Qatar and to the Tripoli government.

U.A.E. government officials have been in talks with Mr. Haftar to facilitate independent oil sales through Emirati companies, and their support late last month emboldened the military leader to attempt his unprecedented effort to cut out the National Oil Co., the Libyan, Emirati and European officials said.

Mr. Haftar and other eastern Libyan government officials have grumbled that Tripoli has shared too little of the nation's oil revenue with them, even though much of the country's oil facilities lie in the East.

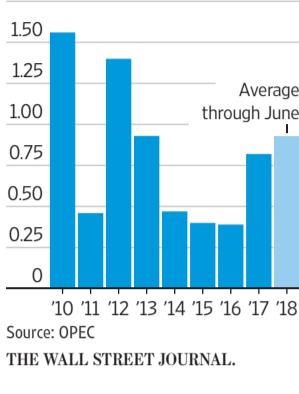
The U.A.E. this month tempered its support for Mr. Haftar under pressure from the U.S. and France, the officials said.

The U.A.E. government declined to comment, as did a spokesman for Mr. Haftar's group of militias, which calls itself the Libyan National Army.

## Rollercoaster

Libya's oil production has fluctuated wildly since the 2011 death of Moammar Gadhafi.

### Crude output in barrels a day



Source: OPEC

THE WALL STREET JOURNAL.

Libya said last year it received no response from the U.A.E.

Mr. Haftar's supporters say Islamist armed groups in Libya receive support of their own from Qatar, with which the U.A.E., Egypt, Saudi Arabia and Bahrain have severed diplomatic ties over its alleged support for terrorism. Qatar has denied it supports terrorist organizations.

Mr. Haftar controls the export hubs that handle more than 80% of Libya's roughly one million barrels a day of oil production. For two years, Libya's eastern government has been trying without success to sell oil independently of the National Oil Co. through a company called NOC East.

According to documents reviewed by The Wall Street Journal, NOC East secured contracts with at least 18 companies since 2016 to sell millions of barrels of oil. Some of the companies signing those contracts were based in the U.A.E., the documents show. NOC East's chairman, Faraj Said, said this month he planned to sign no new deals.

Despite the contracts, those companies' efforts to ship Libyan oil have always been thwarted. On May 19, an Emirati tanker approached eastern Libya to load crude without the National Oil Co.'s consent. A European Union helicopter patrolling the Mediterranean for illegal immigrants spotted it and forced it to retreat, according to Libyan and Western officials.

# Pakistan Is Roiled by Bombs, Sharif's Arrest

BY SAEED SHAH  
AND WAQAR GILLANI

LAHORE—Pakistan was on edge Friday ahead of this month's election, as bombings killed at least 132 people at campaign events and ex-Prime Minister Nawaz Sharif was arrested upon his return to the country.

The developments added to the stakes of the July 25 vote pitting Mr. Sharif's pro-business party against a new force in politics here, former cricket

star Imran Khan's nationalist party.

Mr. Sharif and his daughter and political heir Maryam Nawaz Sharif were both arrested in their hometown of Lahore on Friday when they returned from London after both were convicted in court this month on corruption charges. They say the charges were trumped up by the courts and military.

Police had set up barricades across Lahore to prevent Mr. Sharif's supporters reaching

the airport and detained activists of Mr. Sharif's Pakistan Muslim League-N party. His party said 500 party supporters were held. Officials didn't state a number but said they detained only terrorist suspects and "antisocial elements."

The political turmoil was set against a violent backdrop.

Officials said a suicide bombing at a rally in the sparsely populated Western province of Balochistan killed at least 128 people, including a

local candidate who held the event, and injured more than 100.

It was one of the worst terrorist attacks in Pakistan.

Islamic State militants claimed responsibility, as they have done for several previous blasts in the country.

Earlier on Friday, a bombing at a campaign convoy of an Islamist party in the northwestern town of Bannu killed at least four people.

No group claimed responsibility.

Many people were surprised by Mr. Sharif's return to Pakistan because he was sure to be imprisoned following his conviction.

But he said he aimed to confront a military he says orchestrated his conviction and backs his political opponent in an effort to undermine civilian rule.

The military, which has staged four coups in the past, denies the accusations and says it now supports democracy.

# U.S. Mulls Oil-Reserve Release

Continued from Page One with the matter.

Meanwhile, Fatih Birol, director of the International Energy Agency, a group that advises industrialized nations on

energy policy and coordinates emergency oil releases globally, told a private dinner last month that a release was an option if supply outages worsen, according to people at the dinner.

An IEA spokesman declined to comment on the dinner, but said "we stand ready to act if necessary to ensure markets remain well supplied."

A few months back, a release of strategic oil reserves sounded far-fetched. In the past, such a move has been a

last-ditch option, often triggered by war. There have been just three IEA-coordinated releases—the most recent was in 2011 at the height of the Arab Spring.

A number of big, recent supply disruptions, however, have combined with rising oil demand to send prices marching to a series of 3 1/2 year highs. A collapsing economy in Venezuela has cut production there. U.S. sanctions against Iran threaten to bottle up that country's exports.

Until this past week, rebels had forced the closure of Libya's oil export terminals. Underscoring the tightness in markets, when Libya's national oil company said Wednesday that those facilities would soon reopen, oil prices tumbled in relief.

Late Friday, international crude prices were trading down 3% for the week. But they are still up 11% from the start of the year.

Saudi Arabia, fellow members of OPEC and Russia have all vowed to ramp up output to make up for any shortfall. Oil market watchers, though, are skeptical they have the capacity to fully compensate for all those missing barrels, and keep up with rising demand.

In its monthly oil market report, the IEA warned Thursday that Saudi Arabia's higher output was reducing its spare capacity—production it can quickly turn on in an emergency. That could make the world vulnerable to the next, unexpected outage, it said. Saudi Arabia's higher output "comes at the expense of the world's spare capacity cushion, which might be stretched to the limit."

Members of the IEA agree to hold 90 days of oil stocks for emergencies. The Paris-based agency coordinates the logistics of a release, though individual countries have the final say in whether they participate or not. They can also act unilaterally, as the U.S. did last year when it released about 5 million barrels in the wake of refinery outages during Hurricane Harvey.

In the U.S., higher oil prices come at a politically sensitive moment—just ahead of midterm congressional elections. Mr. Trump's fellow Republicans are trying to retain control of both chambers. Gas prices, which rise with oil, have historically been a hot-button issue for voters.

In recent months, Mr. Trump has blamed OPEC for the higher prices, cajoling the cartel on Twitter and demanding it boost output. He has also publicly pressed Saudi Arabia to raise production.

"Few things terrify an American president like rising pump prices. Period. End of

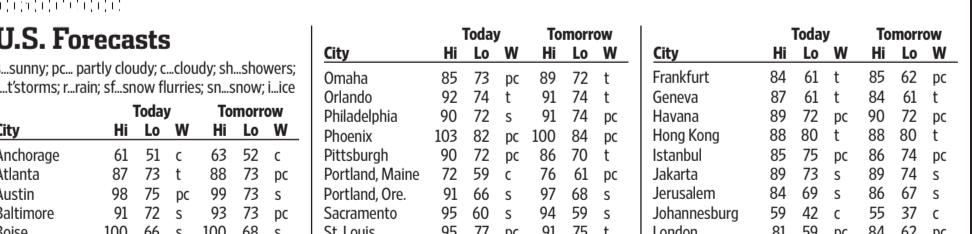
story," said Bob McNally, a former energy adviser to then-President George W. Bush and now a private consultant.

Energy Secretary Rick Perry said the SPR was for emergencies, not for easing gas prices.

"It's there for an emergency type of response, not as a market manipulator," he told reporters last month.

According to people familiar with the debate inside the Trump administration, any major release from the U.S. would be contingent on a further, steep rise in oil prices from today's levels—more than 10%. A release would also only come if it became apparent

## Weather



## U.S. Forecasts

s=sunny; pc=partly cloudy; c=cloudy; sh=showers;

t=tstorms; r=rain; sf=snow; fl=flurries; sn=snow; lce=ice

Today Tomorrow

Hi Lo W Hi Lo W

Alaska 61 51 c 63 52 c

Atlanta 87 73 t 88 73 pc

Austin 98 75 pc 99 73 s

Baltimore 91 72 s 93 73 s

Boise 100 66 s 100 68 s

Boston 79 67 pc 81 69 pc

Burlington 83 66 t 87 64 pc

Charlotte 89 71 pc 92 72 pc

Chicago 86 72 pc 87 74 pc

Cleveland 92 71 pc 88 70 pc

Dallas 98 79 s 99 79 s

Denver 96 62 s 85 59 t

Detroit 91 71 t 90 71 pc

Honolulu 87 75 sh 88 77 pc

Houston 93 77 t 97 77 t

Indianapolis 93 74 s 88 74 pc

Kansas City 89 72 t 91 74 t

Las Vegas 103 87 pc 105 89 pc

Little Rock 97 77 pc 97 77 s

Los Angeles 88 69 s 85 69 pc

Miami 90 75 sh 91 75 pc

Milwaukee 82 68 t 83 70 pc

Minneapolis 89 71 pc 87 63 t

Nashville 95 76 s 92 77 c

New Orleans 93 76 t 94 76 pc

New York City 90 74 pc 88 74 pc

Oklahoma City 96 75 pc 96 74 s

## International

Today Tomorrow

Hi Lo W Hi Lo W

Amsterdam 75 56 pc 80 61 pc

Athens 93 76 s 93 73 s

Baghdad 112 81 s 113 84 s

Bangkok 89 79 sh 88 78 c

Beijing 85 75 t 88 78 t

Berlin 76 56 pc 76 58 pc

Brussels 79 58 pc 82 61 s

Buenos Aires 68 48 pc 60 40 pc

Dubai 105 90 s 102 92 s

Toronto 85 68 t 87 69 s

Vancouver 78 61 s 79 61 s

Dublin 74 59 pc 70 53 s

Edinburgh 71 58 pc 71 58 s

Zurich 85 59 s 83 59 t



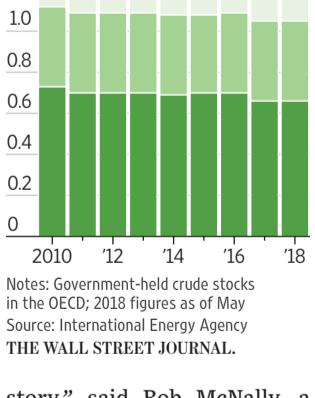
Supply disruptions and rising demand have boosted oil prices.

## Global Cushion

Emergency oil stocks held around the world

U.S. Asia/Oceania Europe

1.4 billion barrels



# OBITUARIES

RICHARD ELDEN  
1933 – 2018

## Investor Used a Reporter's Skills to Pick Hedge Funds

By JAMES R. HAGERTY

**A**s a Northwestern University student in 1953, Richard Elen joined six other college newspaper editors on a tour of the Soviet Union at a time when few Americans were let in. They toured a pig farm, survived vodka toasts and were trounced by a local team in basketball.

The articles he wrote about his three-week tour propelled him into a career as a Chicago newspaper reporter. In his early 30s, he reinvented himself, earning an M.B.A. degree at the University of Chicago and later founding Grosvenor Partners, a pioneering fund investing in hedge funds run by others.

He and his colleagues credited his journalistic skills—skepticism, thorough questioning, checking of facts—for his success in choosing which investment managers to back. "He did background checks on money managers when most people just looked at their record," said Byron Wien, a vice chairman at Blackstone Group.

The Chicago-based firm Mr. Elen founded in 1971, now called GCM Grosvenor, had about \$13.4 billion under management when he stepped down in 2005.

Mr. Elen also helped Carl Icahn set up a hedge fund that raised \$1.6 billion in 2004. He typically rose before dawn to run, in all types of Chicago weather, a discipline he maintained well into his 80s.

Mr. Elen died of melanoma June 27 at his home in Chicago. He was 84.

Richard Elen was born Aug. 2, 1933, in Chicago. His father worked for Esquire Inc., the magazine publisher.

The younger Mr. Elen was 20 when he and other student editors flew to the Soviet Union in December 1953. Their 5,000-mile tour included stops in Moscow, Kiev, Baku and Tbilisi.



At a collective farm in Ukraine, "the Soviets were proud of some newly born pigs," Mr. Elen wrote after returning to the U.S. "They showed us through the barns and I noticed that all of them were reasonably clean."

At a blacksmith's house, he reported "we drank many toasts and were fed a very substantial meal of sausages and roast goose." They were sensitive to local ways: "Failure to drink to the bottom would indicate, to the Russian, that you don't want a lasting peace."

Pitted against local basketball players at a university in Tbilisi, the Americans lost 22 to 9. "They never called a foul on us and the students applauded every time we scored, but never when their team did," Mr. Elen wrote.

Though he thrived as a reporter, he decided he would rather make things happen than write about them. His M.B.A. from the University of Chicago helped him get a job as a securities analyst at A.G. Becker & Co. While there, he came across "Beat the Market," a 1967 book by Edward O. Thorp and Sheen T. Kassouf. Their system of hedging an array of stock positions

with warrants and convertible bonds struck Mr. Elen as better than trying to pick stocks.

The book inspired him to found Grosvenor in 1971 with \$500,000 in capital. Rather than running his own portfolio, he chose to invest in hedge funds managed by other people, creating a fund of hedge funds. That was an unknown entity in the U.S. in the early 1970s, though Georges Karlweis had created a similar fund in Geneva.

At first, Mr. Elen's only employee was a part-time secretary. After two years, he hired a friend from his University of Chicago days, Frank Meyer, whose statistical and quantitative skills complemented Mr. Elen's ability to size up people.

In the 1970s and 1980s, investors in hedge funds were mainly rich individuals. Institutions "sort of viewed hedge funds as a sinister activity," said Mr. Wien, then an executive at Morgan Stanley. He introduced Mr. Elen to Japanese institutions eager to try investing in hedge funds. Soon institutions world-wide embraced them, vastly expanding the business.

Grosvenor diversified into other types of investment, including merger arbitrage and distressed credit. After stepping down from Grosvenor at age 71, Mr. Elen and other partners—including his son, Tom—set up a fund that invested in funds run by activist investors.

He is survived by his wife of 57 years, Gail, as well as two children and a sister.

Though he relished skiing, tennis and the arts, his friend Mr. Wien kidded him about his rigid dietary and exercise regimens. "I often teased him that he was going to live forever but I didn't know if he was going to enjoy it or not," Mr. Wien said.

◆ Read a collection of in-depth profiles at [WSJ.com/Obituaries](http://WSJ.com/Obituaries)

ARVID CARLSSON  
1923 – 2018

## Work on Dopamine Netted Swede a Nobel

**I**n the mid-1950s, the University of Lund in Sweden rejected Arvid Carlsson's application for promotion from his research job to associate professor of pharmacology. That proved to be a stroke of luck.

Forced to look at other options, he found temporary work in a pharmacology lab at the National Heart Institute in Bethesda, Md. Techniques and ideas he learned there set him on a path that led to a 2000 Nobel Prize in medicine for research on dopamine's role in transmitting signals in the brain.

His work led to drugs treating Parkinson's disease and helped pave the way for antidepressants including Prozac.

Dr. Carlsson's early research

thrust him into an academic dispute between the "sparks" and "soups" about whether nerve impulses were transmitted through electrical or chemical means. Scientists now agree those signals come in both forms, but that wasn't obvious in the late 1950s. At a 1960 conference in London, some of the world's top scientists in his field dismissed his work as nonsense.

The experts' doubts spurred him. "I am pleased as long as people are saying they don't believe in me," he said later. "Then I feel I'm probably on the right track."

Dr. Carlsson died June 29 in Gothenburg, Sweden, at the age of 95.

—James R. Hagerty

JEREMY GOLD  
1942 – 2018

## Actuary Raised Alarms Over Pension Risks

**I**n the sedate world of actuarial science, Jeremy Gold was a bomb thrower. He regularly accused public pension-fund managers of taking too much risk and underestimating their liabilities to current and future retirees.

"Where are the screaming actuaries yelling in these burning theaters?" he asked in a 2015 speech at the Massachusetts Institute of Technology. He cited the pension shortfall faced by state and local governments, usually pegged today at between \$1.6 trillion and \$4 trillion.

Some governments ran up those debts by paying less than actuaries recommended. Others made payments endorsed by actuaries based on projected returns that never arrived.

"Actuaries should have been the cops here...applying science while all around them were doing politics," Mr. Gold said.

He was a wild child of the 1960s who flunked out of college before getting his act together.

He became "a maverick with a message...that we need to face up to the wreckage that public pensions face," said Olivia Mitchell, a professor at the University of Pennsylvania's Wharton School and an expert on pensions. "His work changed the way the profession thinks about retirement systems."

Mr. Gold died July 6 in New York of myelodysplastic syndrome, which developed into leukemia. He was 75.

—Heather Gillers

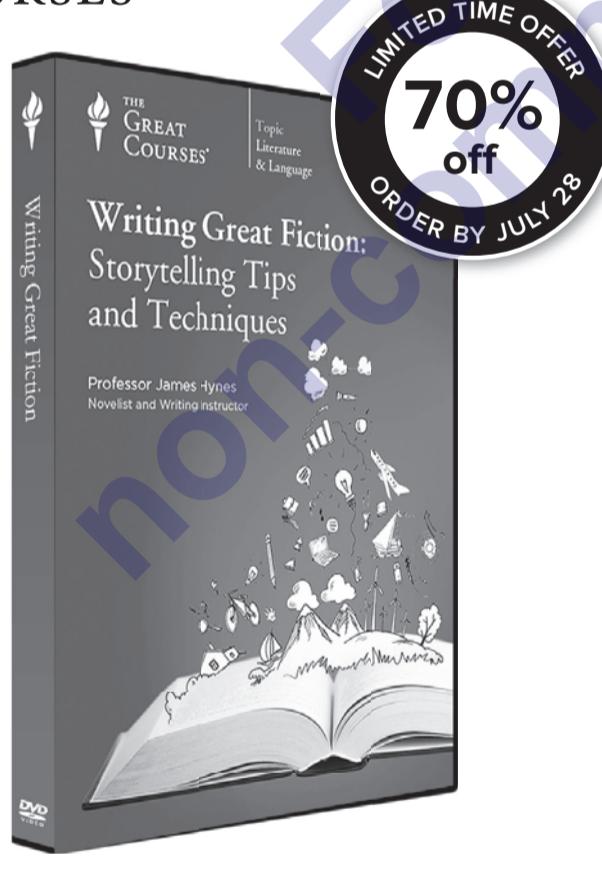
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## IN DEPTH

# Sexting Topple Lawyer

*Continued from Page One*

Ms. Vassell, 43, is under investigation by the police department in Naperville, Ill., where she lives, for alleged harassment by electronic means, a misdemeanor offense. She denied wrongdoing, and said in an interview that telling others what happened between her and Mr. Voge wasn't a crime. She said Mr. Voge tried to bully her into silence, which he denied.

Mr. Voge went to the police, he said, because Ms. Vassell bombarded him and others with harassing emails about their liaison that included untruths.

The lawyer and suburban mom left behind a long record of their electronic relationship—a months-long cascade of emails and texts that tracked a roller-coaster path from courtesy to intimacy to anger, according to exchanges viewed by the Journal.

Mr. Voge and Ms. Vassell say they feel betrayed by the other. They continue to obsess over what happened, facing strained marriages and humiliation. They accuse each other of lying. Both say they will be vindicated when the complete set of text exchanges is revealed by police or in court.

Mr. Voge said he has mulled over his therapists' theories that chemicals in his "heathen, sex-oriented" brain took over his more rational side while he was away from his wife in Chicago. "I think that if you commit any sin," he said, "the worst thing you can do is deny your sin."

For her part, Ms. Vassell said she has a problem with sending impulsive emails. "Don't you think we both could be at fault?" she said.

## Chance encounter

It happened that Ms. Vassell met Mr. Voge through the New Canaan Society, a national group of Christian businessmen. "The pressures and temptations for men are great," the group says on its website. "NCS gives guys a place to form deep friendships."

Ms. Vassell began communicating with the group about a year ago. Her emails reached the board, which includes corporate executives, investment managers and evangelical leaders. She wrote that the founder of the New Canaan Society, James Lane, paid to have sex with her in Chicago around the time he began organizing the group in the mid-1990s.

Ms. Vassell had been the victim of sex trafficking, she wrote, and Mr. Lane, more than 20 years older, was the first man she was sent to. Their relationship lasted from 1995 to 1997, she said. Mr. Lane has acknowledged having a relationship with Ms. Vassell in the past. Through his lawyer, he declined to comment for this article.

In the emails, Ms. Vassell sought acknowledgment from Mr. Lane about his role in what she described as a low point in her life. Ms. Vassell kept sending emails asking that the New Canaan Society remove Mr. Lane from its website and for the group to disband.

Her reconnection with Mr. Lane came by chance. A pastor had recommended a biography of German theologian and anti-Nazi dissident Dietrich Bonhoeffer, she said. The book had an endorsement from Mr. Lane and mentioned his Christian men's group. It triggered old memories and spurred her into action.

After Ms. Vassell's emails arrived, Mr. Lane sought help from Mr. Voge, who was a longtime friend. The men had met in the 1990s while working in London—Mr. Voge for Latham, and Mr. Lane for Goldman Sachs. They attended St. Michael's Chester Square Church, where Mr. Voge, his wife and Mr. Lane's wife taught Sunday school together. Mr. Voge later joined the New Canaan Society board.

Mr. Voge in September became the group's contact with Ms. Vassell. He encouraged Ms. Vassell and Mr. Lane to attend a Christian mediation and reconcile their differences. "A home run is if the two come out smiling and saying they forgive each other," Mr.



RYAN DORR FOR THE WALL STREET JOURNAL

William Voge, former chairman of Latham & Watkins LLP, at his house in Jackson, Wyo.

*'I was irrational, I was stupid and I was reckless.'*

William Voge

Voge said in a recent interview.

## Christian sympathy

In his early emails, Mr. Voge expressed sympathy to Ms. Vassell, saying he had worked with organizations that fight sex trafficking. "I am very sorry this happened to you. I also understand how that hurt became deeper when the wounds were reopened," he wrote Sept. 4.

In another email, he said: "Go ahead and cause irritation to Jim—he wounded you," but spare Mr. Lane's family.

Ms. Vassell said she too had a Christian awakening, at age 23. She studied computer science and theology, she said, and married Richard Vassell, an IT professional, in 1999. They settled in a 3,000-square-foot brick house on a tree-lined cul-de-sac in Naperville, Ill.

The exchanges with Mr. Lane and the New Canaan Society triggered symptoms of post-traumatic stress disorder, Ms. Vassell said, and she sought help from therapists and pastors. She saw Mr. Voge as another sympathetic ear.

Mr. Voge finally persuaded Ms. Vassell and Mr. Lane to agree to mediation.

Throughout his law career, Mr. Voge relied on his calm under pressure, for being able to set aside emotions as he worked his way up the ranks.

After high school in rural Iowa, Mr. Voge enlisted in the U.S. Army, learning to intercept Russian communications while stationed in Germany. He used the GI Bill to earn an accounting degree at California State University, Fresno. He started law school at the University of California, Davis, and transferred to UC Berkeley to finish a law degree and earn an M.B.A. His wife, at the time just a Berkeley classmate, helped him rekindle his Christian faith, he said.

In 1983, Mr. Voge began work in the San Diego office of Latham & Watkins, at the time a primarily West Coast firm.

*'Don't you think we both could be at fault?'*

Andrea Vassell

He said he felt out of place in those early years compared with his better-credentialed colleagues, but didn't quit.

Mr. Voge raised his hand to help expand the firm's offices in New York and London. He developed a specialty: advising lenders and borrowers on international oil-and-gas infrastructure projects. He crisscrossed the globe for projects in Pakistan, Russia, Venezuela and Qatar, joining American Airlines's 8 million-mile club.

In January 2015, Mr. Voge took over as chairman of the 2,600-lawyer firm. He followed Robert Dell, who through two decades had expanded Latham from its Los Angeles roots into a global powerhouse.

During his tenure, Mr. Voge said, he pushed for the promotion of minorities and women.

## Steamy texts

In November, Mr. Voge flew to Chicago for firm meetings. On Sunday night, he said, he began preparing an annual financial update for his 700 partners.

While working on the presentation, he and Ms. Vassell swapped emails about the continuing dispute with Mr. Lane. Then they began texting—he at the Langham hotel, she at home 40 miles away.

At first, the messages were innocent, discussing what he

was doing that week in Chicago. The talk turned flirtatious, then sexual.

The steamy back-and-forth

went on for more than an hour. Going to bed around 11 p.m., Mr. Voge said he recalled thinking, "What the heck did I just do?" Later in the week, he did it again by text. They also emailed and spoke briefly by phone. They talked about meeting in person but never did.

Mr. Voge finished his meetings and boarded a plane to Mexico to meet his family for Thanksgiving. His remorse began on the first-class flight to the family's vacation home in Baja California, outside Cabo Pulmo.

He wondered how he could explain his actions to his wife,

a former lawyer who now ran an ice cream shop with their daughter.

"I knew it was wrong," Mr.

Voge said.

The Voges, their five grown

children and three spouses

were together on Thanksgiving in Mexico. The family roasted a whole pig in the yard.

The next Monday, Ms. Vassell emailed copies of the explicit text messages with Mr. Voge to Mr. Lane and to the New Canaan Society's chief executive.

Mr. Voge resigned by email

from the Christian group's

board. "I may have caused us more grief than I was trying to

resolve," he wrote. "It was not my intention to ever make matters worse."

Then Mr. Voge told his wife. He said he had planned to tell her before Ms. Vassell sent the emails. The Voges cut short their vacation and returned to Solana Beach.

Mr. Voge in a phone call with Latham management offered to resign as chairman. They didn't accept.

## Bad to worse

That week, Mr. Voge spoke with Ms. Vassell by phone and sent an apology by text. He said he wanted no further contact. She responded that she would neither accept his apology nor be silent.

"You are insane if you think I am not coming after you with everything I have," she wrote. "...Men abuse and exploit women and then the church that is dominated by male Elders steps forward and tells the women to forgive. That stupid sh— stops with me!"

On Nov. 30, Mr. Voge's lawyer, Terry Ekl, sent a letter by messenger to her home that threatened legal action if she didn't stop contacting Mr. Voge, his law firm or anyone affiliated with him. The letter said Mr. Voge would "pursue every criminal and civil remedy...including the reporting of this criminal activity to the law enforcement authorities."

When the letter arrived, Ms. Vassell said, "I just lost it."

Ms. Vassell emailed a copy of the letter to two Latham partners and wrote, "I'm very scared." The next day, she emailed Latham's general counsel, Everett Johnson: "I wanted to be clear that I'm not accusing Bill Voge of any kind of sexual misconduct from my perspective. We were consenting adults."

By November, accusations of assault and harassment against Hollywood producer Harvey Weinstein had triggered similar reports against other men. As more women

came forward, corporate America began to contend with allegations of misconduct by men in positions of power.

Ms. Vassell continued sending emails about Mr. Voge to New Canaan Society members, Latham partners, the head of a competing law firm and, later, to a few media outlets. She also emailed Jami Voge, Mr. Voge's wife.

From December to April, Ms. Vassell sent more than 90 emails to Mr. Voge. In some, she said he had done nothing wrong and that she was upset she couldn't be with him. In others, she lashed out at him. Many included sexual fantasies. In one, she said she had pleaded guilty to harassment in 1998.

"I was just impulsively emailing," Ms. Vassell said. "I was not sleeping. It was a struggle."

## Last straw

On Jan. 27, Ms. Vassell sent a lengthy email to more than 50 New Canaan Society chapter leaders, saying she was "enraged at Bill Voge" and demanding accountability for his actions. Mr. Voge read it from a second vacation home in Jackson, Wyo., and said it "sent me over the deep end."

The next day Mr. Voge received a text from Richard Vassell, Ms. Vassell's husband. They had communicated cordially earlier that month, but this time Mr. Voge said that Ms. Vassell was committing crimes and would go to jail if she didn't stop.

"Richard, it is not threats about jail," Mr. Voge wrote. "She will be in jail!!!"

In another text, Mr. Voge said, "She has committed multiple felonies and the evidence is overwhelming."

That same weekend, Mr. Voge's lawyer, Mr. Ekl, sent an email to Ms. Vassell urging her to stop telling people about her interactions with Mr. Voge or risk legal action. Ms. Vassell asked if she could speak about it with her pastor and therapists. Mr. Ekl said she could as long as she told him.

The emails from Ms. Vassell slowed. She said she later believed she was coerced into agreeing to Mr. Ekl's demands. "I just felt so micro-controlled," she said. "It was so much pressure."

In early March, Mr. Voge and his wife left for a vacation in South America. While in Buenos Aires, an attorney called Mr. Voge's lawyer and said he represented Ms. Vassell. He said Ms. Vassell and a reporter at the legal trade publication Law360 were discussing her communications with Mr. Voge.

The lawyer, Michael Cheronis, said Ms. Vassell's cooperation with the publication would stop for a consideration of "at least six figures," according to Mr. Ekl.

Ms. Vassell said she never wanted money from anyone involved and never gave the lawyer permission to ask for any. Soon after hiring Mr. Cheronis, she said, she told him to stop speaking for her. Mr. Cheronis said he couldn't comment without Ms. Vassell's consent.

Mr. Voge said he refused to make any payments. He and his wife again returned home early from vacation, skipping a planned hike in Patagonia.

The same day the Voges left for South America, Ms. Vassell emailed copies of the heated text exchanges between Mr. Voge and her husband to Latham's general counsel. By the time the Voges returned, Latham's executive committee had read the texts and were reconsidering his resignation offer.

In mid-March, the firm's leadership gathered and called Mr. Voge in California. They said they had decided to accept his resignation and asked him to retire immediately.

The firm issued a statement on March 20, saying Mr. Voge's "lapses in personal judgment made continued service as chair untenable" and that the conduct, while unrelated to the firm, was not befitting a Latham leader. Law360 reported that day on the texts between Mr. Voge and Ms. Vassell, as well as those with Ms. Vassell's husband.

Ten days after losing his job, Mr. Voge sent Latham's partnership an email: "For those of you who had the courage to tell me of your disappointment, I want you to know that your disappointment in me will never exceed my own disappointment in myself."

Latham & Watkins LLP has over the past decade become one of the highest grossing law firms in the world.

Revenue \$3 billion

Headcount 3 thousand attorneys

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## OPINION

## An Ally Sizes Up Donald Trump

By Tony Abbott

**E**ighteen months into Donald Trump's term, the world is having trouble coming to grips with the most unconventional American president ever. Still, he is neither a bad dream from which the U.S. will soon wake up, nor a fool to be ridiculed.

For someone his critics say is a compulsive liar, Mr. Trump has been remarkably true to his word. Especially compared with his predecessor, he doesn't moralize. It's classic Trump to be openly exasperated by the Group of 7's hand-wringing hypocrisy. Unlike almost every other democratic leader, Mr. Trump doesn't try to placate critics. He knows it's more important to get things done than to be loved.

The holder of the world's most significant office should always be taken seriously. Erratic and ill-disciplined though Mr. Trump often seems, there's little doubt that he is proving a consequential president. On the evidence so far, when he says something, he means it—and when he says something consistently, it will happen.

**When he says something consistently, it will happen. And his message is that America will remain a reliable partner, but don't expect too much.**

He said he'd cut taxes and regulation. He did, and the American economy is at its strongest in at least a decade. He said he'd pull out of the Paris climate-change agreement and he did, to the usual obloquy but no discernible environmental damage. He said he'd scrap the Iranian deal, and he did. If Tehran gets nuclear weapons, at least it won't be with American connivance. He said he'd move the U.S. Embassy to Jerusalem, and he did, without catastrophe. He said he'd boost defense spending. That's happening too, and adversaries no longer think that they can cross American red lines with impunity.

In Mr. Trump's first year, he acted on 64% of the policy ideas proposed in the Heritage Foundation's "Mandate for Leadership" agenda—not bad compared with Ronald Reagan's 49%.

It's a pity that he kept his promise to pull out of the Trans-Pacific Partnership. But his concerns about that deal shouldn't be dismissed. In the short term, freer trade can be better for rich people in poor countries than for poor people in rich ones.

**Andrew Cuomo's FAIR Health was supposed to make costs transparent. It hasn't worked out.**

Mr. Frank, an actuary, was outraged. The hospital, he was sure, had inflated his bill, and then his insurer had negotiated a lower rate. That smacked of collusion.

Mr. Frank called me because my name had appeared in the media regarding a lawsuit against a different insurer. After hearing his story, I told Mr. Frank what I thought was an odd twist: I'd recently had two hips replaced, six months apart, at the same hospital that had treated him.

"What did they cost you?" Mr. Frank asked.

"Just my deductible," I answered.

But then he asked what the total price had been, and I had to admit, sheepishly, that I didn't know.

My policy didn't have a 10% copay,

Mr. Trump thinks that the effect of freer trade has been to make America's rivals stronger. But as the Harley-Davidson example shows, global supply chains mean that even "all-American products" are made all over the world. The consequence of taxing imports can be losing exports, too, as other countries retaliate. So far, though, Mr. Trump's strong rhetoric and tough action haven't triggered a full-scale trade war, but have forced other countries to address America's concerns about technology theft and predatory pricing.

Then there's the nuclear diplomacy with North Korea. Maybe a hitherto brutal dictator is looking for the survival strategy that Mr. Trump has offered. On the other hand, it could turn into a latter-day version of the Iran deal, in which pressure is eased on the basis of promises that are never fully kept, while leaving allies unsure of American support. That's the trouble with one-on-one meetings. They may be good for building trust, but they're bad for making decisions, because each participant has his own version of what was meant.

Still, whatever your judgment on Mr. Trump's presidency so far, he has 2½ more years in the world's biggest job and every chance of being re-elected. He is the reality we have to work with.

For Australia, Mr. Trump has so far been a good president. Despite his testy initial conversation with Prime Minister Malcolm Turnbull, he has honored the "very bad deal" that President Obama made to take boat people from Nauru and Manus Island to settle in the U.S.

Mr. Trump seems to appreciate that Australia is the only ally that has been with America, side by side, in every conflict since World War I. He has exempted our steel and aluminum from the tariffs slapped on many others. As a country that's paid its dues, so to speak, on the American alliance, we have been treated with courtesy and respect. Still, that's no grounds for complacency in dealing with a transactional president.

As weightier allies found at the NATO summit this week, Mr. Trump is reluctant to help those who don't pull their weight, and who can blame him? America has been the world's policeman, the guarantor of a modicum of restraint from the world's despots and fanatics. No other country has had both the strength and the goodwill for this essential task.

And America's thanks for its seven decades of watchfulness and its prodigious expenditure of blood and treasure? Condescension from the intellectuals whose freedom the U.S. has protected, and commercial exploitation by the competitors that the American-led global order has created. It's little wonder



President Trump and NATO leaders in Brussels, July 11.

that Mr. Trump wants trade that's fair as well as free, or that he's tired of allies who give sermons from the sidelines while America keeps them safe.

The truth is that the rest of the world needs America much more than America needs us. The U.S. has no threatening neighbors. It's about as remote from the globe's trouble spots as is possible to be. It's richly endowed with resources, including energy and an almost boundless agricultural capacity. Its technology is second to none. Its manufacturing base is vast. Its people are entrepreneurial in their bones. From diversity, it has built unity and an enviable pride in country.

In many respects, America is the world in one country, only a better world than the one outside. If it decided to live in splendid isolation from troubles across the sea, it would lose little and perhaps gain much, at least in the beginning. A fortress America would be as impregnable as any country could be.

**M**r. Trump is clearly impatient with the liberal internationalism that has shaped American policy for 70 years, which he worries has been better for others than for the U.S. There are two possible versions of the evolving Trump doctrine. One goes something like this: America may help those who help themselves, but it will be likelier to help those who help America. The other, kinder version: They're your values too, so don't expect us to be the only ones fighting for them.

President Obama spoke beautifully about American values but was always cautious and sometimes slow to stand up for them. On his watch, the rules-based order was already unraveling. Mr. Trump is much more honest about the limits of American power. For all Mr. Obama's high-mindedness on fringe issues like climate change, Mr. Trump's America is more robust. It's certainly less apologetic and readier to use force. So at least for

those allies that don't shirk their responsibilities, Mr. Trump's America should remain a reliable partner. Just don't expect too much.

A new age is coming. The legions are going home. American values can be relied upon but American help less so. This need not presage a darker time, like Rome's withdrawal from Britain, but more will be required of the world's other free countries. Will they step up? That's the test.

I was prime minister when Mr. Obama declared at West Point in 2014 that America could not be the world's policeman on its own. My response was that America need never be alone, and that while it would have more important and occasionally more useful allies, it would never have a more dependable one than Australia. As prime minister, I wanted to be a welcome contrast to those White House visitors asking America to do things for them—asking instead what we could do for America.

When the WikiLeaks spying scandal broke, there was nothing but strong support from Australia. When Islamic State stormed to the gates of Baghdad, Australian special forces, military training teams and strike fighters were there almost as quickly as American ones, because the U.S. should never have to take on the world's fight solo.

Being America's partner, as well as its friend, is even more important now, given Mr. Trump's obsession with reciprocity. It may be the only hope of keeping America engaged in troubles that aren't already its own.

In my judgment, Australia should have upgraded its Iraq mission to "advise, assist and accompany" as soon as America did, and extended it into Syria. Australia should have mounted freedom-of-navigation operations in the South China Sea. And Australia should have not only welcomed the move of the U.S. Embassy to Jerusalem but moved ours, too.

The rise of China means that Australia can no longer take for granted a benign strategic environment. For the first extended period in my country's settled existence, the strongest power in our part of the world is unlikely to share our values. We can no longer be sure that a friendly nation will be the first to respond to a new challenge to peace, stability and decency in our region.

I fear there will have to be a much greater focus on strategic deterrence, especially if a rogue state like North Korea has long-range nuclear weapons—and especially if the American nuclear shield becomes less reliable.

My government increased Australia's defense spending from a historical low of 1.6% of gross domestic product to 2%. I made the commitment to continuous construction of major surface ships and began the process of acquiring new submarines.

To its credit, the Turnbull government has continued this work. But I fear that dramatically increased military spending in our region overall—up 60% in the past decade—means that rather more now needs to be done. Can Australia's ships be expected to operate without the air cover that an overstretched America may no longer provide? Can we afford to wait at least 15 years before the first of the next generation of submarines becomes operational? Does it really make sense for Australia to take a French nuclear submarine and redesign it for conventional power, making it less potent than it currently is?

My instinct is that acquiring a capacity to strike harder and further, while giving our country and our armed forces greater protection, could soon require military spending well beyond 2% of GDP. Our armed forces need to be more capable of operating independently against even a substantial adversary, because that is what a truly sovereign nation must be prepared to do.

**A**merica spends more than 3% of the world's biggest GDP on its armed forces, and the rest of the Western world scarcely breaks 2%. It's hard to dispute Mr. Trump's view that most of us have been keeping safe on the cheap. The U.S. can't be expected to fight harder for Australia than we are prepared to fight for ourselves. What Mr. Trump is making clear—to us and to others—is what should always have been screamingly obvious: that each nation's safety now rests in its own hands far more than in anyone else's.

*Mr. Abbott served as prime minister of Australia, 2013-15. This is adapted from a speech he delivered Wednesday at the Heritage Foundation in Washington.*

## You Can't Put a Price on a Hip Replacement, and That's a Problem



CROSS COUNTRY  
By Steve Cohen

How much does a new hip cost in New York? The answer isn't at all clear, despite Gov. Andrew Cuomo's efforts to improve price transparency. Confusing insurance deductibles and balance billing mean that the actual amount patients pay

can vary widely and unexpectedly, often with a painful shock.

That's what happened to Michael Frank, a 52-year-old Westchester County executive who had his left hip replaced in 2015. The Manhattan hospital charged roughly \$140,000. The insurance company paid a discounted rate of about \$76,000, and his share—a 10% copay, plus a couple of uncovered expenses—was a bit more than \$8,000.

**Andrew Cuomo's FAIR Health was supposed to make costs transparent. It hasn't worked out.**

Mr. Frank, an actuary, was outraged. The hospital, he was sure, had inflated his bill, and then his insurer had negotiated a lower rate. That smacked of collusion.

Mr. Frank called me because my name had appeared in the media regarding a lawsuit against a different insurer. After hearing his story, I told Mr. Frank what I thought was an odd twist: I'd recently had two hips replaced, six months apart, at the same hospital that had treated him.

"What did they cost you?" Mr. Frank asked.

"Just my deductible," I answered.

But then he asked what the total price had been, and I had to admit, sheepishly, that I didn't know.

My policy didn't have a 10% copay,

like Mr. Frank's, so I didn't pay much attention to the overall cost. But I told him I'd check. Eventually I learned that the hospital had charged \$175,000 for my right hip and \$180,000 for the left. The insurance company had paid discounted rates of \$75,000 and \$77,000.

That should have been the end of the story, save for my momentary guilt knowing that healthy young people's premiums were paying to replace my decaying baby-boomer parts. But I wondered: If I were facing a 10% copay, would I have been so quick to get into the operating room? Would I have shopped for a lower-cost alternative? What is the real market price for a hip replacement?

This last question should have been relatively easy to answer. In 2009, New York's then-attorney general, Andrew Cuomo, announced the creation of a nonprofit organization called FAIR Health. Its mandate is to provide consumers accurate pricing information for all kinds of medical services.

I found the FAIR Health website and queried its database. It reported that the out-of-network price for a hip replacement in Manhattan was \$72,656, close to what Mr. Frank's and my insurance companies had paid. The problem: We were both in-network, and FAIR Health estimated that cost as only \$29,162.

Something didn't make sense, so I called FAIR Health. "Maybe you had complications," the spokesperson suggested. Happily, I hadn't. I was discharged from the hospital each time in under 24 hours, with no issues and no need for a home health aide. How many data points did FAIR Health use to calculate its price estimate? I was told "4,500 in Manhattan over the last six months." Who submitted these prices? "The insurance companies."

I never did figure out the reason for the difference in pricing—but somebody ought to. Giving consumers predictability in health-care

costs is a smart idea, and although FAIR Health is trying, clearly there's a disconnect. Rather than relying on insurers, it might be more effective if FAIR Health collected pricing information directly from hospitals and doctors. That way the data would be less susceptible to selective reporting or massaging. That's what happened in the early 2000s, when class-action lawsuits revealed the main pricing database was being manipulated to the advantage of insurance companies.

Along with prices, FAIR Health

should report the number of procedures performed by each hospital and physician's practice. Together, these data would give consumers real comparative shopping power. Knowing whether a hospital is performing a particular procedure regularly or only occasionally would help patients make informed decisions about where to seek treatment.

Many policy experts believe transparent pricing is central to any attempt at controlling health-care costs. Nationwide, more than 300,000 people a year undergo hip

replacements. If a fraction of them have an experience similar to Mr. Frank's and mine, that's a lot of confusion and inefficiency clogging up the system. Real change won't come until patients have better information—data that are both accurate and granular.

How much does getting a new hip cost in New York? I've spent months trying to figure that out. Best I can tell, nobody really knows.

*Mr. Cohen is an attorney at Pollock Cohen LLP in New York*

## A Butler Will Serve You Right

By Jim Ross

**T**he best part about being a butler in 2018 is watching visitors' reactions when I greet them at the door. They look at me—tuxedoed, stone-faced, courtly—and either laugh out loud or turn ashen.

You can't blame them. Who has a butler these days? To be precise: Who has a butler in Ocala, Fla., the land of horse farms and retirement villages? Allow me to explain, my lords and ladies.

A few years ago, there was a fundraiser for the local literacy council. Some of my friends leveraged their creative skills by selling sketches and photos. Other friends hit up their wealthy contacts for donations. I also wanted to help but lacked any remunerative talents or rich acquaintances.

But I did love "Downton Abbey," which was the hit show at the time. I had a particular affinity for Carson, the fussy house butler. I decided to take on Carson's persona, if not his name, and hire myself out for \$25 an hour.

I had played Dr. Stahlbaum in our local production of "The Nutcracker," so I already owned a tux and tailcoat. My wife had a beautiful silver tray she allowed me to use. All I had to do was imitate Carson's mannerisms:

low and melodic voice, precise and measured movements, deferential and modest approach.

It worked. I served iced tea to ladies at a wedding shower, greeted the membership at a Kiwanis Club luncheon, and poured champagne for revelers at an 80th-birthday party. I butlered a "celebration of life" for a woman who died young. I ironed newspaper pages, flattening out the wrinkles, while on air with a local radio host. (Your newspaper pages haven't been pressed? The horror!)

**In my role as 'James,' I even appeared at the state prison north of town.**

I even made an appearance at the state prison north of town, regaling inmates with tall tales of James the Butler's professional background. It was a huge hit. Eat your heart out, Johnny Cash.

People who already know me as managing editor of the local newspaper play along with the act. Those who don't are often fooled. One older man asked whether I had trained in London. I momentarily broke character and told him the truth.

Those I meet are mostly shy around the new butler at first, hesitant to be treated like royalty, or at least the upper crust. But that quickly wears off. People endure so much indifferent customer service these days—face to face, on the phone, online—that they soon welcome help from someone who exudes care and spirit, as TV butlers have always done.

To misquote Paul Simon: Where have you gone, Alfred from "Batman" and Mr. French from "Family Affair"?

I'm not glorifying the idea of servants, and I won't romanticize the upstairs-downstairs dynamic. But what's the harm in offering people a slight bow, addressing them as sir or madam, and asking if they might like a glass of wine?

They think I care, and they are right. They think that caring isn't too much to ask, and they are right again. It might be my imagination, but the guests I serve seem genuinely happy, not merely amused. If that is true, then my work—or, rather, James's work—is complete. The butler did it.

*Mr. Ross is editor of "In Season," a Florida-themed essay anthology just out from the University Press of Florida.*

## OPINION

## REVIEW &amp; OUTLOOK

## After the Strzok Stonewall

**F**BI agent Peter Strzok's appearance before Congress Thursday was a predictable political circus, and here's what we learned: President Trump will have to declassify a host of documents if he wants Americans to learn the truth about what happened in 2016.

Mr. Strzok was combative, and he pointed to an FBI lawyer in the room as reason not to disclose much of anything about his investigation into the Russia connections of the Trump campaign. Under pressure from Ohio's Jim Jordan, Mr. Strzok did reveal that Justice Department official Bruce Ohr acted as a channel between the opposition-research firm Fusion GPS and the FBI in 2016. We already knew that Mr. Ohr's wife Nellie worked for Fusion.

This means that Fusion, an outfit on the payroll of the Clinton campaign, had a messenger on the government payroll to deliver its anti-Trump documents to the FBI. This confirms that the FBI relied on politically motivated sources as part of its probe, even as Mr. Strzok insists he showed no political bias in his investigating decisions.

Yet if this is the most Congress could pry out of the FBI's lead Russia investigator over 10 hours, legislative oversight won't discover the truth. Mr. Trump will have to help Congress by ordering Justice and the FBI to declassify the relevant documents. Consistent with protecting legitimate sources and methods, here is the document list Mr. Trump should want released:

- **The FISA applications.** Justice and the FBI made one application and three renewals for warrants against former Trump campaign aide Carter Page. The text of those applications would show the degree to which the FBI relied on the dossier compiled by Christopher Steele at the request of Fusion GPS. They would also show how honest FBI and Justice were with the Foreign Intelligence Surveillance Court that approves warrants.

- **Woods procedures documents.** The FBI is required to vet and support the facts its presents to a FISA court when it seeks a warrant to eavesdrop on a U.S. citizen. These rules are known as Woods procedures, and releasing sections of this Woods file would show the extent to which the FBI verified the dossier or other evidence it used

### Here's what Trump should declassify if he wants the truth known.

as its justification to listen to Trump campaign aides. More broadly, Mr. Trump should declassify any document that demonstrates what the FBI and Justice knew about the provenance and accuracy of the Fusion-Steele dossier.

- **The 302s.** These forms include information taken from the notes FBI agents make while interviewing a source or subject. Senate Judiciary Chairman Chuck Grassley last week asked Justice to declassify the 302s for 12 separate FBI interviews with Mr. Ohr concerning his contacts with Mr. Steele. De-classifying other 302s related to the subjects in this probe (including former Trump aides George Papadopoulos, Michael Flynn) would reveal what the FBI was told, who provided what information, and how much came from politically motivated sources.

- **The 1023s.** These are the equivalent of 302s for counterintelligence, and they document FBI debriefings with informants or sources. Mr. Trump should declassify these and other documents showing interaction between the FBI and Mr. Steele, Fusion GPS founder Glenn Simpson, Fusion backer Dan Jones, informant Stefan Halper, or anyone the FBI used to keep tabs on the Trump campaign. These documents would reveal the extent and dates of the FBI investigation of the Trump campaign.

Mr. Trump is undoubtedly being told that declassifying these documents would set a bad precedent, or risk accusations that he is undermining special counsel Bob Mueller's investigation. But the worst precedent would be letting mistrust and partisan suspicion persist over how law enforcement behaved during a presidential campaign.

Mr. Mueller's probe is also moving ahead without interference, as his indictment Friday of a dozen Russian agents for hacking Democratic National Committee computers shows. But indictments of Russians who will never see a U.S. courtroom don't tell us anywhere near the complete story. That duty falls to Congress, not to a special counsel whose job is deciding whether or not to prosecute crimes.

Mr. Trump is going to be attacked no matter what he does. He should declassify these records or stop complaining about his Justice Department's lack of cooperation.

## Steven Donziger Gets His Due

**P**laintiff attorney Steven Donziger's attempted looting of Chevron for spurious environmental crimes in Ecuador ranks among the biggest legal scams in history. The law finally caught up to Mr. Donziger this week as a New York court pulled his legal license.

Readers may recall Mr. Donziger's years-long effort to shake down Texaco (now merged with Chevron) for its alleged failure to clean up oil pits that it had drilled in Ecuador during the 1970s. Chevron claimed it had cleaned up the pits, but the plaintiff attorney exploited the left's loathing of Big Oil and Ecuador's shaky legal system. Many in the American media fell for it too.

An Ecuadorian court held Chevron liable for \$8.6 billion in damages. But Chevron fought back, and federal Judge Lewis Kaplan in 2014 exonerated the company. In a 485-page decision, Judge Kaplan rebuked Mr. Donziger for engaging in judicial bribery, coercion, witness tampering and hiring of an American consulting firm to ghostwrite an expert's reports, among other offenses against legal ethics.

Mr. Donziger once bluntly told a documentary filmmaker: "We have concluded that we need to do more, politically, to control the

### The lawyer who tried to shake down Chevron loses his law license.

court, to pressure the court. We believe they make decisions based on who they fear the most, not based on what the laws should dictate."

Luckily U.S. judges aren't as corruptible. A Second Circuit Court of Appeals panel unanimously upheld Judge Kaplan's ruling in 2016, but the shameless Mr. Donziger continued to importune other countries where Chevron has assets to enforce the fraudulent Ecuadorian judgment. An appeals court in Argentina and Brazil's Superior Court of Justice recently rejected Mr. Donziger's petitions.

On Tuesday New York's first Appellate Division took a step toward reigning in Mr. Donziger's marauding by suspending his license to practice. "Judge Kaplan's findings constitute uncontested evidence of serious professional misconduct which immediately threatens the public interest," the court declared.

Mr. Donziger's foot soldiers in other countries continue to try to enforce the judgment, but credit to the New York court for sending a strong message to conniving trial lawyers that their shenanigans won't be tolerated in American courtrooms.

## Trump's Merger Appeal to Obama

**T**he Justice Department wants to keep fighting AT&T's merger with Time Warner, and maybe it feels it must save face after the singeing rebuke by federal Judge Richard Leon last month. The irony is that the Trump trust busters are banking on Barack Obama's judges to do the saving.

Because the vertical merger combines two businesses that don't directly compete, the government must prove the deal would harm consumers and reduce competition. AT&T argued that marrying content with targeted advertising would help it compete with vertically integrated tech giants like Google and Facebook, which gobble up 60% of digital ad revenues.

Justice claimed AT&T would have leverage to charge other carriers more for Time Warner's supposedly indispensable content and drive customers to its DirecTV unit. But Judge Leon concluded after a six-week trial that the government's economic models were flawed and had failed to prove its case.

AT&T closed the deal last month but is keeping Time Warner as a separate unit pending the outcome of Justice's appeal. The telecom company should ultimately prevail, and CEO Randall Stephenson said on Friday that "we think the likelihood of this thing being reversed or overturned is really remote."

The government lost the last time it went to court to stop a vertical merger in 1977. But the Supreme Court hasn't adjudicated a vertical merger since 1972 when a majority blocked Ford's acquisition of a spark plug manufacturer. That merger combined two dominant companies

### Justice wants liberal judges to block AT&T-Time Warner.

in concentrated markets. Neither AT&T nor Time Warner dominate their markets, regardless of Justice's claims about HBO's invaluable content. Case in point: Netflix this week scored more Emmy nominations than HBO.

Some of the deal's critics say DirecTV's decision this month to increase prices on streaming packages by \$5 per month vindicates the Justice Department. But the government argued that the merger would cause other carriers to raise prices. DirecTV is responding to moves by YouTube TV and Dish's Sling TV to charge customers more as content becomes more expensive to acquire. The bidding war between Disney and Comcast for 21st Century Fox reinforces AT&T's argument that content is increasingly valuable and necessary to compete with Big Tech.

The media and broadband markets are evolving fast, and savor the politics: Trump appointee Makan Delrahim, who runs the Antitrust Division, is hoping that the Obama appointees who dominate the D.C. Circuit Court of Appeals will be more receptive to his populist pitch and establish a new antitrust precedent. Mr. Obama packed the D.C. Circuit, and the liberals may be inclined to block the merger to slow consolidation that's taking place across industries from health care to energy.

In the real world the intervention is more likely to frustrate investments that would increase competition and benefit consumers. Justice's appeal could mainly help Google and Facebook expand their digital dominance. Somewhere Barack Obama is smiling.

## OPINION

## LETTERS TO THE EDITOR

## Elites Miss the Point on Immigration Politics

In her July 11 op-ed "The Elites Feed Anti-Immigrant Bias," Joan C. Williams states that elites express "empathy for immigrants, viewed as vulnerable people separated from their families or fleeing persecution." Such empathy for immigrants, in part, contributes to elites' feelings of social honor. Elites champion the "scapegoated" immigrants.

Besides the honor elites derive from defending immigrants, however, they also derive a lot of savings from immigrants who trim their trees, nanny their children, landscape their yards and build their houses, all at rock-bottom prices. Many of these same elites then disparage blue-collar Americans who won't take backbreaking jobs for \$8 an hour. In my 20 years as a home builder and remodeler in Austin, Texas, I've seen that plenty of Americans will step up to do that kind of work when paid a decent, living wage. Working-class Americans aren't lazy or xenophobic, but they are deeply underbid by immigrants.

None of this is a criticism of immigrants, who I have found to be generally hard working and who seek only to get ahead in this world. But in general the low wages elites pay immigrants are a huge driver of the wage stagnation and income inequality they so often claim to resent. No wonder working-class Americans are angry.

ERIC ANDERSON

Austin, Texas

Intentionally or not, Ms. Williams misses an important distinction when she refers to "immigrants" in her discussion of blue-collar attitudes. That important distinction is between people who are here legally and people that are here illegally. Having grown up in a blue-collar community, I can attest that part of the ethical code in the blue-collar

culture is a sense of pride in America and American laws. People who are here illegally flout those laws, while legal immigrants did not. The "anti-immigrant" blue-collar sentiment tapped into by President Trump is almost exclusively about people who have come here illegally. Overlooking that critical distinction between "anti-immigrant" and "anti-illegal immigrant" seems to be part of the elites attempt to diminish blue-collar culture and its legitimate complaint.

MICHAEL GRIEVES  
Cocoa Beach, Fla.

Progressive elites agonizing over the conundrum of the white working class never gets old. After Hillary Clinton lost to Donald Trump, progressives seem to have splintered into different camps with regard to their take on the white working class. Ms. Williams, a prominent feminist legal scholar, urges her fellow elites to understand, empathize with and educate this class of Americans. Ms. Williams is convinced they can be drawn into the Democratic tent as another identity group if liberal elites would take a few simple steps. These include showing respect for national pride, explaining how President Trump's anti-immigrant and tariff policies hurt the working class economically, and ensuring that hardworking Americans qualify for and can secure good jobs.

Another progressive approach is to write off the white working class as a group of irredeemable bigots who are unwelcome in polite liberal society. In any case, they argue, the class will soon shrink as demographic trends work against whites. I fear this approach may carry the day among progressive elites in today's political climate.

ROGER HARRIS  
The Woodlands, Texas

## Tariffs Helped the U.S. Economy Find Its Legs

Hoyt Hilsman's "Tariffs Made America Great" (op-ed, July 11) was a great example of a playwright and novelist playing fast and loose with historical facts. American colonists in the 18th century did indeed resent tariffs imposed by the British government on goods imported into the colonies, and their anger over taxes and tariffs incited a rebellion. The missing piece in Mr. Hilsman's selective history is that after the revolution America used tariffs to protect its developing industries and fund its federal government.

Tariff revenue during the first six decades of the U.S. often accounted for about 90% of federal receipts. From the end of the Civil War until World War I, tariffs routinely represented half of federal revenue. Tariff revenue plummeted only after World War II ended.

The first U.S. Congress passed the Hamilton Tariff of 1789 to authorize collection of duties on imported goods. Tariffs were easier to collect than taxes, and they offered protection to infant American industries facing competition from better and less-expensive imports from England and its colonies. Tariffs bought time for the American textile industry to develop, setting

ANDERS SMITH  
Durham, N.C.

## As Border Separations Drag, Kids Internalize the Dread

As of July 12, the federal government has reunited barely more than half of the 105 children under age 5 who were separated from their families at the southern border ("Reunions of Migrant Kids Going Slowly," U.S. News, July 11). The prolonged separation of the remaining children from their parents deeply concerns me as an early-childhood-development advocate.

Research shows that simply taking young children away from parents can have serious negative effects, and when these separations stretch into weeks or months, the impact becomes toxic, altering the child's health, immune system and overall well-being. Chronic stress also weakens a child's cognitive functions that help them exercise self-control, problem-solving skills and other executive functions. Over time, the neural systems that support fear and defensive reactions become stronger, making these responses a child's default.

JACKIE BEZOS  
Seattle

## Pepper ... And Salt

THE WALL STREET JOURNAL



"Look, the product is okay; what it lacks is a compelling narrative."

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JAMES PARROTT  
The New School  
New York

MICHAEL REICH  
University of California  
Berkeley, Calif.

## OPINION

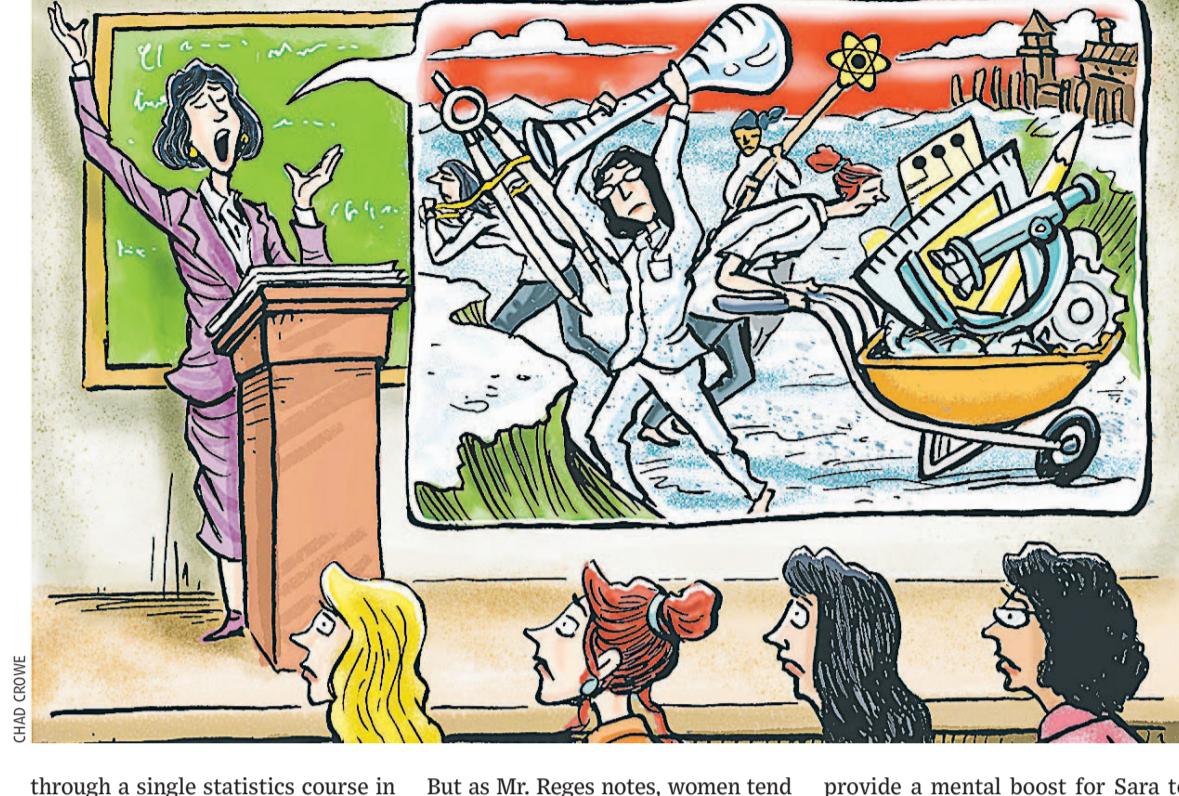
# Why Do Women Shun STEM? It's Complicated

By Barbara Oakley

**W**hy do relatively few women work in science, technology, engineering and mathematics? University of Washington lecturer Stuart Reges—in a provocative essay, “Why Women Don’t Code”—suggests that women’s verbal and analytical skills lead to career choices outside STEM. Mr. Reges’s critics say he is making women feel inferior by implying they aren’t interested in tech. I’m a female engineering professor with decades of experience as well as a background in the humanities and social sciences, so perhaps I can lend some perspective to the controversy.

I’ve observed that women tend to choose disciplines other than STEM, often for the reasons Mr. Reges mentions. Yet his argument is incomplete. An important but often neglected factor is the attitudes of undergraduate professors. Not STEM professors, but professors in the humanities and social sciences.

Professors have profound influence over students’ career choices. I’m sometimes flabbergasted at the level of bias and antagonism toward STEM from professors outside



CHAD CROWE

## SPORTS

WIMBLEDON

## MATCH FINALLY ENDS AT 26-24

By TOM PERROTTA

Wimbledon, England

**WHEN JOHN ISNER** and Kevin Anderson walked on to Centre Court for their semifinal match on Friday, everyone knew they would play for hours. They both serve like demons, and don't return serves particularly well.

But no one expected the longest match played on Centre Court in history. After six hours and 36 minutes, Anderson beat Isner 7-6(6), 6-7(5), 6-7(9), 6-4, 26-24. The final set was five minutes short of three hours, ending when—after many missed chances—Anderson broke Isner's serve and then served out the match.

"I don't know what got me through today's match other than just a will to try to succeed, keep pushing myself," Anderson said. "It's really tough playing him. The match was so even throughout."

Isner, who is 6-foot-10, and Anderson, 6-foot-8, have known each other since both men played college tennis (they faced each other back then). Anderson, 32 years old and a native of South Africa, has reached one Grand Slam final, at last year's U.S. Open. Isner, a 33-year-old American, was playing in a Slam semifinal for the first time in his career.

The match was intense from the start, with both men holding serve throughout the first two sets. In the third set Isner lost his serve for the first time (he had won all 110 of his previous service games in the tournament). But he broke Anderson's serve in the next game and went on to win the set in a tense tiebreak.

The stats from the match are staggering. Isner hit 129 winners, while Anderson hit 118. Isner smashed 53 aces; Anderson had 49. Many of the points were short, with no rallies at all, but others were fit for a highlight reel. Anderson, a right-handed slugger, saved the best for the end. With the fifth set tied at 24-all, he fell down in a rally and dropped his racket, picked it up and stood up, and then hit the ball left-handed (he soon won the point). Isner, who had already saved break points in the set, couldn't survive this time.

When Anderson won the last game, he didn't scream or look happy. Relief: That's what you get when you win an epic tennis match. The two of them hugged near the net and left the court to loud cheers from the crowd.

Isner had been in this spot before. At Wimbledon in 2010, he won the longest match in the history of tennis with a 70-68 score in the final set. The match, in the first round, took 11 hours and five minutes. No one has ever come close to breaking that record, so everyone expected this match wouldn't last as long. But for a while, it didn't seem like it would end. Isner fell behind several times while serving in the final set, but kept holding serve. He said the loss hurts, but he did the best that he could.

"I feel pretty terrible," Isner said. "My left heel is killing me. I have an awful blister on my right foot."

How excruciating was the match? So much so that both men said all Grand Slam events should follow the U.S. Open and have a tiebreak in the fifth set.

"I think it's long overdue," Isner said.



Kevin Anderson outlasted John Isner 7-6(6), 6-7(5), 6-7(9), 6-4, 26-24.



WORLD CUP

## The Cup's Greatest Upset

A country of Croatia's size toppling France in the final would be the tournament's biggest ever coup

By JONATHAN CLEGG  
AND ANDREW BEATON

Moscow

**LET'S BE HONEST:** Sunday's matchup between France and Croatia isn't the World Cup final anyone was hoping for.

The possibility of England and France renewing hostilities, a redemptive run from Brazil, or even a golden trophy for Belgium's golden generation were all more tantalizing options. Instead, we have a country that most Americans couldn't find on a map.

But now that it's here, it's time to acknowledge that this final could deliver something even more dramatic than a clash between soccer superpowers: The greatest upset in World Cup history.

"It really is amazing that a small country can do this," said Aljosa Asanovic, a member of Croatia's 1998 World Cup squad and a former assistant to the national team. "People around the world need to remember we have only four million people. We are like a part of Brooklyn."

Technically, Croatia's population is about 1.5 million bigger, but the fact remains that a country of this size making it this far in the biggest tournament of the world's most popular sport is completely absurd.

The club of World Cup winners is harder to get into than Vladimir Putin's office. Only eight countries have ever hoisted the trophy, and all of those—Argentina, Brazil, England, France, Germany, Italy, Spain and Uruguay—are countries that boast rich soccer traditions.

Most of them also boast populations that exceed Croatia's by tens of millions. Only Uruguay, with 3.5 million citizens, has won the World Cup with a smaller population base, and its two triumphs

came in 1930 and 1950, when the tournament comprised just 13 teams—and many of those still traveled by boat.

Given the increasingly global nature of the game, a Croatia win on Sunday wouldn't merely be the greatest upset the World Cup has witnessed. It would take everything we thought we knew about this tournament and plunge it into the depths of the Adriatic Sea.

"We are facing a daunting task," Zlatko Dalic, the Croatia manager, said of his team's prospects of lifting the trophy. "I have huge respect for France. There's no weaknesses in a team that is in a final."

Croatia's past isn't exactly filled with Ballon d'Or winners or international trophies. Mostly because Croatia didn't field a team until 1990, shortly before declaring independence a year later. Croatia went on to make its World Cup debut in 1998. It has made the knockout stages only once in four appearances since then.

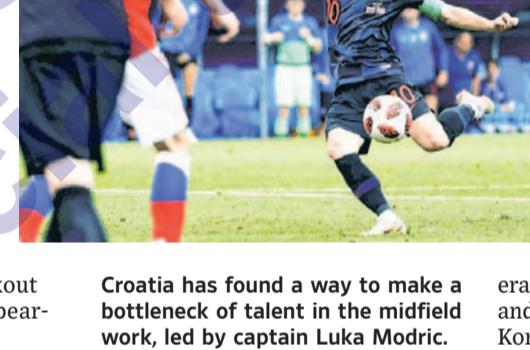
But there's another reason Croatia has no business being here. That's because no team has ever had a more improbable and exhausting run through the knockout stage in this tournament.

Croatia went down 1-0 in its round-of-16 meeting with Denmark. The Croats also trailed 1-0 in the quarterfinals against Russia. And they again fell behind 1-0 against England in the semifinals. No team has fought back from deficits in each of its three knockout games and gone on to reach the final.

"We've been 1-0 down three games in a row and we've overturned all of those," said Dalic. "We are a nation of people who

never give up, who are proud, who have character."

These weren't run-of-the-mill comebacks, either. All of them went to extra time. Two of them required penalty kicks—making Croatia just the second team in World Cup history to win two shootouts in the same tournament and the first to survive 120 minutes in all of its knockout games. Which is to say Croatia's unprecedented run wasn't merely improbable, it was physically exhausting, too.



Croatia has found a way to make a bottleneck of talent in the midfield work, led by captain Luka Modric.

Except these Croats have stunned the world with their endless reserves of energy. Whenever they fall behind and should be far too beleaguered to mount any sort of rally, they do exactly that.

Against England, after going down 1-0 in the fifth minute, they attacked relentlessly in the second half, ultimately completing the comeback in the 109th minute.

The only thing more surprising than Croatia's path to the final is the composition of the squad that has taken it there. Croatia has a half-dozen world-class players with one minor problem: They all play the same position. Luka Mo-

dric is the standout name in a glut of midfield playmakers that also includes Ivan Rakitic, Marcelo Brozovic, Mateo Kovacic and Milan Badelj.

Somehow, Croatia has found a way to make this bottleneck of talent work, even using all five of its midfield stars in the same game during its victory over Denmark.

Perhaps the best way to understand Croatia's outsider status is by looking at the team lining up across the pitch from them Sunday. France is one of those countries that views a prolonged run in the world's biggest tournaments as its birthright. Its players are some of the richest and most coveted players on the planet. Its population is roughly 16 times Croatia's.

But even before Croatia's remarkable run to the final, this tournament had given plenty of reasons to ignore conventional thoughts about soccer hierarchy. Russia eliminated Spain and made the quarterfinal. South Korea knocked out Germany. Iceland held Argentina and Lionel Messi to a draw.

Runs this deep by any underdog, though, are almost unheard of. The last time a country this tiny got this close to winning the World Cup was in 1998. An underdog making its first-ever World Cup appearance advanced all the way to the semifinals. It even took a 1-0 lead against its blue-blooded opponent. An upset for the ages was in sight.

But Croatia's 1-0 lead that night was brief. The game was tied a minute later. And not long afterward, Croatia was sent home by the same country that went on to win the entire tournament: France.

## THE COUNT

## The World Cup of Boring Celebrations

## GOOOOOLLLL!

A breakdown of the frequency of each type of goal celebration at this year's World Cup:

CELEBRATION	FREQUENCY
Group hug	78.3%
Run to corner	70.9%
Arms outstretched	41.6%
Air punch	25.5%
Jump in the air	22.4%
Slide	14.3%
Point to sky	8.7%
Point to teammate	3.7%
Point to self	3.1%
Grab ball and run to center	3.1%
Choreographed routine	2.5%
Shirt over head	0.6%

Source: InStat; Fox Sports

that usually accompanies a goal has become as unimaginative as slapping cream cheese on a bagel.

There was a time when it wasn't taboo to actually have fun at the World Cup. Ireland's Robbie Keane famously tumbled into shooting a bow and arrow. Denmark's Brian Laudrup, in 1998, posed on the ground like a swimsuit model at the beach. Even as recently as World Cup qualifiers, Neymar grabbed the corner flag and turned it into a sniper rifle.

But these days, what constitutes a big celebration? There were a cou-



Players on France celebrate after a goal by Kylian Mbappé.

ple of times when goal scorers did somersaults. Sometimes, or more accurately 3.7% of the time, the man of the moment would point to a teammate. And on 3.1% of goals, he would just point to himself.

Yet on only 2.5% of celebrations did there appear to be some attempt at choreographing a routine. Only one player took his shirt off in excitement.

One other put his shirt over his head. Nothing from this World Cup comes close to Brandi Chastain at the 1999 Women's World Cup.

Sure, there were some memorable

moments. Tite, Brazil's coach, tripped over himself while he wildly celebrating a goal. After Croatia's Mario Mandzukic scored the biggest goal in his country's history against England, a photographer got caught up in the celebration and was knocked over on his back in a giant mess.

On Sunday, odds are France or Croatia will score a goal to decide the World Cup that's unforgettable. Odds are the celebration will be equally forgettable.

—Matthew Gutierrez  
and Andrew Beaton



**Bank Error**  
Rules for catching  
terrorists ensnared  
this woman, too. **B8**

# EXCHANGE

THE WALL STREET JOURNAL.

**Raising the Roof**  
What happens when  
small home builders  
go away. **B14**



BUSINESS | FINANCE | TECHNOLOGY | MANAGEMENT

DJIA 25019.41 ▲ 94.52 0.4%

NASDAQ 7825.98 ▲ 0.03%

STOXX 600 385.03 ▲ 0.2%

10-YR. TREAS. ▲ 6/32, yield 2.831%

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SATURDAY/SUNDAY, JULY 14 - 15, 2018 | **B1**

OIL \$71.01 ▲ \$0.68

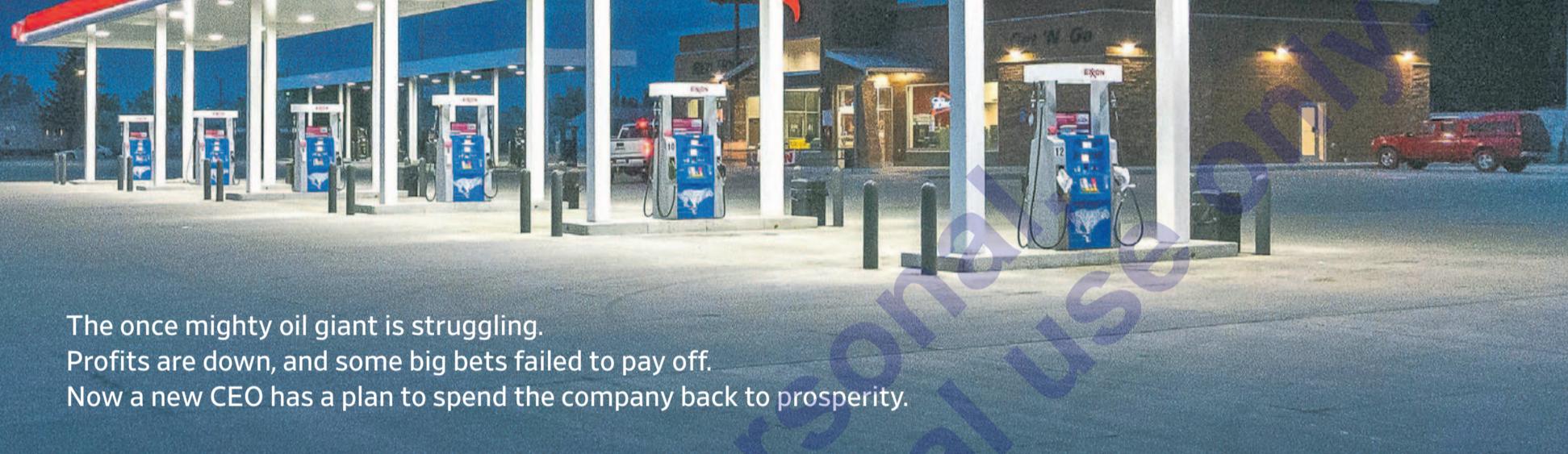
GOLD \$1,239.60 ▼ \$5.40

EURO \$1.1685

YEN 112.35

## RUNNING

LOW



The once mighty oil giant is struggling.  
Profits are down, and some big bets failed to pay off.  
Now a new CEO has a plan to spend the company back to prosperity.

BY BRADLEY OLSON

arren Woods spent a year preparing an ambitious plan to return Exxon Mobil Corp. to glory.

Struggling with laryngitis, the oil giant's chief executive stepped before a ballroom full of analysts and investors at the New York Stock Exchange in March and unveiled a strategy to spend more than \$230 billion to double profits and pump an additional one million barrels a day of oil and gas.

As Mr. Woods walked away afterward and peered at his phone, he received an unwelcome surprise. Shareholders didn't buy it. "Our stock is down 3%," he said to another executive, looking exasperated.

Exxon faces a number of challenges, including investigations of its accounting and tax practices as well as lawsuits by cities and states seeking funds to pay for the effects of climate change. Its biggest problem is one the giant has seldom faced in its 148-year history: It isn't making as much money as it used to.

Under former CEO Rex Tillerson, Exxon bet big hunting for oil in risky, expensive locales like the Russian Arctic. But as oil prices fell, those projects didn't pay off the way Exxon had hoped. Now the \$350 billion Irving, Texas, company is returning to its old ways: big, disciplined spending on prospects that make money at low oil prices.

The approach is a gamble in a new era of energy breakthroughs such as

fracking and electric vehicles. Many of Exxon's competitors are transforming their businesses to move away from oil exploration, and have begun to spend carefully and diversify into renewable energy.

Investors, who once looked past Exxon's tendency toward arrogance and secrecy because of its good returns, aren't sure they want Big Oil to get bigger.

"Most investors like Exxon, but they like other companies better," said Mark Stoeckle, chief executive of Adams Funds, which owns about \$100 million in Exxon shares. "The market is not willing to reward Exxon for spending today in hopes that it will bring good returns tomorrow."

Exxon has been pledging to produce more oil and gas for years, but its output of about four million barrels a day is no higher today than it was after its merger with

Mobil Corp. in 1999. Even if Exxon succeeds in doubling last year's earnings of \$15 billion (excluding impairments and tax reform impacts) by 2025, as Mr. Woods vowed in his eight-year spending plan, it would still be making far less than in 2008, when it set what was then a record for annual profits by an American corporation, at \$45 billion.

In 2016, S&P Global Ratings stripped Exxon of the triple-A credit rating it held since 1930. It was one of only three companies to hold the distinction at that time, along with Microsoft Corp. and Johnson & Johnson. While Exxon once ranked as the world's largest company by market value, it was 10th as of June 30, less than

Some investors are skeptical  
of Exxon CEO Darren  
Woods's comeback plans.

▲ Exxon's output of about four million barrels a day is no higher than it was two decades ago.

half the size of Apple Inc.

Through a spokesman, Mr. Woods declined to comment. Exxon declined to make other executives available for interviews. Exxon has denied wrongdoing related to the climate litigation and

Please turn to the next page



## Arconic Is Drawing Looks From Buyout Firms

Apollo, others express interest in parts maker

BY MIRIAM GOTTFRIED  
AND DANA CIMILLUCA

Aerospace-parts maker Arconic Inc. is the subject of takeover interest from private-equity firms, according to people familiar with the matter.

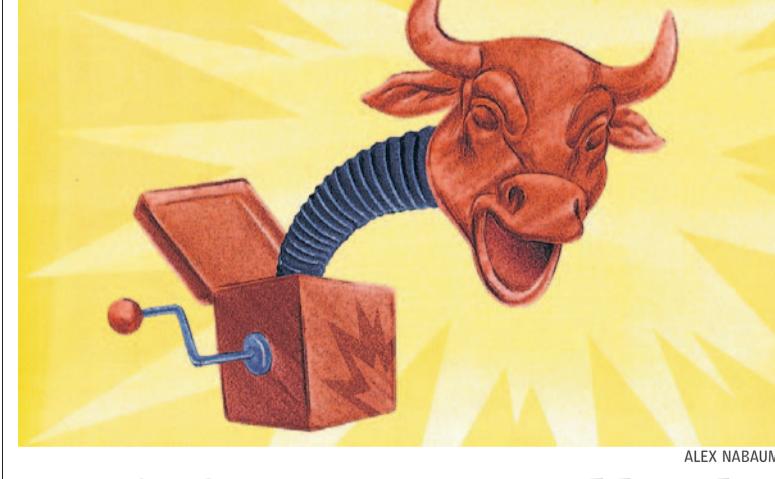
The company has received expressions of interest from buyout firms including Apollo Global Management LLC, the people said.

A takeover of Arconic would be a relatively big deal, especially for private equity. The New York company, which was known as Alcoa before the aluminum maker broke itself up, currently has a market value of \$8.3 billion, so with a typical premium it could go for north of \$10 billion in a sale. Arconic also has \$6.4 billion in debt.

No deal is imminent, and there's no guarantee there will be one.

Should there be a deal, it would be the latest in a string of double-digit-billion leveraged buyouts from the likes of Blackstone Group LP, KKR & Co. and Carlyle Group LP. LBOs are

THE INTELLIGENT INVESTOR | JASON ZWEIG



ALEX NABAUM

## Don't Get Too Excited by the Earnings 'Surprise' Party



Addicts often have to take heavier doses to get the same thrill as time passes. The same is true in aging bull markets: Companies need to report bigger and bigger earnings to get the same rise out of investors.

What matters to a stock price is not how much profit the company earns, but how much it earns relative to what the market was expecting. In what's called a positive earnings surprise, a company reports a profit greater than analysts are forecasting. In a negative

earnings surprise, the company announces a profit below analysts' expectations. (Money-losing companies can also surprise, by doing more or less badly than expected.)

On average, measured quarterly since the beginning of 2009, 69% of companies in the S&P 500 have beaten the analysts' consensus forecast, according to FactSet. In the first quarter of 2018, 78% did.

Overall, the companies in the S&P 500 earned 7.5% more in this year's first quarter than analysts estimated they would—above the long-term average of about 5%.

Please turn to page B7

## AT&T Stays Course Despite U.S. Appeal

CEO Randall Stephenson:  
'We own Time Warner'

BY DREW FITZGERALD

AT&T Inc. Chief Executive Randall Stephenson said his company won't alter its plans for running Time Warner's media assets despite a Justice Department appeal of the court decision that allowed the transaction.

"We think the likelihood of this thing being reversed or overturned is really remote," Mr. Stephenson said in a CNBC interview at Allen & Co.'s annual Sun Valley, Idaho, media conference on Friday. "The merger is closed. We own Time Warner."

The Justice Department kicked off the appeals process in a two-page court filing late Thursday, sending the case to the U.S. Court of Appeals for the D.C. Circuit.

U.S. District Court Judge Richard Leon ruled against the government in June, writing in a strongly worded 172-page opinion that the department had failed to prove that the combination of AT&T's television distribution system and Time Warner's popular cable channels would drive up pay-TV prices.

The June decision allowed AT&T to close its \$81 billion cash-and-

stock takeover of Time Warner's assets, which the company quickly renamed WarnerMedia. It also sparked a flurry of offers and deals among other media and telecom companies that continues.

Comcast Corp. and Walt Disney Co. are now in a bidding war for certain 21st Century Fox Inc. assets, a contest that broke out only after AT&T won its case, making Comcast confident its bid wouldn't face too much antitrust risk.

Judge Leon's opinion focused narrowly on the complaint against AT&T, though Mr. Stephenson said Friday

A shadow over Sun Valley: No tech lifeline for media companies at the mecca for dealmaking. **B5**

that the appeals court's decision could have wider ramifications for other companies by setting legal precedent in favor of so-called vertical mergers.

"This really could end up solidifying what the law is," he said.

Tensions have simmered between the two sides since the department filed its lawsuit in November.

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## THE SCORE

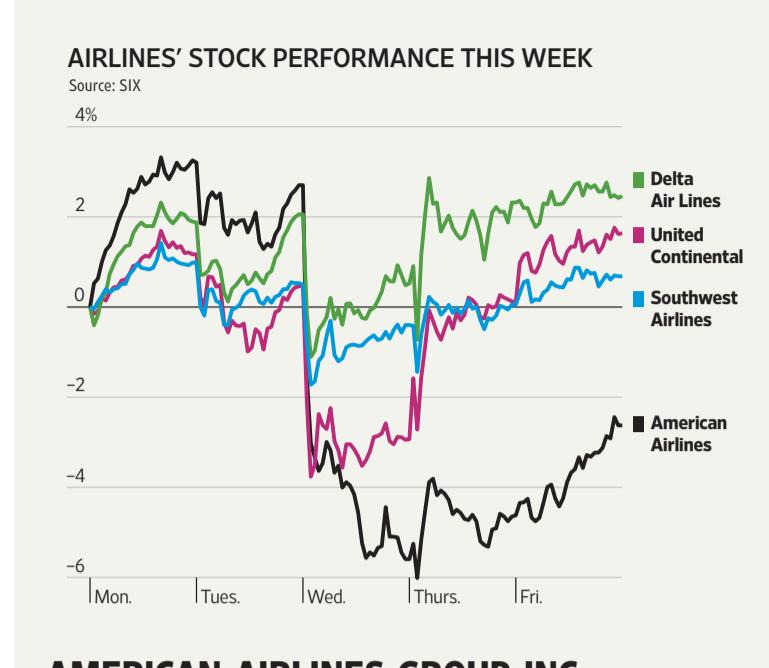
THE BUSINESS WEEK IN 7 STOCKS

## GROUPON INC.

**GRP** The coupon website is reportedly putting itself up for sale, a move that comes after a tough stretch for its shares, which are down 15% in 2018. The tech news website Recode reported Monday that Groupon has contacted several public companies, including Alibaba, about a potential acquisition. Groupon rejected a \$6 billion acquisition offer from Google Inc. (in its pre-Alphabet days) shortly before going public at a valuation topping \$16 billion in 2011. Groupon shares, trading today at a roughly \$2.4 billion market valuation, leapt 11% Monday on the news.

## J.M. SMUCKER CO.

**SJM** Bye, Pillsbury Doughboy. Smucker is selling the unit that includes Funfetti cupcakes and Pillsbury cinnamon rolls to private-equity firm Brynwood Partners for \$375 million, including debt, a sum substantially less than the \$840 million that the unit cost Smucker in 2004. Investors didn't take kindly to the move, sending shares down 1.6% on Tuesday. The sale represents the food company's latest attempt to pivot away from legacy consumer staples to high-growth products in different aisles of the grocery store, such as coffee and pet food.



## AMERICAN AIRLINES GROUP INC.

**AAL** Rising jet-fuel costs jostled shares of each of the largest U.S. airlines this past week. American Airlines lowered its second-quarter revenue outlook, sending its stock down 8.1% on Wednesday and weighing on the shares of several competing carriers. Delta Air Lines Inc. recovered midweek losses on Thursday after its earnings topped forecasts and it said it would compensate for higher fuel costs by raising ticket prices and adding fewer flights in coming months. (Separately, several carriers urged the Transportation Department on Monday to tighten guidelines on support animals.)

## PFIZER INC.

**PFE** President Donald Trump rebuked Pfizer in a tweet on Monday, criticizing the pharmaceutical giant's move to increase the prices on 40 of its prescription drugs. After talking with the president, Pfizer's chief executive said late Tuesday that the company would temporarily reverse the price increases, sending shares down 0.6% in Wednesday trading. The drug maker also said it is splitting into three divisions: established medicines, innovative medicines and consumer health care. The reorganization is the latest in the company's monthslong strategic review of its over-the-counter medicines.

## PAPA JOHN'S INT'L INC.

**PZZA** The pizza maker's founder, John Schnatter, resigned as chairman on Wednesday after acknowledging he said the N-word and other comments listeners found offensive in a May conference call; he later apologized in a statement. Mr. Schnatter, who took Papa John's from a single pizza joint in Louisville, Ky., to a 5,000-unit international operation, stepped down as chief executive last year after coming under fire for comments about NFL players choosing to kneel during the national anthem. Investors cheered his exit, boosting shares 11% on Thursday.

## CA INC.

**CA** The software maker formerly known as Computer Associates late Wednesday said it agreed to an \$18.9 billion buyout offer from Broadcom Inc. that valued its shares at \$44.50 each—a 20% premium to their close before the announcement. The news sent CA shares up 19% on Thursday to their highest level since July 2000. But investors questioned the strategic logic of the move for Broadcom, the acquisitive chip maker that had a mammoth hostile bid for Qualcomm Inc. blocked earlier this year by President Trump. Broadcom shares fell 14% on Thursday and lost 3.6% on Friday.

## JOHNSON &amp; JOHNSON

**JNJ** A jury in St. Louis found Thursday that the consumer-goods giant should pay \$4.69 billion to 22 women whose families said they contracted ovarian cancer by using J&J baby powder containing asbestos. The jury awarded \$550 million and later added \$4.14 billion in punitive damages against the company for allegedly failing to warn that its talcum powder raised the risk of ovarian cancer. The company, which plans to appeal the verdict, is facing more than 9,000 talcum-powder lawsuits. J&J shares fell 1.4% on Friday.

—Laine Higgins

## Exxon Is No 'Perfect Machine'

Continued from the prior page  
other probes it is facing, and insisted the lawsuits are the wrong way to deal with climate change.

The company traces its history back to Standard Oil, the oil name titan John D. Rockefeller gave to his powerful monopoly to signify control, order and uniform quality. The U.S. Supreme Court broke up the monopoly in 1911.

Exxon, the largest descendant of that monopoly, bears a resemblance to Standard Oil even now. While a powerful CEO sets the company's direction, Exxon is ultimately run by a committee of a handful of executives, dubbed the "God pod" by employees. Much as it was in Mr. Rockefeller's time, they divide oversight responsibility over Exxon's vast reach, which now spans 51 countries and six continents and includes more than 70,000 employees.

It became the biggest public company in the world by revenue in 1975, and over the next 3½ decades it was often the most profitable, even when oil prices were low. Exxon excelled in coming through on budget and as scheduled in projects rife with political and engineering complexity.

The company's process included a painstaking analysis of all decisions, major and minor. Projects were judged based on an assumed oil price often as much as 50% or more below current or forecast prices, according to more than a dozen former employees and executives.

Its leaders confidently steered the company through oil crashes, foreign conflicts and clashes with Wall Street. Lee Raymond, Exxon's boss from 1993 to 2005, personified the swagger at the heart of the company's ethos. He was notorious for making fun of or criticizing the questions of Wall Street analysts, often to their faces, and he was equally dismissive of some shareholders at annual meetings.

That style rankled some rivals and investors, but Exxon backed it up with best-in-class performance.

Exxon's stock traded at a premium to its peers for decades, a trend that intensified after the company's purchase of Mobil. Investors at times recognized twice the value in Exxon's assets compared with rivals BP PLC, Total SA, Chevron Corp. and Royal Dutch Shell PLC.

For years, Exxon "operated like a perfect machine," said Uday Turaga, a former ConocoPhillips executive who now runs consulting firm ADI Analytics. "It is a process-driven, extremely disciplined organization."

About a decade ago, Mr. Raymond was succeeded by Mr. Tillerson, a folksy Texan who came from the so-called upstream side of the business, which explores for and produces oil and gas, and who had a penchant for personally negotiating big oil-production deals himself.

As prices rose to all-time highs of almost \$150 a barrel, Mr. Tillerson led the charge to chase more expensive prospects that could meet the world's thirst for crude. He looked to Canada's oil sands, natural gas fracking and even Russia's Arctic, all of which required

higher prices to be profitable.

Those efforts largely failed. Exxon's production has declined in the past five years, and the company has delivered lackluster financial results. Today, oil prices are around \$74 a barrel.

Mr. Tillerson, who left in 2017 for a short-lived stint as President Donald Trump's Secretary of State, produced returns of about 6% a year during his tenure, including dividends—far less than the S&P 500 or rivals Chevron and Shell in that period, according to FactSet. Mr. Tillerson didn't respond to requests for comment.

In need of a chief executive who could return Exxon to its prior glory—and who could help Exxon confront a multitude of critics and a new energy landscape—the board turned to the

if the greatest risk to the company is hubris?

Mr. Woods acknowledged the threat the company faces from shale drilling, electric vehicles and climate hawks, according to a person familiar with the discussion. Renewable energy opportunities weren't yet profitable enough to compete with other Exxon projects, Mr. Woods said. When they are, the company will be ready.

For now, he added, the best way forward was for Exxon to do things the Exxon way.

His faith in Exxon's process was one of the top reasons he was selected by the board to succeed Mr. Tillerson, according to people familiar with the decision.

Among the company's recent challenges: Exxon wound up miscalculating the political risks of doing

Energy Intelligence that at Exxon, "we don't do write-downs."

Exxon's fracking prospects in the Permian basin in West Texas and New Mexico, developed by its XTO unit, remain among its most profitable opportunities, the company says. Still, its U.S. drilling business has lost money in 11 of the last 15 quarters.

Mr. Woods has taken several steps to shake up Exxon's insularity, embrace new risks and jettison less profitable areas. People familiar with the matter said Exxon is weighing reducing its exposure to Canada, where it has operated for 130 years. Getting oil from Canada's oil sands is expensive, and the prospect of reduced exposure has signaled to some advisers that the company may become more aggressive in seeking transformation.

The company is also developing a more robust trading operation with an eye toward using regional oil and gas price disparities in the U.S. and around the world to boost profits, according to people familiar with the process.

Still, the centerpiece of Mr. Woods's turnaround effort is a major increase in spending, much of which is focused on drilling in Brazil, Papua New Guinea, Mozambique and Texas. In March, he said such opportunities are the best Exxon has seen since its merger with Mobil. They will make it possible for the company to produce an additional one million barrels of oil and gas a day, he said. Combined with existing production, that would equate to five million daily barrels, a record for Exxon.

Next year, Exxon is set to spend \$28 billion, 45% more than in 2016. That's a marked difference from rivals such as Chevron, which is holding investment levels flat this year and 18% below 2016 levels.

Shareholders haven't responded with enthusiasm. The price of crude is up about 60% in the past year, but Exxon shares are up less than 5%.

Earlier in the year, analyst Paul Sankey, then of Wolfe Research, said clients were calling for an activist investor to force the company to take more "radical action." The unrest has calmed somewhat with oil's rally, analysts say. But shareholders are still looking for big change.

"Darren Woods is turning the Exxon Mobil supertanker, but the scale of the challenge is giant," said Mr. Sankey, now an analyst at Mizuho Energy. Exxon is poised to rebound in three to five years, but other companies are better bets for now, he said.

Investors are favoring smaller, nimbler competitors. ConocoPhillips, which has seen its shares rise 60% since last year, shed a number of businesses and promised to distribute much of its excess cash to shareholders in coming years rather than reinvesting.

From January to March, EOG Resources Inc., the biggest American shale producer, reported higher per-share profits than Exxon, a company five times its size. EOG's stock is up 84% in the last five years. Exxon is down about 10% in that time.

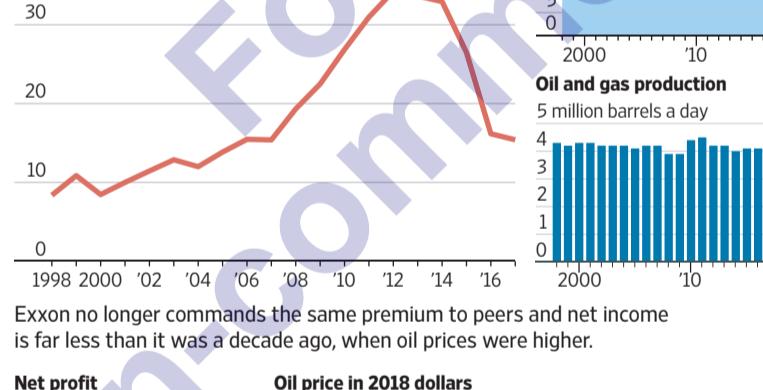
Meanwhile, rivals such as Shell, BP and Total have diversified outside of fossil fuels.

"Through the ups and downs of oil prices, Exxon always had very high returns, but that has changed," said Jonathan Waghorn, a portfolio manager at Guinness Atkinson Management Inc. It sold out of its Exxon position last year.

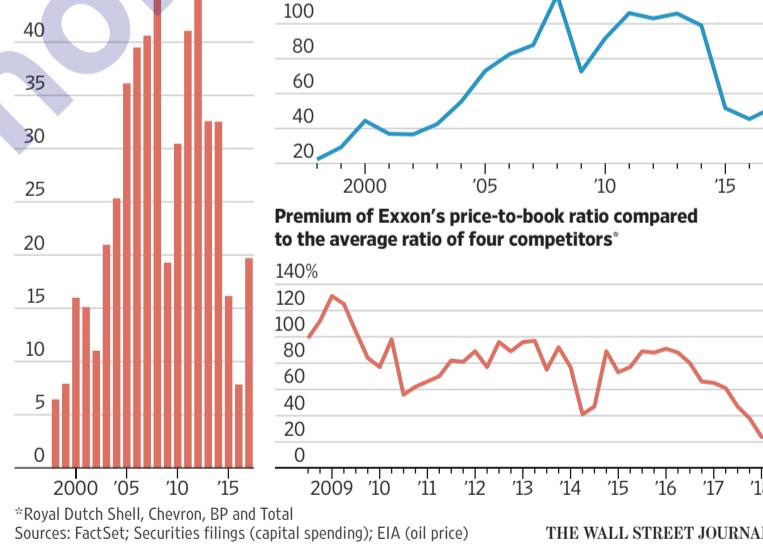
—Alison Sider contributed to this article.

## Barrel Quest

Production is no higher than it was two decades ago, despite increases in spending.



Exxon no longer commands the same premium to peers and net income is far less than it was a decade ago, when oil prices were higher.



\*Royal Dutch Shell, Chevron, BP and Total

## BUSINESS NEWS

# McDonald's Holds Salads From Menu

By JULIE JARGON  
AND JESSE NEWMAN

**McDonald's** Corp. removed salads from 3,000 restaurants in 14 states after the products were linked to gastrointestinal illnesses in Iowa and Illinois.

Iowa's Department of Public Health said Thursday 15 people in that state reported getting sick with cyclosporiasis infections after eating McDonald's salads between late June and early July.

The Illinois Department of Public Health said 90 people have been sickened by cyclosporiasis, and that a quarter of them reported eating salads from McDonald's before becoming ill.

The Centers for Disease Control and Prevention said late Friday that 61 people in seven states, including Iowa and Illinois, have become ill from cyclosporiasis linked to McDonald's salads, with two hospitalizations. There have been no deaths.

McDonald's said it had pulled the salads out of "an abundance of caution," from restaurants that received shipments from a supplier that had distributed the salads to restaurants in Iowa and Illinois. The 3,000 restaurants are located in Illinois, Iowa, Indiana, Wisconsin, Michigan, Ohio, Minnesota, Nebraska, South Dakota, Montana, North Dakota, Kentucky, West Virginia and Missouri.

McDonald's said it plans to switch to another lettuce-blend supplier and that it is cooperating with state and federal health officials.

# ZTE Gets Reprieve From U.S.

By KATE O'KEEFFE

**WASHINGTON—**ZTE Corp. can resume business with its U.S. suppliers, the Commerce Department said Friday, after the Chinese telecommunications giant met the conditions of a deal President Donald Trump made to save the company.

The company was stymied in April when the Commerce Department banned U.S. companies from selling to ZTE as punishment for its failure to honor an earlier U.S. agreement to resolve its sanctions-busting sales to North Korea and Iran. Because ZTE relies on U.S. suppliers to make its smartphones and telecommunications networks, the penalty was effectively a death knell. But in a surprise tweet on May 13, Mr. Trump said he and Chinese President Xi Jinping were "working together" to find a way to help the company get back into business.

The Commerce Department struck a new deal with ZTE on June 7 that required the company to put \$400 million into an escrow account, pay a \$1 billion fine, replace its board of directors and senior leadership, and fund a team of U.S. compliance officers to monitor the company for 10 years.

ZTE's Hong Kong-listed stock soared nearly 24% Thursday, after the Commerce Department said Wednesday that the company had cleared the last major hurdle to lifting the sales ban. Its Shenzhen-traded shares rose 10%, the maximum they are allowed to move in a single day.

# Wireless Prices Take Upward Turn

By SARAH KROUSE

Americans' cellphone bills are rising for the first time in nearly two years as wireless service providers pull back on promotions.

Americans are messaging friends, streaming videos and summoning transportation and other services on their smartphones more than ever. Over the past two years, they have benefited from lower bills and unlimited data usage as national wireless providers have competed fiercely for new customers.

New consumer-price data suggest the promotion craze may be petering out. The consumer-price index for wireless phone service, an indicator of current offers from cellphone service providers, ticked up 0.3% in June from a year earlier, according to the Labor Department, the first such increase since July 2016.

Prices for wireless phone service declined so dramatically in 2017 that former Federal Reserve Chairwoman Janet Yellen said it was a factor in the U.S.'s low inflation.

"In terms of promotional intensity, things have cooled quite a bit," said Jeffrey Moore, principal of research firm Wave7 Research.

Allan Buxton, who works in Cleveland on digital forensics for mobile devices and computers at SecureData Inc., has been shopping for a new cellphone plan but hasn't been able to find a deal that he



Providers are pulling back on promotions that have kept cellphone users' bills in check for a while.

thinks is worth pursuing. About a year ago, several plans looked appealing, but now carriers "just keep tacking on restrictions," he said.

Executives at **Sprint** Corp. and **T-Mobile US** Inc., the two U.S. wireless companies that had been most aggressive in cutting prices, signaled this year that they would scale back discounts. The two companies are now seeking regulatory approval to merge into a wireless giant with a subscriber base comparable to behemoths **Verizon Communications** Inc. and **AT&T** Inc.

Matt Carter, managing partner at private-equity firm SagePointe Capital and a former Sprint executive, said

Sprint and T-Mobile have been at the forefront of offering discounted pricing plans to gain subscribers, but doing so can mean having less money to invest in network upgrades and pay down debt.

Wireless carriers are investing heavily to develop faster so-called 5G networks.

"At some point in time you have to have some stabilization around your pricing plans to be able to meet all the various needs they have," he said. When those two companies cut back on price discounts, "it allows AT&T and Verizon to hold steady" on their pricing, he added.

Critics of the proposed Sprint and T-Mobile merger say

the tie-up is likely to damp competition among wireless providers by reducing the number of larger carriers, while the companies have said the combined company will be better able to take on rivals than as separate companies. Executives have said they would spend heavily on the combined firm's network and create new jobs.

The vast majority—95%—of American adults now own a cellphone, according to industry trade group CTIA, and they used 15.7 trillion megabytes of mobile data in 2017, up from 4.1 trillion in 2014.

That presents wireless carriers with a challenge of trying to keep and win new customers while spending money to

grow their networks so that they can handle the increased demand for data.

Sprint on Thursday announced a new, tiered unlimited plan that replaced its prior offer of five unlimited lines for \$100. The monthly cost per line for five lines will now be \$22 for its top-tier unlimited plan, up from \$20 under the previous promotion.

Dow Draper, Sprint chief commercial officer, said the new plans give customers a choice of a feature-heavy plan with streaming-video service Hulu and streaming music service Tidal and a more basic unlimited plan.

"Including that kind of content is becoming important," Mr. Draper said, adding that consumers' overall bills could be lower taking into account the services they get through the deal.

T-Mobile last year began offering some subscribers free access to Netflix. AT&T, which recently completed its deal to buy Time Warner Inc., offers subscribers of its new unlimited plan a free "skinny bundle" of television channels and access to other content such as HBO.

Verizon last month started allowing customers to select different tiers of "unlimited" data plans within a single family plan. Angie Klein, vice president of consumer marketing at Verizon, said that provided customers "even more value because they can get exactly what they want, without paying for what they don't."

# Online Sports Betting Beckons for U.S. States

By CHRIS KIRKHAM

Now that states are free to craft laws legalizing sports gambling, the question is whether to enter the potential \$9 billion market for mobile betting.

Americans legally wagering on the World Cup and other athletic competitions are doing so primarily in person at a limited number of casinos. Increasingly, though, gamblers in other countries are placing bets from their smartphones.

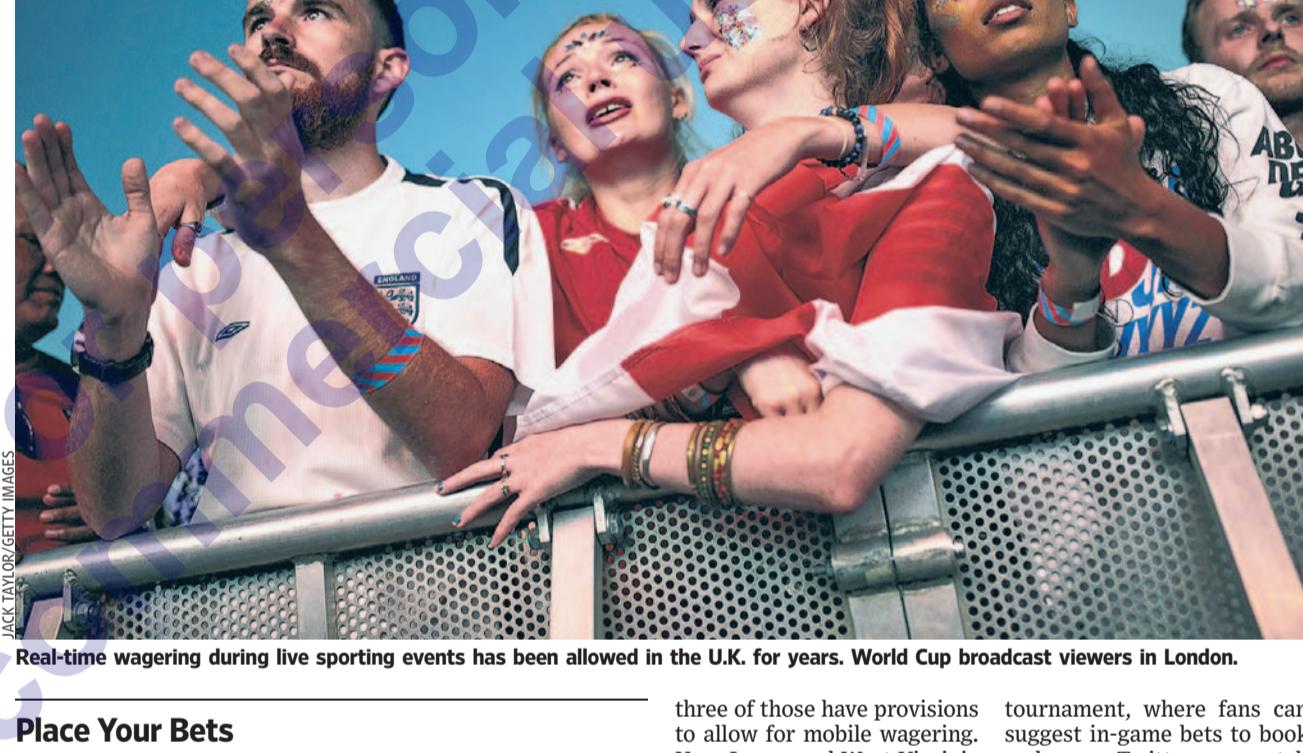
In the U.K., the world's largest legal sports-betting market, revenue from online wagers has more than doubled over the past five years and now represents 60% of the market, whereas revenue from in-person betting has fallen by about 12% over the period, according to data from Gambling Compliance, an industry research firm.

"Where consumers are pulling this in the direction of mobile," said Chris Grove, managing director at research firm Eilers & Krejcik Gaming LLC. "It helps regulated sports betting appeal to the broadest possible audience."

Mobile betting could increase total U.S. sports gambling revenue by \$9 billion, to \$16 billion, if all 50 states adopted it, according to estimates from Eilers & Krejcik. For casino operators and bookmakers, mobile gambling is attractive because it makes placing bets easier and allows for in-game wagering, seen as a strong growth area.

The stakes extend beyond the gambling industry. Professional sports leagues and television networks stand to gain from increased viewership of sporting events. Research shows bettors consume more games and more minutes of sporting events than non-bettors.

Online sports gambling has been legal in Nevada since 2011 and has grown to represent nearly a third of all wagers in the state, according to analysts' estimates.



Real-time wagering during live sporting events has been allowed in the U.K. for years. World Cup broadcast viewers in London.

## Place Your Bets

With sports wagering expected to jump in the U.S., trends in the U.K. indicate online betting could be a key driver of growth.



But as sports betting legalizes moves forward in other states following a May U.S. Supreme Court ruling, there has been wide variation in the adoption of mobile. Some states are concerned about

how online sports wagering could affect the business of existing casino operators or worsen gambling addictions.

Seven states have enacted regulations to allow sports betting since the ruling, but only

three of those have provisions to allow for mobile wagering. New Jersey and West Virginia are expected to start allowing online bets by the end of the summer, while Pennsylvania's timeline is unclear.

New Jersey will allow age-verified bettors to sign up remotely without ever having to walk into a casino or race-track. European sports-betting operators—including William Hill PLC, Paddy Power Betfair PLC and Bet365 Group Ltd., which see the newly opened U.S. market as a huge expansion opportunity—have struck deals with existing New Jersey casinos and could roll out mobile betting platforms in time for the National Football League season.

These sports-betting operators aim to offer the same kind of real-time wagers during live sporting events that have been available to those in the U.K. and other parts of Europe for years. Many of those options have been on display during this summer's FIFA World Cup

tournament, where fans can suggest in-game bets to bookmakers on Twitter as a match is under way or guess how many goals might be scored when a match goes into extra time.

Lawmakers and regulators in other states have taken a more cautious approach.

In states such as Mississippi, sports betting will be confined to casinos and race-tracks across the state, though customers will be able to bet on a phone while there. Other options could include a system such as Nevada's, where customers have to first register in person at a casino or another betting storefront before being able to use mobile.

Joe Asher, chief executive of William Hill U.S., which has been operating in Nevada since 2012 and now sees 60% of its bets there come from smartphones, said he expects that some states will move at a different pace than others, but most will eventually see the huge opportunities in mobile.

# Microsoft Official Cites 'Sobering' Uses of Technology

By JAY GREENE

A top **Microsoft** Corp. executive is calling for the U.S. government to regulate facial-recognition technology, an area in which Microsoft as well as tech rivals **Apple** Inc., **Alphabet** Inc.'s Google, and Facebook Inc. have invested.

Brad Smith's advocacy marks the latest controversial topic that Microsoft's president and chief legal officer has taken on. Mr. Smith recently challenged the Trump administration over the immigration

travel ban and the separation of children from parents at the Mexican border. He also has weighed in on the role of artificial intelligence in society and tangled with the government over law-enforcement efforts to secretly search customer data on Microsoft servers in the U.S. and abroad.

Facial-recognition technology has become deeply integrated in tech giants' products, whether as the key feature for unlocking Apple's iPhone X or identifying people in Google's photos app.

In a blog posted Friday, Mr. Smith tackles the potential "sobering" uses for facial-recognition technology, such as creating a database of everyone who attended a political rally.

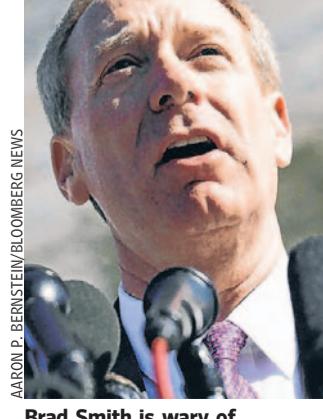
"The only effective way to manage the use of technology by a government is for the government proactively to manage this use itself," Mr. Smith wrote Friday.

But he also challenged the notion that companies could regulate themselves individually. Change won't occur, he said, if a few companies adopt

new standards while rivals ignore them.

Microsoft has developed its own facial-recognition technology, called Face. Among its customers is Uber Technologies Inc., whose drivers take selfies to verify their identity when they launch the app to start picking up passengers. Microsoft declined to say whether any law-enforcement agencies use Face.

Facebook's use of facial recognition in photos uploaded to the platform drew a complaint from consumers to federal reg-



Brad Smith is wary of advances in facial recognition.

## TECHNOLOGY



ILLUSTRATION: PETER ARKLE; TRASH CAN: SUPERHUMAN



If every tree falling in every forest might soon be heard by an internet-connected microphone, what hope is there for our privacy?

Already when you're sitting in a room with an iPhone, an Apple Watch and a smart assistant like Amazon Echo or Google Home, you're surrounded by a dozen microphones. (Newer iPhones have four and the Echo has seven, while the smartwatch has just one, for now.)

Add in the latest smart wireless headphones—Apple's expected next-generation AirPods or competing ones from Bose or Shure—along with talking microwave ovens and TVs from Samsung, LG and others, and anyone at home or in an open-plan office could soon be within earshot of hundreds of microphones. Most of them will be listening for a wake word like "Alexa," "Hey Siri," or "OK Google," just as our phones and smart assistants do now.

The road maps of tech giants and startups alike show how sound is poised to become the first ubiquitous connection between users and the artificial-intelligence hive mind the internet is becoming.

Driving this change are massive volumes of components, originally designed for smartphones and other mobile devices, that have dropped in price and grown in functionality over the past decade.

**Mini Mic**

For a hundred years, microphones consisted of a relatively large membrane whose vibrations were converted to electrical impulses. But starting in the 1980s, engineers worked out ways to make microphones tiny, bordering on microscopic. Most still have a pocket of air trapped behind a vibrating element, but now they can be carved out of silicon, just like the microchips to which they're attached. Smartphones, smart speakers and any other gadget that listens for your voice all use

these kinds of microphones. Knowles Corp., based in Itasca, Ill., has more than 50% of this market. Selling to all major manufacturers of mobile devices, the company has shipped 12 billion of them over the past decade, says a company spokesman. (A long list of other microphone suppliers, including Goertek, AAC Technologies and STMicroelectronics, constitute the remainder of that market.)

One ongoing challenge for microphones has been physics: The smaller microphones get, the more of them you need to capture a sound, and the more processing of that sound is required.

Startups such as Boston-based Vesper Technologies, Inc.—which has received money from Baidu, Bose and Amazon's Alexa Fund—are meeting the challenge with even tinier, yet more capable designs built around minuscule flaps of silicon that generate electric current when bent by sound waves. Vesper claims this gives their microphone unique capabilities, like understanding your voice even in windy conditions, and drawing zero power when awaiting a "wake word," since sound itself generates the power the microphone needs.

The total cost to equip a gadget with an array of these tiny micro-

**KEYWORDS** | CHRISTOPHER MIMS

# Your Gadgets Will Soon Be ALL EARS

Tiny microphones are moving us toward a world where all gadgets can respond to a voice command

phones and the electronics to interpret simple commands is approaching \$10 or less, says Matt Crowley, Vesper's chief executive. Individual microphones now cost between 20 cents and 60 cents, says Mike Rosa, an analyst and marketing chief at Applied Materials Inc., which supplies manufacturing equipment to makers of microchips.

**Always Listening**

We're moving toward a world in which everything with a plug or battery can respond to a voice command.

Apple's next AirPods could have many of the capabilities that Vesper claims its microphones will enable, such as built-in noise cancellation. (In the past, Apple has used several suppliers for its microphones.) Meanwhile, the CEO of Samsung's consumer-electronics division recently told The Wall Street Journal that by 2020 his company plans to equip every single device it sells—from TVs to refrigerators—with microphones.

It could be unnerving to be surrounded by listening devices, but the paradox is that as the

technology develops, so does our ability to free these gadgets from having to connect to the internet.

Consider the voice-controlled trash can from Simplehuman. Say "Open can" and it opens—and then closes on its own once the user walks away. That's it.

While it's easy to make fun of a high-tech trash can,

especially one that costs \$200, this one tackles one of the biggest concerns that comes with smart assistants: the fact that they record what we tell them and send it back to their parent companies.

Simplehuman's trash can doesn't do this, says Guy Cohen, the company's director of electronics engineering. That's because the latest microphones and

their attached microprocessors process human speech in the gadget itself, without connecting to the cloud.

At first, self-contained processing in gadgets will be limited to simple commands and wake



Simplehuman's trash can opens if you ask it.

words, like telling a device to turn on or setting a timer. In time, these commands will become more complex.

One justification for adding voice control to everything we use is that it could ultimately be an easier and more elegant interface than the morass of buttons and menus we face today. Just think how hard it is to work a friend's microwave, convection oven or thermostat, and imagine instead just telling it what you'd like it to do.

A future of always-listening devices will have its own complications, of course. One challenge will be all of us going through our days constantly muttering to ourselves, or projecting our voices at tin-eared appliances.

As anyone who lives with multiple virtual assistants can attest, it is tricky to talk to one without inadvertently involving the whole

**As the technology develops, so does our ability to free these gadgets from having to connect to the internet.**

crowd. Simplehuman admits that its trash can sometimes spontaneously opens in response to background noise. Even Amazon's Echo wakes up when it isn't needed, and can misinterpret family chatter as a directive to fire off seemingly random messages.

When we leave instructions for dog sitters or house guests, they include notes about the quirks of our appliances, gadgets and heating cooling systems. In the future, they might consist solely of a list of names for all those devices, customized to reflect our tastes.

It might not be long before you find yourself saying something like, "David Bowie, preheat the oven to 350 degrees. Frank Zappa, wash the dishes."

## DNA on Demand. It's Getting Closer.



When the human genome sequence was first mapped in 2001, the thought of using such genetic code to print vaccines on a lab bench was far from reality.

That kind of technology could allow doctors to personalize medicine at their patients' bedsides or fight epidemics halfway around the world. Or it could allow oncologists to print medicine tailored to target the specific mutations of a patient's tumor.

These possibilities are close to becoming real thanks to technology that uses digital genetic code to chemically synthesize DNA strands overnight—essentially printing out biological material on demand.

"You can think about it as biological teleportation," says Dan Gibson, vice president of DNA technology at Synthetic Genomics Inc., the company behind the Digital to Biological Converter. "All the functions and characteristics of all living things are written into the code of DNA. So if you can read and write that code of DNA, then in theory it can be reproduced anywhere in the world."

The Digital to Biological Converter, dubbed the DBC by its creators, operates like a biological fax machine: In roughly 24 hours, the device turns digitized DNA code into synthetic biological material, such as proteins and viruses, with about 75% accuracy. It does

### THE FUTURE OF EVERYTHING

this by chemically producing small pieces of DNA code, called oligonucleotides, and stitching those snippets together using a complicated process known in the field as "Gibson Assembly," named for Dr. Gibson.

The DBC isn't yet commercially available, in part because the prototype is about the size of a grand piano and its accuracy rates, while satisfactory for a prototype, aren't high enough for widespread use.

Synthetic Genomics—launched and formerly run by genome-mapping pioneer J. Craig Venter—already has evidence of its technology's po-

tential. In 2013, before the DBC prototype was operational, scientists from the lab worked with Chinese officials to manufacture a vaccine for an avian-flu strain. While the company didn't use the DBC, Dr. Gibson says the underlying science is the same.

The technology's potential to create vaccines for fighting epidemics is among its most promising applications. The DBC could virtually eliminate the five- to six-month laboratory period currently needed to develop a viable vaccine, says Dr. Gibson, by printing DNA to make vaccines tailored to regional viral mutations.

Scientists at Synthetic Genomics estimate the DBC will be available to the research community in three to five years.

—Laine Higgins

## STRATEGY

## FULL DISCLOSURE

JOHN D. STOLL

# Tesla's Elon Musk Needs To Find His Co-Pilot

 I'm not going to win any popularity contests criticizing Elon Musk's recent efforts to aid the rescue of a dozen young soccer players in Thailand. Like a real-life Tony Stark, the entrepreneur and father of five boys commissioned a kiddie submarine and then delivered it to Tham Luang cave where the boys were trapped.

In the end, the boys didn't need the Musk MiniSub. And back at his own business empire, Mr. Musk is spread alarmingly thin.

**Tesla Inc.** is at a critical intersection, losing key people as Mr. Musk is attempting to perfect the mass production of its Model 3. Unless those wundercars start rolling off the assembly line soon, the company could find itself unable to keep up with luxury car brands launching competing models.

With obligations mounting, Mr. Musk makes it a habit of sleeping at Tesla's factories so he can constantly monitor progress or put out fires. It's time for Mr. Musk to take an even bolder step.

America's great entrepreneurs have a tradition of hiring strong operating executives to help realize their vision. It's what Google Inc. did in hiring Eric Schmidt, or Facebook Inc. did with Sheryl Sandberg. Mr. Musk himself long ago handed day-to-day control of his SpaceX rocket venture to Gwynn Shotwell, an industry veteran who eventually became president and chief operating officer.

Tesla needs someone with experience managing a big industrial company through crisis and preparing it for dramatic change. He needs someone who knows cars. The best candidate is someone who recently told a group of Wharton M.B.A. students: "Sometimes the most urgent is not always the most important."

That was Mary Barra, chief executive of General Motors Co. Starting at the company in 1980 as a co-op student at the now-defunct Pontiac division, she spent nearly four decades climbing the ladder at GM by being as humble as she is focused. She's managed factories, overseen human resources and headed product development.

America got to know her during congressional hearings in 2014, when as a newly minted CEO she took intense heat for an ignition-switch safety crisis that dated back to decisions made several years before her administration. She's since taken tough steps to shrink GM's sprawling footprint.

One of her more recent ventures, the 2016 acquisition of Silicon Valley driverless car company Cruise Automation, now looks very smart. Recent valuations suggest the unit is now worth \$11.5 billion, according to RBC Capital Markets.

Mary Barra's name showing up on a Tesla business card is a far-fetched idea. But shoring up Tesla would represent an opportunity for Ms. Barra to cement her legacy in a car business that she believes will change more in the next five years than it has in the past 50.

Tesla, meanwhile, has people jumping off the boat at an abnormally high rate. The recent departure of the company's well-regarded engineering chief, Doug Field, is part of a broader exodus that has claimed at least 50 vice presidents or higher-ranking executives over the past 24 months.

"Elon has created enormous value," investor John Anderson told me Wednesday. "But he does need more bench strength."

Mr. Anderson oversees sizable Tesla holdings at investment manager Baillie Gifford. An admirer of Mr. Musk with no plans to sell, he said "this is about execution and whether you've got enough people to get the execution right."

Mr. Musk has little love for veterans of GM. The company has been the leading adversary of Mr. Musk in the fight against Tesla's efforts to sell directly to customers without the use of the independent dealers that are legally mandated for auto makers.

Ms. Barra has shown no interest in leaving her post. A spokesman said she is committed to GM and "transforming the company." For one of America's marquee CEOs, going to work for Mr. Musk could be considered a step down. But it would also be a step forward. The disruption the car business needs is woven through Tesla's DNA. It just needs someone to help steer it in the right direction.



Dress code casual: Big names in media and tech gather in Sun Valley; clockwise from top: Media heiress Shari Redstone, former Disney chief Michael Eisner, Facebook's Sheryl Sandberg, Les Moonves of CBS and Softbank's Masayoshi Son.



REDSTONE, SON, SANDBERG: DREW ANGERER/GETTY IMAGES; EISNER, MOONVES: DAVID PAUL MORRIS/BLOOMBERG NEWS

# A Shadow Over Sun Valley

Lots of casual wear, but little hope of a tech rescue for media companies at what is usually an annual mecca for deal making

BY KEACH HAGEY

**O**ne by one, enormous white SUVs disgorged the moguls beneath the arched stone entrance of the Sun Valley Lodge, their casual

wear bellying their millions: CBS Corp. Chief Executive Leslie Moonves in an untucked denim shirt, Facebook Chief Operating Officer Sheryl Sandberg in jeans and slip-on sneakers, Discovery Chief Executive David Zaslav in an electric green zip-up vest.

This is a place for collegiality, the dress code suggested. We are all in this together. For 35 years, this is the tone that media investment bank Allen & Co. has set with its annual conference, which for one week a year turns this peaceful mountain resort into a mecca of media deal making.

But lately, as traditional media companies face an existential onslaught from tech players like Netflix Inc. and Alphabet Inc.'s YouTube, the media scene has increasingly begun to feel like a late-stage game of musical chairs. The biggest players have decided to either get out while the getting is good, in the case of Time Warner Inc. and 21st Century Fox, or stretch their balance sheets to near the breaking point to bulk up in the face of the growing threat, à la Walt Disney Co. and Comcast Corp.

That has left some on Wall Street wondering whether remaining players—cable-channel groups such as Viacom Inc., CBS Corp. and Discovery Inc. and studios like Lions Gate Entertainment Corp.—will seek refuge by selling to tech companies like Apple Inc. or Amazon.com Inc., or telecom players such as Verizon Communications Inc.

Acquiring a traditional entertainment company could theoretically mean some advantages, like revenue diversification, for tech firms. Faced with plateauing iPhone sales, Apple has set aside \$1 billion this year for content deals as it moves deeper into the media business. Facebook is pre-

pared to spend a similar amount as it pushes deeper into web video to offset expected slowing growth in its core business. Amazon, already a significant player in streaming, is spending around \$5 billion annually on content.

As many newcomers to Hollywood have discovered, from Facebook to YouTube, making TV-quality content for the web is harder than it looks.

Still, any media companies hoping that their content-making expertise would be in demand from tech magnates in Sun Valley were likely to be disappointed. SoftBank Chief Executive Masayoshi Son, whose nearly

buy media companies "because the gulf is too wide."

Their reticence is understandable. Traditional media companies' profits are expected to drop by 41% over the next seven years, according to Sanford C. Bernstein analyst Todd Juenger, due to cord-cutting and advertising declines. Netflix's profits, meanwhile, are expected to more than quintuple during that period.

Netflix has shown the media industry that it doesn't need to buy film and television studios to compete directly against the biggest media companies on earth: It can simply sign away their talent, like hitmaking showrunners Ryan

"The big issue is buy versus build, and the overwhelming preference is to build when it comes to content assets," said Brian Wiener, analyst at Pivotal Research.

So, with little help of a tech rescue and a very short list of telecom companies as potential acquirers—one of which, AT&T, is already trying to digest the rather large media meal of Time Warner—media companies are left to mostly merge with each other.

But the moguls who might logically be running into each other's arms were busy avoiding each other. Because Fox's agreement to sell the bulk of its assets to Disney prohibits it from speaking to other bidders, Comcast Chief Executive Brian Roberts could only indirectly signal his intentions to Fox Executive Chairman Rupert Murdoch through the nuances of Comcast's sweetened bid for Sky, despite them both making their way through the chilly desert dawn to the same breakfasts and panels. (They used separate entrances, however, with Disney CEO Bob Iger favoring the same entrance as Mr. Murdoch and his son Lachlan.)

Meanwhile, only a few months after CBS and Viacom Inc. were engaged in merger talks, the paths of Mr. Moonves and Shari Redstone, the controlling shareholder of CBS and Viacom, didn't cross, as their lawyers back in New York continued to prepare for their legal showdown in October. Two years ago, as Ms. Redstone was in the midst of a power struggle at Viacom against their mutual rival, former Viacom Chief Executive Philippe Dauman, the pair spent their time at Sun Valley forging an alliance, with Mr. Moonves driving her to dinner in a rented Buick.

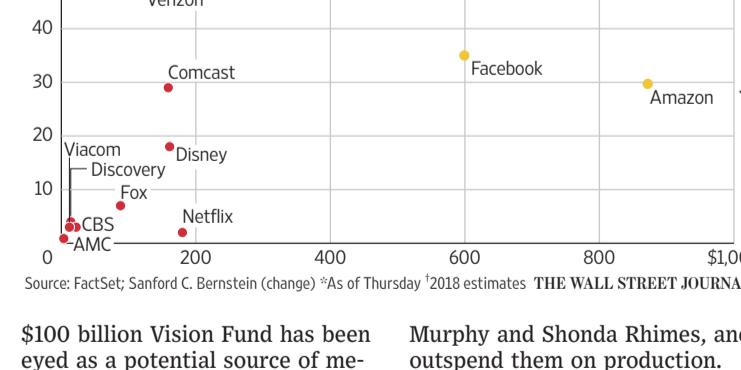
This year, the tableau was different: On the conference's first evening, Mr. Moonves drove his wife, Julie Chen, to dinner. Ten minutes later, Ms. Redstone emerged from the lodge with former Disney Chief Michael Eisner and his wife, and the three made their way on foot in the same direction.

## The New Stars

Media companies' market value and pretax income are dwarfed by technology companies

## Estimated change in Ebitda, 2018 to 2025

	Media companies	Technology companies
Netflix	-41.3%	Apple 569.8%
Activision Blizzard	169.6%	
Electronic Arts	123.9%	



\$100 billion Vision Fund has been eyed as a potential source of media investment, sauntered over to the press (in white leather-mesh slip-on shoes) early in the conference to quash these hopes, saying with a broad smile, "I'm not interested in traditional media."

Ms. Sandberg and Apple CEO Tim Cook echoed the sentiment the following day. Whatever they were there to do, it wasn't to buy a media company. IAC/InterActive Corp. Chairman Barry Diller, who has navigated the intersection of media and tech perhaps more than any other single executive, said he thought it was unlikely that any tech companies would

Murphy and Shonda Rhimes, and outspend them on production. Among the traditional media executives milling about the brightly colored flowers in Sun Valley, no number is scarier than the \$8 billion that Netflix plans to spend on content this year. As one person familiar with Netflix's strategy at the conference put it, the studios are "just real estate."

Even their fabled libraries of films and television shows, some of which go back nearly a century, hold little allure, as they are largely already licensed out for years to come. Buying them to use for one's own purposes would cut off this revenue stream.

## HUMAN CAPITAL



Who was the hero in the SpongeBob musical? Was it Sandy Cheeks, left, played by Lilli Cooper, or SpongeBob, played by Ethan Slater?

MUSICAL: JOAN MARCUS; CARTOON: EVERETT COLLECTION



The emails arrived from several unconnected sources: a colleague, a neighbor, a couple of readers. You've got to see the SpongeBob SquarePants musical on Broadway, they told me. It's all about management!

So I purchased a couple of orchestra seats, grabbed a notebook and trundled my 9-year-old daughter up to the Palace Theater to see what lessons a relentlessly optimistic fry cook from Bikini Bottom might be able to teach us about leadership.

Let's be clear: This is not a proper theatrical review of "SpongeBob SquarePants: The Broadway Musical"—although I thought the overall production was excellent. The staging, costumes and flamboyant song-and-dance numbers, combined with the pre-curtain shower of beach balls and confetti, made for a splendidly goofy night out.

My problem involves the plot. The theme emerges in the opening minutes when Eugene Krabs, the proprietor of the Krusty Krab, tells SpongeBob he's not management material.

As someone who thinks the world has a deeply misguided impression of what extraordinary leaders look like, my hopes ran high. I prepared to jot down all the tactics SpongeBob used to overturn our tired stereotypes.

His opportunity comes when a nearby volcano, Mount Humongous, begins rumbling menacingly, prompting the townsfolk to respond to the crisis in various suboptimal ways. Mrs. Puff goes on a bender, Mr. Krabs frets over his money and Patrick, the dimwitted starfish, basks in the adulation of a school of sardines that decides to blindly follow him. Sheldon Plankton of the

Chum Bucket restaurant devises a scheme to sell more chum burgers by hypnotizing everybody. The town's chief authority figure, the mayor, boldly announces a series of ineffectual remedies and later, as order deteriorates, lapses into authoritarianism. (There's a glancing political jab about placing certain Bikini Bottom residents on a "no swim" list.)

Another group, led by Old Man Jenkins, begins searching for a scapegoat, eventually settling on Sandy Cheeks, a Texas-born squirrel-scientist and the town's only non-native land mammal.

"She has lungs," they reason, "and this is a gill town."

Apart from the rest, SpongeBob resists fear and sets his mind on saving the day. He tracks down Sandy and nobly convinces her to stay to help him stave off disaster.

Sandy has already studied the volcano and calculated that a small explosive device, dropped inside its mouth before it erupts, would relieve its geothermal pressure and transform its molten lava spew into a shower of harmless bubbles. SpongeBob has no idea what she's talking about, but volunteers to help.

After scaling the volcano with Sandy, our hero uses his small stat-

ure and elasticity to set the charge—and the volcano erupts in bubbles, just as predicted.

The elated townsfolk quickly anoint SpongeBob their savior. Mr. Krabs proudly declares that when faced with a crisis, "all you need is a sponge with some man-

agement skills."

Hang on. Rewind the tape.

SpongeBob's can-do spirit was admirable, for sure, but is it fair to say he saved Bikini Bottom from Vesuvian entombment? From where I sat, the real hero was Sandy Cheeks, who shrugged off the townsfolk's discrimination and hatched a plan to rescue them anyhow. Her selfless brilliance had somehow gone wholly unacknowledged.

Well, not wholly...After lionizing SpongeBob, the townsfolk admitted they were wrong about Sandy and wanted her to stay. In other words, she got to keep her job!

I realize this is a musical about a talking sponge, but seriously—I have no idea what lesson my daughter is supposed to take from this. Do we really expect women to tackle the most difficult work only to stand by grinning while a man absorbs all the credit?

After the show, my daughter wriggled to the front of the scrum at the stage door with her Playbill. Only a handful of cast members came out to greet the fans but in a classic case of life imitating art, Lilli Cooper, the actor who played Sandy Cheeks, stuck around longer than anyone. She signed my daughter's Playbill and

posed for a couple of selfies.

The SpongeBob musical dates back to 2005 when Nickelodeon commissioned Kyle Jarrow to write the script. But by last December, when the show made its debut on Broadway, evidence of glaring workplace pay disparities and the scourge of sexual harassment were blanketing the news. Oddly enough, the show's director and creator is a woman, Tina Landau.

Maybe it was too late to rewrite the entire script. But why not throw Sandy an acorn or two?

Nickelodeon and the production's creative team declined to comment.

The SpongeBob musical's run will also be shorter than expected; producers Sunday announced the Sept. 16 closing date.

The morning after our trip to the Palace Theater, I asked my daughter what she thought the moral of the musical was. "Nobody believed in SpongeBob but in the end he saved the town," she said.

But wasn't it Sandy who led the way? I asked.

"Yes," she said. "That was kind of weird."

So why wasn't Sandy the hero? I asked.

My daughter rolled her eyes.

"Dad, the musical is called 'SpongeBob.' Of course he's going to get the credit."

There it is, folks. There's a leadership message in SpongeBob all right. If you want to be hailed as a great manager, find an intelligent, competent, selfless, humble, team-oriented, self-effacing woman to do the difficult work for you. After soaking up your ovation, just squeeze into your boatmobile and skedaddle.

—*Mr. Walker, a former reporter and editor at The Wall Street Journal, is the author of "The Captain Class: The Hidden Force That Creates the World's Greatest Teams" (Random House).*



**Do we really expect women to tackle the most difficult work only to stand by grinning while a man absorbs all the credit?**



## Marianna Tessel

A chief product development officer at Intuit

When the veteran software engineer was hired last year as the first chief product development officer for Intuit's biggest unit, she faced a tough task: Transform an operation that develops software for QuickBook products while taking charge of the largest number of people—more than 1,500—she had ever managed. "I worked quickly to immerse myself in the team," says the 50-year-old daughter of engineers. Here are four trusted advisers who have offered career guidance at critical junctures.

—Joann S. Lublin

### Taylor Stansbury

Intuit's chief technology officer

Mr. Stansbury—who was Ms. Tessel's boss at a small web-commerce company called Ariba—brought her to Intuit after she requested his recommendation for a position elsewhere. His best leadership tip? Face an issue head on by digging deep into details. You uncover solutions "that you didn't see before," she says.



### Aileen Lee

Partner at Cowboy Ventures

Ms. Tessel tapped Ms. Lee's startup expertise before joining the software startup Docker. The venture capitalist also shaped her view of career moves as a chess match. "It's important to think several steps ahead," the Intuit executive says.



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### Bill Coughran

Sequoia Capital partner; former Google engineering executive

Mr. Coughran helped recruit Ms. Tessel to Docker, where he is a director, in 2014. He has urged her to maintain her technical expertise, no matter how many engineers she leads. "To be able to steer a ship in a particular direction, you need to understand the sea," she says.



### Lee Franklin

Executive coach at California Leadership Center

Mr. Franklin taught her that effective leaders understand the importance of telling the truth without blame. In other words, Ms. Tessel says, be authentic and accountable.



## WEEKEND INVESTOR

RETIREMENT | ANNE TERGESEN

# Is Your Nest Egg Light? It May Not Be Too Late

New research says it's OK for parents to skimp on retirement savings. But a catch-up plan is crucial.



When it comes to saving for retirement, conventional wisdom calls for starting early and saving 10% to 15% or so a year. But that can be difficult for parents who are spending on child-rearing while also saving for college.

For parents who have become retirement-savings laggards, recent research by Boston College's Center for Retirement Research suggests another route to building a nest egg. It finds that many fall behind on retirement savings during child-raising years. But while that's OK as long as there is a plan to catch up after the children leave home, few households save significantly more during their empty-nest years.

For many people, "the transition into the empty nest is the key moment for retirement savings," says Michael Kitces, director of wealth management at Pinnacle Advisory Group Inc. in Columbia, Md.

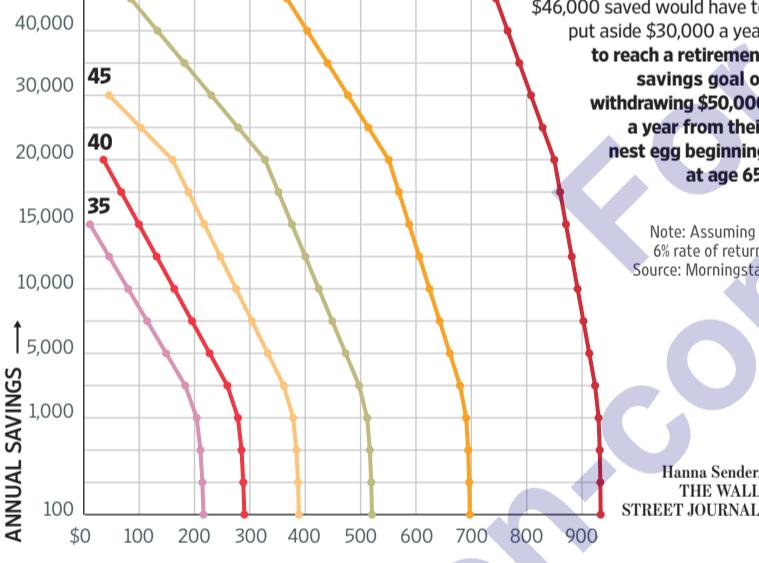
These latecomers in theory can not only dedicate a greater share of their income toward retirement savings, the thinking goes, but they also have less at risk if the market declines, in comparison with those who save early and rely more heavily on compounding for gains.

Of course, playing catch-up comes with risks of its own. If one or both spouses lose a job, a couple will have even fewer resources to get back on track. Plus, people who are used to spending most of their paychecks may find it difficult to get into the habit of saving.

## Savings Grace

Parents who have fallen behind on retirement savings can play catch-up after their children leave home if they develop an aggressive savings plan.

### CURRENT SAVINGS, IN THOUSANDS →



Both a 50-year-old couple with around \$230,000 in retirement savings and 45-year-old with \$46,000 saved have to put aside \$30,000 a year to reach a retirement savings goal of withdrawing \$50,000 a year from their nest egg beginning at age 65.

Note: Assuming a 6% rate of return.  
Source: Morningstar

### Make A Plan

The problem, once you've come up with your number, is adjusting spending to hit your amplified savings goal. Households don't generally increase their saving much when kids leave home, according to a recent study by Boston College's Center for Retirement Research. Instead, the study adds, parents appear to take the opportunity to spend more on themselves. On average, after the departure of the last child, empty-nesters raise their saving in tax-deferred 401(k) accounts by slightly less than 1 percentage point of income. (They save an additional 2 percentage points due to accelerated mortgage repayments, which are a form of savings.)

To buck the trend and meet the aggressive savings goals required

for the delayed approach, financial advisers suggest empty-nesters consider some personal-finance basics.

Use technology to rein in spending: Online programs such as Mint can show your past spending patterns and alert you when you are in danger of going over a budget.

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Plan on smaller indulgences: On paper, it may make sense to bank all the money previously allocated to child-related expenses. But such a plan "ignores human nature," Mr. Struthers says.

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Ms. Hoffman says many of her clients enter the empty-nest phase with many projects on their "to do" lists, including updating kitchens and bathrooms. The key, she says, is to budget a reasonable amount and understand you may need to delay retirement to afford it.

Make savings automatic: Once you have decided how much more you need to save, tell your employer or bank to automatically transfer the money to your 401(k), IRA or taxable brokerage account.

Pre-program such automated transfers months before you become an empty-nester. Ideally, you should designate the month after the last tuition payment is due as the time for the extra savings to kick in. That way, you won't see a larger balance in your account and face the temptation to spend it.

"Rather than assume it's too late to make a difference," people in the empty-nest phase should recognize that "now is the time to take action," Mr. Kitces says.

"Don't think of yourself as behind." After all, he adds, many people with children are in the same situation and "by saving 20% to 30% or more of your income, it's possible to bridge a retirement savings gap pretty fast."

Using tools or having a written budget is valuable because "most people really don't know what they spend. They just charge it," says Carol Hoffman, a financial planner in Blue Ash, Ohio.

To change habits, couples need to "train their brains" to think of spending cuts as positive, says Michaela Herlihy, a planner in Hyannis, Mass. "Don't tell yourself 'I am not allowed to go out to lunch anymore,' " she says, "Frame it as, 'I have committed to going out to lunch once a week to build up my savings for retirement.' "

Think about why you are spending: "Transitions can be tough," says Mark Struthers, an adviser in Chanhassen, Minn. "Some people use spending to occupy the time the kids used to do."

Others continue to spend on adult children. Parents who do so should consider the consequences for their retirement savings and the need to instill in their children

the skills to achieve financial independence, says Bill Parrott, an adviser in Austin, Texas.

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# The 'Surprise' Party That Shocks No One

*Continued from page B1*

However, investors are offering skimpier rewards than they did in the past to companies that beat expectations. Last quarter was the fourth in a row when the stocks of companies with positive earnings surprises went up less than 1% on average, according to FactSet.

That could turn dangerous if companies are tempted to dig ever deeper to show the next penny of profit.

The tax cut probably helped boost last quarter's profits and is likely to do so again this time, but much of what Wall Street calls surprise is an elaborate illusion.

In a process I've called "a cynical tango-clinch," analysts and companies dance expectations downward in tandem. Analysts seeking to curry favor with management deliberately lowball their earnings estimates, helping the companies to beat them and, over time, boosting the stock price. Company executives, in return, let the analysts and their institutional-investor clients cozy up close to them, where they may pick up hints about the future of the business.

When an analyst sets an earn-

ings forecast too high, or a company earns less than analysts are expecting, the dance is ruined. And both sides know it. So the analysts' estimates consistently converge toward what the company is likely to earn -- while leaving just enough room for the reported earnings to exceed the expectation.

The result: surprise, surprise, surprise. To call such predictably engineered numbers "surprises" is almost absurd.

To take a random sampling, Becton Dickinson & Co., Booking Holdings Inc. (formerly Priceline Group Inc.), Nike Inc., PepsiCo Inc. and Thermo Fisher Scientific Inc. have earned more than analysts expected in 20 of the past

Even though the game is obviously rigged, investors are still playing along.

20 quarters; Boeing Co., Halliburton Co., Salesforce.com Inc. and United Technologies Corp., in 19 of the past 20.

Quarterly earnings at such companies often exceed the analysts' average forecast by only a few pennies per share.

In a recent study, accounting and finance professors David Veenman of the University of Amsterdam and Patrick Verwijmeren of Erasmus University Rotterdam compared U.S. stocks that often

posted positive earnings surprises against those that seldom did. The companies that most frequently beat expectations were almost 50% more likely to do so again, and outperformed by an average of about one percentage point the next time they surpassed analysts' forecasts.

In short, even though the game is obviously rigged, investors are still playing along.

A few lessons are obvious.

Wall Street's conventional wisdom holds that when a high percentage of companies beat expectations, the economy is unexpectedly strong or the bull market must have farther to run. Don't fall for that. With more than two-thirds of companies reporting positive earnings surprises every quarter, all you should conclude is that they are adept at conniving with the analysts who follow them.

The companies aren't doing better than expected; the expectations were artificially low. That makes surprises close to meaningless as an indicator.

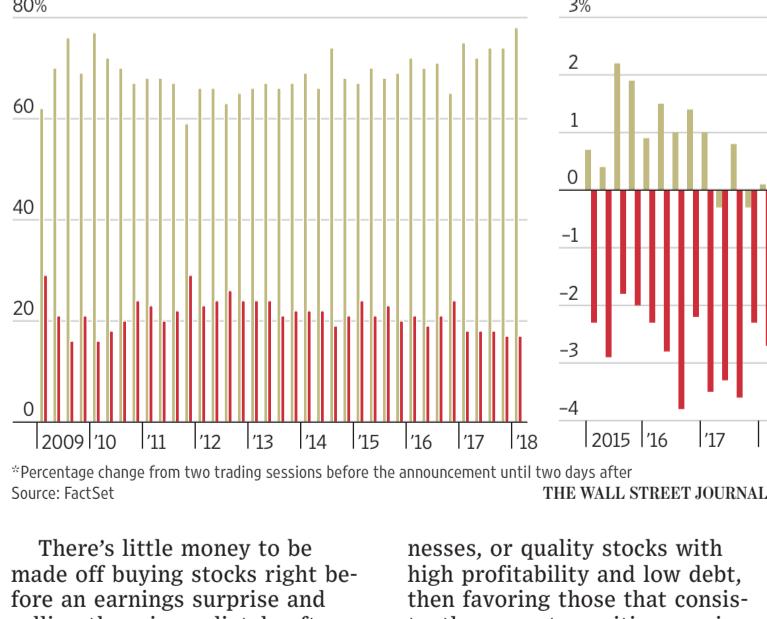
Beating the analysts' estimate has become so pervasive, however, that something may well be fundamentally off at a company that comes up short of expectations.

In today's market, that red flag is redder than ever. "If they miss the consensus, that implies that they had nothing left in their power to get that extra penny of earnings," says Prof. Veenman, "and things could really be going wrong."

## Great Quarter, Guys

At least two-thirds of companies have been reporting quarterly earnings that exceed the average forecast of Wall Street's analysts.

### Percentage of companies in the S&P 500 beating (■) or missing (■) expectations



There's little money to be made off buying stocks right before an earnings surprise and selling them immediately afterward.

"As the signal has become better known and less inefficiently priced over time, the market opportunity has diminished," says John C. Bogle Jr., president of Bogle Investment Management in Newton Lower Falls, Mass., which runs \$2 billion.

However, if you favor value stocks trading at discounts to their underlying worth as busi-

nesses, or quality stocks with high profitability and low debt, then favoring those that consistently generate positive earnings surprises can raise your returns and lower your risks overall, says Mr. Bogle.

Above all, bear in mind that late bull markets are breeding grounds for temptation, when companies and investors alike often can't beat the habit of trying to beat expectations. In 1999 and 2000, some allegedly cheated to keep doing it. Here's hoping that won't happen again.

## FINANCE

Mary Ann Liegey, a retired teacher in Manhasset, N.Y., was shocked in March when she received a letter from her local parish: "Your \$20 check payable to St. Mary's Church...was returned due to Frozen/Blocked Account."

The 75-year-old Ms. Liegey discovered that Citigroup Inc. had blocked her checking and trust accounts after she didn't respond to a notice asking her for personal information to verify the accounts—part of the bank's efforts to comply with government-mandated rules referred to as "know your customer," or KYC.

The rules are designed to make it harder for money launderers, terrorists and other criminals to finance illicit activities, hide funds or move dirty money around the globe.

But just as airport security inspects every passenger no matter how harmless they may seem, banks review and monitor millions of small accounts and transactions, even those of longtime clients. The process can end up ensnaring even law-abiding customers like Ms. Liegey, a grandmother of two.

"When customers come to us with the required information, we make every effort to keep the account open or reopen it as soon as possible," a Citigroup spokesman said. "We aim to limit these instances as much as possible, and we apologize for any undue inconvenience that may result."

The difficulty and complexity of these reviews are exacerbated by advances in technology that have fundamentally changed the ways people interact with banks. More customers are opening accounts or interacting through mobile apps rather than by walking into a branch and presenting physical identification.

"People may be enjoying digitized experiences in other realms without a hitch," said Chris McDonnell of Greenwich Associates, who advises banks on technology and strategy. "But in banking, regulations that are usually invisible to the customer are beginning to reveal themselves."

Banks have been obligated to collect identification information on their customers for decades to help law enforcement track possible criminal activity. The 2001 USA Patriot Act, adopted after the Sept. 11 terrorist attacks, added new requirements.

More recently, regulators have fined or cited a number of large banks for having insufficient procedures to monitor customers and transactions. The U.S. Treasury Department's Financial Crimes Enforcement Network, or FinCEN, has adopted new due-diligence guidelines as recently as May.

A survey by Thomson Reuters Corp. found that the average spending on KYC-related procedures for corporate and asset-manager clients by financial institutions with more than \$10 billion in revenue grew to \$150 million last year, with each having about 300 employees directly involved, up from just 68 a year prior.

Banks don't automatically deem a lack of information suspicious, but they are increasingly flagging activity to the government when they can't sufficiently identify the person. For customers using debit cards, for example, banks' suspicious-activity reports filed to FinCEN related to identification issues have more than tripled since 2013, with more than 10,000 such reports being filed annually.

"We take seriously our obligation to protect the integrity of the



HEATHER WALSH FOR THE WALL STREET JOURNAL (2)

## Mary Ann Liegey to Citi: I'm No Terrorist

A rule designed to stop terrorists, money launderers and other criminals has caused banks to close accounts of some law-abiding customers

BY TELIS DEMOS AND MICHAEL SICONOLFI

financial system and as part of our compliance with the Bank Secrecy Act, we periodically review bank accounts to verify and update information to ensure our files comply with federal regulations and Citi policies," a Citigroup spokesman said.

He added that if the bank is unable to update required information after attempts to contact a customer, it can "restrict access to the account, including closure."

It's not clear how many customers have been contacted to provide more information as part of banks' KYC efforts, or how many accounts have been closed or frozen for failing to respond.

But it's clear many large banks are pursuing more information on accounts for which they don't have complete information.

In the case of a person whose spouse opened a joint account decades ago, for example, the bank might not know the person's first name with complete certainty, said Chrisol Correia, director of international financial crime compliance at LexisNexis Risk Solutions, which provides identification data to banks and others. His firm has handled about 100 billion search requests directly.

"Automation is probably smoking out old accounts that slipped through process cracks when it



was paper-based," said Greenwich's Mr. McDonnell.

Bill Laderer, who owns a landscaping business in Sea Cliff, N.Y., groused that Capital One Financial Corp. suddenly cut off his credit card because he hadn't provided an employee identification number for his business, which has operated since 1941. Said Mr. Laderer with a shrug: "Every bank is doing this."

Capital One declined to comment.

Donna Griffit has had a Citigroup account for her California-based business, which helps startups craft pitches, for more than a decade.

At the beginning of February, she

got a letter saying the bank needed unspecified information from her by month's end or her account could be closed. When she called the bank a few days later, no one could figure out what was needed, and the bank said it would get back to her, she recalled. She thought it was resolved.

But in June, she discovered her account had been frozen. After calling the bank again, she said she was told she needed to speak to the KYC department. "I said, 'Who is KYC?'" she recalled. "I had no idea what that meant."

Eventually, Ms. Griffit said she reached someone who asked a series

Mary Ann Liegey—shown here with her cat, Sherbert—had her Citi accounts closed against her wishes. Below, her Long Island branch.

of questions about her business, such as whether it had additional owners besides her. No, it never has, Ms. Griffit said she told them. She filled out a new ownership form, and answered some further questions, before her account was unfrozen.

Citigroup is among several large banks that have been fined by the Office of the Comptroller of the Currency for failing to complete sufficient improvements in its procedures for complying with rules on monitoring for illicit financial activity.

The bank has invested in an upgraded platform that collects information about new customers, updates data on existing ones, and monitors transactions across the bank's global network, people familiar with the lender said. But it's an evolving system that involves interaction between centralized analysts and branch personnel, they said.

Ms. Liegey, who opened her Citigroup account in 2013, went to her local branch and provided her drivers' license. Her Citi banker apologized in a letter, saying her accounts were blocked "due to BANK ERROR," adding that the accounts "have always been in good standing and remain so."

Later, Ms. Liegey got another warning from Citi that her accounts would be frozen if she didn't provide the signatory page of her trust account—which someone at her branch said the bank already had.

Then, she said United Parcel Service delivered a letter saying Citi had closed her accounts, and included a check with her funds.

She recalled being frightened that she couldn't get access to her money if she needed it, adding: "They don't have the right to do that...or do they?" She since has deposited her funds at Apple Bank for Savings.

## Banking Like a Rock Star

At Berkshire Hills Bancorp, CEO Michael Daly keeps the boring away with zip

BY CHRISTINA REXRODE

At Berkshire Hills Bancorp Inc., rock music must be played at every meeting. Suits are not allowed. And ziplines are an acceptable form of transportation.

It's all part of an unconventional rulebook—adapted by Chief Executive Michael Daly—that is meant to energize and empower the New England-based bank's 1,900 employees.

"We're not boring," says Mr. Daly, a wiry 57-year-old who is never at a loss for an inspirational anecdote, whether it's from President Theodore Roosevelt or crime boss Whitey Bulger.

In an industry built on numbers, Mr. Daly believes in emotions and that employees who feel good will do good work. Mr. Daly once arrived at an employee town hall on a zipline, slinging \$100 bills to the crowd below. He started calling his company "America's Most Exciting Bank" years ago, because workers told him they wanted jobs they enjoyed.

If his tactics sound like gimmickry, Mr. Daly disagrees. Employees who don't believe in the bank's culture tend to leave

quickly, he says, and he expects buy-in from his executives, who have dressed like members of the rock band KISS or engaged in lip-sync battles at other employee meetings.

Since he became CEO in 2002, the bank has grown to \$11.5 billion in assets as of the first quarter, from about \$1 billion. During acquisitions and their accompanying job cuts, Mr. Daly hands out his cellphone number freely and

**'I care about the employees more than anything, even though my No. 1 job is shareholders.'**

encourages employees whose jobs are on the line to "come get in my face." The ones that do call often prove worth keeping. "You would be shocked at how many high performers we find through that," he says.

Mr. Daly often hires from outside the banking industry, valuing scrappiness over pedigree. He likes to tell the story of two customers whom he struck up a con-

versation with at a branch in Albany, N.Y. He liked their energy, and hired them away from the clothing store where they worked to do customer service for the bank.

The bank—named for its long-time home in the Berkshires region—last year moved its headquarters from Pittsfield, Mass., to Boston. The move, Mr. Daly says, places him closer to some business clients—and will let him poach employees and customers from rivals like Bank of America Corp. and Citizens Financial Group Inc.

For all his swagger, Mr. Daly also likes to play the part of a small-town banker. He said he sends a couple hundred handwritten notes to employees every month, and replies to just as many employee emails. "I care about the employees more than anything," he says, "even though my No. 1 job is shareholders."

For the near term, Mr. Daly is focused on expanding commercial lending and wealth management, and settling in at the new headquarters.

He is also planning how to top the zipline to get employees' attention.

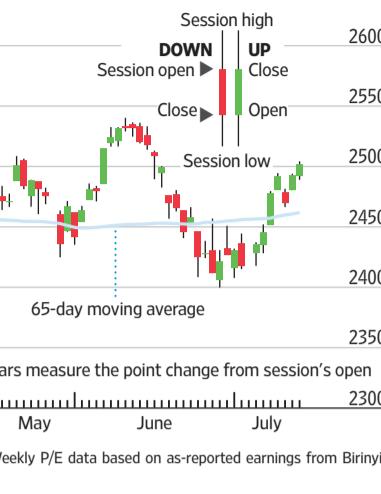


TONY LUONG FOR THE WALL STREET JOURNAL

## MARKETS DIGEST

## Dow Jones Industrial Average

**25109.41**  
▲ 94.52  
or 0.38%  
All-time high  
26616.71, 01/26/18



Bars measure the point change from session's open

May June July

23000 23500 24000 24500 25000 25500 26000

26500 27000 27500 28000

28500 29000

29500 30000

30500 31000

31500 32000

32500 33000

33500 34000

34500 35000

35500 36000

36500 37000

37500 38000

38500 39000

39500 40000

40500 41000

41500 42000

42500 43000

43500 44000

44500 45000

45500 46000

46500 47000

47500 48000

48500 49000

49500 50000

50500 51000

51500 52000

52500 53000

53500 54000

54500 55000

55500 56000

56500 57000

57500 58000

58500 59000

59500 60000

60500 61000

61500 62000

62500 63000

63500 64000

64500 65000

65500 66000

66500 67000

67500 68000

68500 69000

69500 70000

70500 71000

71500 72000

72500 73000

73500 74000

74500 75000

75500 76000

76500 77000

77500 78000

78500 79000

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82500 83000

83500 84000

84500 85000

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193500 194000

194500 195000

195500 196000

196500 197000

197500 198000

198500 199000

199500 200000

200500 201000

201500 202000

202500 203000

203500 204000

204500 205000

## MARKET DATA

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Interest	
<b>Copper-High (CME)</b> -25,000 lbs.; \$ per lb.	2,776.00	2,776.50	2,753.00	2,7700	0.020	2,433	
July 2,7750	2,776.50	2,753.00	2,753.00	2,753.00	0.0025	159,188	
<b>Gold (CME)</b> -100 troy oz.; \$ per troy oz.	2,776.00	2,7885	2,7495	2,7755	-0.0015	159,188	
Aug 1247.70	1248.50	1236.20	1241.20	1241.20	-5.40	263,475	
Oct 1252.80	1253.50	1242.00	1246.40	1246.40	-5.60	26,251	
Dec 1257.50	1259.20	1247.00	1251.90	1251.90	-5.60	179,381	
Feb'19 1264.20	1264.20	1254.00	1258.10	1258.10	-5.40	22,423	
June 1271.00	1271.70	1265.90	1270.20	1270.20	-5.60	5,608	
Dec 1290.10	1290.10	1287.90	1289.70	1289.70	-5.70	3,678	
<b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.	844.70	846.90	826.70	830.30	-16.10	76,189	
Sept 945.60	946.30	931.40	932.80	932.80	-16.00	19,398	
Dec 939.40	939.40	928.40	929.00	929.00	-16.20	2,193	
<b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.	826.90	830.60	826.90	826.20	-16.10	158	
July 826.90	830.60	826.90	826.20	826.20	-16.10	158	
Oct 844.70	846.90	826.70	830.30	830.30	-16.10	76,189	
<b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.	15.905	15.905	15.710	15.739	-0.159	694	
Sept 15.980	16.015	15.700	15.815	15.815	-0.162	153,970	
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 barrels; \$ per bbl.	70.33	71.66	69.84	71.01	0.68	220,606	
Sept 69.35	70.60	68.76	69.95	69.95	0.36	396,292	
Oct 68.07	69.21	67.35	68.55	68.55	0.48	226,803	
Dec 67.03	68.06	66.24	67.58	67.58	0.62	295,153	
Jan'19 66.42	67.59	65.81	67.15	67.15	0.65	152,904	
Dec 62.69	63.35	62.23	63.03	63.03	0.46	206,942	
<b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.	2,1208	2,1488	2,0918	2,1334	.0103	95,535	
Sept 2,1253	2,1540	2,0975	2,1393	2,1393	.0113	94,010	
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.	2,0708	2,1181	2,0475	2,1067	.0350	96,296	
Sept 2,0463	2,0871	2,0227	2,0762	2,0762	.0294	114,674	
<b>Natural Gas (NYM)</b> -10,000 MMBtu; \$ per MMBtu.	2,8000	2,8120	2,7500	2,7520	-.045	150,664	
Sept 2,7720	2,7840	2,7230	2,7240	2,7240	-.042	226,203	
Oct 2,7860	2,7970	2,7390	2,7400	2,7400	-.040	147,714	
Jan'19 3,0370	3,0480	2,9970	2,9990	2,9990	-.034	131,634	
March 2,9070	2,9180	2,8720	2,8750	2,8750	-.031	124,056	
April 2,6350	2,6410	2,6050	2,6090	2,6090	-.026	128,280	

## Agriculture Futures

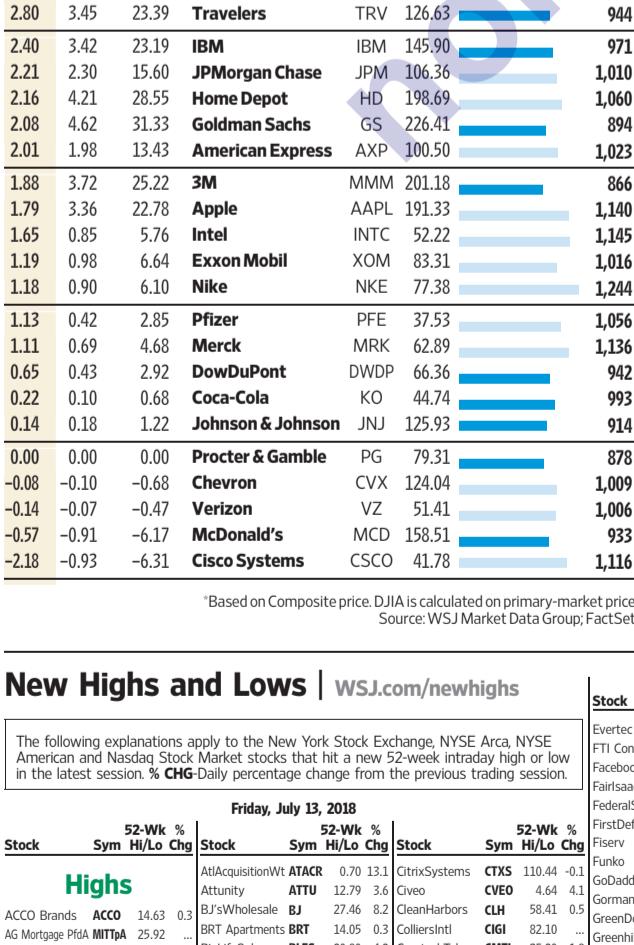
Corn (CBT)-5,000 bu.; cents per bu.							
July 332.25	332.50	332.25	330.25	330.25	-6.25	229	
Dec 358.75	360.00	352.00	354.75	354.75	-4.50	758,651	
Oats (CBT)-5,000 bu.; cents per bu.							
Sept 237.50	237.50	233.75	237.00	237.00	...	1,655	
Dec 240.50	242.25	237.50	241.75	241.75	.50	3,056	
Soybeans (CBT)-5,000 bu.; cents per bu.							
July 831.50	831.50	810.75	814.00	814.00	-16.00	146	
Nov 850.00	853.25	826.75	834.25	834.25	-15.00	425,776	
Soybean Meal (CBT)-100 tons; \$ per ton.							
July 332.00	332.00	329.00	328.80	328.80	-4.60	199	
Dec 327.70	328.60	322.00	323.00	323.00	-4.70	199,795	
Soybean Oil (CBT)-60,000 lbs.; cents per lb.							
July 28.78	28.78	27.95	27.80	27.80	-.37	577	
Dec 28.78	28.78	27.95	28.39	28.39	-.30	236,362	
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.							
July 1184.00	1184.00	1183.50	1181.50	1181.50	-2.00	243	
Sept 1191.00	1200.00	1191.00	1198.50	1198.50	6.50	6,187	
Wheat (CBT)-5,000 bu.; cents per bu.							
July 483.50	497.75	481.25	497.00	497.00	1.00	200,218	
Wheat (KC)-5,000 bu.; cents per bu.							
July 471.50	471.50	469.25	470.25	470.25	-.01	8	
Sept 480.75	493.00	478.25	491.75	491.75	10.50	136,001	
Wheat (MPLS)-5,000 bu.; cents per bu.							
July 524.50	523.75	523.75	524.25	524.25	.50	4	
Sept 530.50	535.00	524.50	531.75	531.75	1.25	29,794	
Cattle-Feeder (CME)-50,000 lbs.; cents per lb.							
Aug 151.100	151.500	150.050	150.725	150.725	-.300	16,924	

## Exchange-Traded Portfolios | WSJ.com/ETFresearch

Largest 100 exchange-traded funds, latest session							
<b>Friday, July 13, 2018</b>							
<b>ETF</b>	<b>Symbol</b>	<b>Closing</b>	<b>Chg</b>	<b>YTD</b>	<b>ETF</b>	<b>Symbol</b>	<b>Closing</b>

## A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 562.93 points, or 2.30%, on the week. A \$1 change in the price of any DJIA stock = 6.78-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$30,917, or a gain of 3.06%, on the \$30,000 investment, including reinvested dividends.



# BIGGEST 1,000 STOCKS

## How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. **Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:**  
 i-New 52-week high.  
 j-New 52-week low.  
 dd-Indicates loss in the most recent four quarters.  
 FD-First day of trading.

Stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

**h**-Does not meet continued listing standards.

**i**-Late filing.

**dd**-Temporary exemption from Nasdaq requirements.

**t**-NYSE bankruptcy.

**v**-Trading halted on primary market, being reorganized under the Bankruptcy Code, or securities assumed by such companies.

**j**-In bankruptcy or receivership.

Friday, July 13, 2018

YTD % Chg	52-Week A B C			YTD % Chg	52-Week D E F			YTD % Chg	52-Week G H I			
	Hi	Lo	Stock		Hi	Lo	Stock		Hi	Lo	Stock	
-19.35 28.67 21.22 ABB	ABB	3.8	2.2	21.63	0.09	-1.01	4.01	86.29	70.59	NotInRwy	FOTS	
13.02 9.63 ADT	ADT	1.6	8.96	8.04	-0.4	-1.01	4.01	38.30	28.20	9.07	FTOT	
21.70 13.55 9.87 AES	AES	3.9	57	13.18	0.04	-1.01	4.01	52.63	52.63	FortBanksH	FBHS	
-2.94 46.19 38.31 AFLC	AFLC	2.7	42	6.20	0.12	-1.01	4.01	66.19	59.41	Franco-Nevada	FNVC	
-5.60 21.94 17.84 AGNC Inv	AGNC	1.3	7	19.06	0.03	-1.01	4.01	5.00	4.98	AGNC Inv	FCX	
56.50 16.61 10.24 ANGI Homesvc	ANGI	... ..	55	17.92	-0.43	-1.01	4.01	9.94	81.67	50.55	PrepMcM	FMS
21.77 184.94 119.20 Ansys	ANSS	... ..	55	17.92	-0.43	-1.01	4.01	38.76	36.55	Ansys	Purit	
14.60 216.90 17.89 ASML	ASML	0.8	19.19	1.14	-0.14	-1.01	4.01	51.05	10.61	76.98 CapitalOne	ASML	
10.40 33.47 3.85 AT&T	AT&T	6.3	24	10.46	0.03	-1.01	4.01	13.02	11.23	2.32 Cancer	CAJ	
10.50 64.60 16.05 AbbottLabs	ABT	4.0	24	6.36	0.02	-1.01	4.01	10.68	12.34	20.15 Entecipar	CGR	
-0.08 125.86 69.38 AbbVie	ABBV	4.0	24	9.63	1.02	-1.01	4.01	17.11	128.54	91.82 GobalMkt	COF	
123.45 90.53 141.56 Abiomed	ABMD	... ..	171	41.78	1.63	-1.01	4.01	3.45	118.40	91.15 Celanese	CRAH	
9.80 16.80 150.48 Accenture	ACN	1.6	17	16.09	0.03	-1.01	4.01	17.89	147.17	74.13 Celgene	CE	
21.71 81.64 57.29 activationB	ATVI	0.4	18.5	81.50	0.13	-1.01	4.01	9.73	10.38	5.71 Cemex	CX	
47.55 259.51 143.95 AdobesSystems	ADBE	... ..	60	25.89	3.72	-1.01	4.01	15.77	11.52	7.05 CoreMil	CIVE	
58.27 17.34 9.04 Admiveiro	ADM	0.2	19.30	13.94	-0.05	-1.01	4.01	33.36	134.70	79.05 Centene	CN	
20.70 11.40 1.35 AgfaGevaert	AGFA	5.5	9	17.52	-0.43	-1.01	4.01	11.15	15.21	1.01 AgfaGevaert	CNTR	
4.45 46.26 47.83 AgilentTechs	AMGL	0.8	19.45	9.45	-0.04	-1.01	4.01	8.76	16.55	5.00 AgilentTechs	CNSP	
6.38 194.40 149.46 AstraZeneca	AZT	1.0	18	139.19	0.81	-1.01	4.01	9.26	408.83	250.10 CharterComms	COT	
-26.77 21.27 145 AffiliatedM	AMGS	0.8	12	18.48	-0.08	-1.01	4.01	5.49	119.20	92.09 Carlisle	COT	
-5.36 75 58.22 AgilentTechs	AMGL	0.8	19	68.38	-0.07	-1.01	4.01	10.35	58.50	43.06 Chemours	COT	
-1.43 58.36 37.45 AgriAgile	AMGN	1.0	51	45.52	-0.50	-1.01	4.01	15.27	69.50	40.36 CheniereEnergy	COT	
-4.11 175.17 141.84 AirProducts	APD	2.8	30	157.33	-0.59	-1.01	4.01	22.98	37.83	26.41 CheniereEner	COT	
18.83 80.83 44.65 AkamaiTechn	AKAM	0.7	70	73.32	-0.33	-1.01	4.01	8.05	33.59	24.44 CheniereEneHdg	COT	
16.49 94.19 57.53 AlaskAir	ALK	2.1	61	64.33	0.57	-1.01	4.01	5.97	15.70	56.45 Carnival	COT	
25.27 149.49 86.75 Albermarle	ALB	2.4	22	95.57	0.02	-1.01	4.01	19.41	23.35	55.76 CapitalOne	COT	
1.22 10.55 35.39 Albermarle	ALB	2.4	22	95.57	0.02	-1.01	4.01	17.77	21.42	10.91 Caterpillar	COT	
-2.05 134.34 10.31 AlimentarResto	ALN	2.0	12	92.03	-0.24	-1.01	4.01	8.76	16.06	13.20 ColgatePalm	COT	
16.11 149.34 10.20 AlionPharm	ALXN	0.8	19	55.87	-0.37	-1.01	4.01	12.09	12.71	9.01 ColonPharm	COT	
10.21 211.70 140.51 Alisopharma	BABA	5.2	190.04	0.13	-0.01	-1.01	4.01	30.14	70.52	14.93 CoGen	COT	
63.58 171.55 152.20 AlionTech	ALGN	1.15	363.45	4.03	-0.04	-1.01	4.01	4.07	53.77	41.28 ChinaTelecom	COT	
-19.11 71.22 39.54 Alkereme	ALKS	... ..	44	42.47	0.69	-1.01	4.01	10.64	16.55	11.87 ChinaUnicom	COT	
-0.24 63.49 52.10 Allegany	ALLE	8.9	59.64	5.74	-0.04	-1.01	4.01	58.19	47.46	21.47 Chipotle	COT	
4.45 27.87 1.33 AlgenTech	ALGN	5.5	17	59.71	0.63	-1.01	4.01	12.79	72.29	56.45 Carnival	COT	
4.45 46.26 47.83 AlgenTech	ALGN	5.5	17	59.71	0.63	-1.01	4.01	12.79	72.29	56.45 CapitalOne	COT	
6.38 194.40 149.46 AlgenTech	ALGN	5.5	17	59.71	0.63	-1.01	4.01	12.79	72.29	56.45 CapitalOne	COT	
-26.77 21.27 145 AffiliatedM	AMGS	0.8	12	18.48	-0.08	-1.01	4.01	8.01	89.54	67.45 GileadSciences	COT	
-5.36 75 58.22 AgilentTechs	AMGL	0.8	19	68.38	-0.07	-1.01	4.01	10.22	115.84	10.15 Goldman	COT	
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18.83 80.83 44.65 AkamaiTechn	AKAM	0.7	70	73.32	-0.33	-1.01	4.01	8.05	33.59	24.44 GoDaddy	COT	
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10.21 211.70 140.51 Alisopharma	BABA	5.2	190.04	0.13	-0.01	-1.01	4.01	30.14	70.52	14.93 CoGen	COT	
63.58 171.55 152.20 AlionTech	ALGN	1.15	363.45	4.03	-0.04	-1.01	4.01	4.07	53.77	41.28 ChinaTelecom	COT	
-0.24 63.49 52.10 Allegany	ALLE	8.9	59.64	5.74	-0.04	-1.01	4.01	58.19				

## BANKING &amp; FINANCE NEWS

# Settlements Crimp Wells Fargo's Profit

Consumer banking also showed slack as quarterly earnings fell 11% to \$5.19 billion

By PETER RUDGEAER

**Wells Fargo** & Co. said second-quarter profit fell 11% due in part to escalating costs related to past misdeeds and weakness in several of its main businesses.

The San Francisco-based bank reported a profit of \$5.19 billion, or 98 cents a share, compared with profit of \$5.86 billion, or \$1.08 a share, in the 2017 period. Analysts polled by Thomson Reuters had expected earnings of \$1.12 a share.

The bank's shares fell 1.2% to \$55.36 Friday.

Second-quarter results were affected by nearly \$2 billion in one-time items, most of which detracted from the bank's performance. The largest was a \$619 million charge Wells Fargo took to refund customers it previously overcharged in its foreign-exchange, wealth-management and auto-and mortgage-lending units.

The fallout from Wells Fargo's regulatory woes has been a drag on earnings for nearly two years. Three months ago, the bank adjusted first-quarter earnings downward by \$800 million after reaching a \$1 billion settlement over claims it improperly charged mortgage and auto-loan customers.

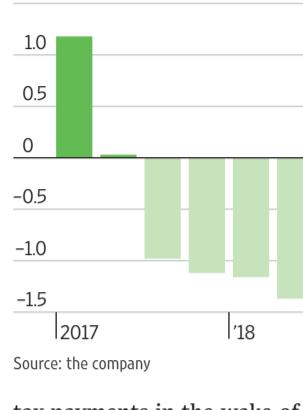
"We have to improve how we manage other risks," CEO Timothy Sloan said on a conference call with analysts. Since last year, Wells Fargo has added more than 2,000 employees to its risk-management team, executives said Friday.

Wells Fargo also set aside an additional \$481 million for

## Loan Review

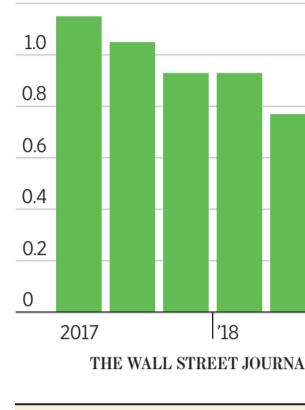
In addition to its regulatory woes, Wells Fargo is facing pressure in its lending and mortgage businesses.

### Change from a previous year in total loans outstanding



Source: the company

### Fee income from mortgage banking



THE WALL STREET JOURNAL.



The fallout from Wells Fargo's regulatory woes has been a drag on earnings for nearly two years.

CHRISTOPHER DILTS/BLOOMBERG NEWS

tax payments in the wake of a U.S. Supreme Court decision last month that primarily dealt with taxes owed by online retailers. Finance chief John Shrewsberry said that affiliates of Wells Fargo that hold loans the bank made could now be subject to income taxes even if they don't have a physical presence in certain U.S. states where they generate income.

There were signs of slack in Wells Fargo's consumer-banking group. Wells Fargo's mortgage business earned \$770 million in fees in the second quarter, down one-third from the \$1.15 billion it earned in the year-earlier period. The bank's mortgage volume was down 11% after higher rates led to a drop-off in refinancing activity.

Consumer-loan balances fell 2.3% to \$441.2 billion due to contractions in auto and home-equity portfolios. Wells Fargo also sold during the quarter a \$1.3 billion portfolio of mortgages it had inherited from its 2008 purchase of Wa-

chovia Corp., resulting in a

## High-Court Ruling Creates Uneasiness

Turns out the recent U.S. Supreme Court ruling affecting online retailers is also reaching out to hit nonretailers as well.

The case, which involved South Dakota and retailer Wayfair Inc., doesn't seem at first blush as if it would affect a bank like Wells Fargo, or extend beyond sales taxes. The court ruled in June that states could require online retailers to collect sales taxes even if they didn't have a physical presence within the state.

But some observers have suggested the decision might change the landscape on state

\$479 million gain. Commercial-loan balances declined slightly to \$503.1 billion, largely due to drops in commercial real-estate balances.

"Demand is good, but I wouldn't describe it as great," Mr. Sloan said.

income taxes as well, and that businesses might have to reconsider whether they're now liable for state income taxes in states where they do business but don't have physical operations.

The Wayfair ruling "creates additional risk for companies in the income tax arena," said Stephen Kranz, a tax attorney at McDermott Will & Emery in Washington.

The ruling may embolden states to pursue businesses for income taxes in the same way they can now require collection of sales taxes.

"I think states are more likely to take an aggressive approach on income taxes now that they have the Wayfair decision," said David Pope, an at-

Despite the drop-off in loans, Wells Fargo saw a boost in the income and profitability from its lending activities. Its net interest margin, a measure of how profitably it can lend out its customers' deposits, rose to 2.93% from 2.84% at

the end of March and 2.90% in the year-earlier second quarter.

Wells Fargo is constrained in how many loans and assets it can add to its balance sheet under a consent decree it reached with the Federal Re-

serve in February. Citing "widespread consumer abuses and compliance breakdowns" at Wells Fargo, the Fed restricted the bank from expanding its total assets above their level at the end of 2017. Executives said Friday that the asset cap hasn't had a big impact on its growth plan so far.

Overall expenses rose 3.3% to \$13.98 billion from \$13.54 billion in the second quarter of 2017. Expenses as a share of revenue in the latest quarter was 64.9%, above the target of 60% to 61% set at an investor presentation in May 2017.

Revenue fell 3.1% to \$21.55 billion.

Wells Fargo had been one of the most consistent among big banks at growing earnings and revenue. But its shares have continued to underperform its big-bank peers since the lender's sales-practices scandal erupted in September 2016. Since the start of the year, Wells Fargo's shares are down 8.8% while the KBW index of bank stocks is down only 2%. —Emily Glazer contributed to this article.

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BY CHRISTINA REXRODE

### PNC Financial Services Group

posted better-than-expected second-quarter earnings Friday, boosted by an increase in lending and a lower tax rate.

Profit at the Pittsburgh-based bank rose 24% to \$1.35 billion, from \$1.09 billion a year ago. Per-share earnings were \$2.72, beating the \$2.58 expected by analysts polled by Thomson Reuters.

The stock rose 33 cents to \$138.32 Friday.

CEO Bill Demchak expressed optimism about the economy and said that talk of a trade war and tariffs so far hadn't affected PNC's customers.

"We have clients who are winners and clients who are

losers depending on tariffs that we impose and tariffs that are imposed in response to ours," Mr. Demchak said. "But we haven't seen any slowdown at all in pipeline or activity or interest levels."

Commercial lending grew 3% from a year ago. That business is a key revenue driver for midsize banks like PNC, and analysts will try to discern if PNC's results there set the tone for other banks that report later. Growth in that category has been disappointing throughout much of the industry, despite a recent pickup. PNC, which has long focused on the business, has expanded it to new cities and has fared relatively well.

Consumer lending grew 1% from a year ago.

PNC also benefited from

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BY MANCUSO

## MARKETS NEWS

# Bond Prices Rise As Investors Mull Trump U.K. Visit

BY ORLA McCAFFREY

U.S. government bond prices rose Friday as trade tensions lingered amid President Donald Trump's visit to the United Kingdom.

The yield on the benchmark 10-year Treasury note settled at 2.831%, down from 2.853%

**CREDIT MARKETS** 10-year yield was little changed on the week. Yields fall as bond prices rise.

Investors' concerns that Mr. Trump's visit to the U.K. could further exacerbate trade tensions weighed on yields, some analysts said. That uncertainty inspired some to seek the relative safety of government bonds in Europe and the U.S.

"There was quite a big reaction in the European bond markets, where yields ended up down quite a bit," said Jim Vogel, head of government bond strategy at FTN Financial.

"There's more of the idea that even in the best of circumstances, Europe may not respond as quickly to easy monetary policy as the U.S. did."

Yields were little changed overnight but began falling after the Labor Department said Friday that U.S. import prices fell in June. The cost of imported goods last month fell

0.4%, a sign tariffs have yet to broadly inflate prices. Export prices rose 0.3%.

Yields continued lower after the University of Michigan said Americans' confidence in the economy fell this month amid concerns about tariffs on imported goods.

Friday's decline in yields comes a day after data showed U.S. inflation hit its highest rate in more than six years, eroding wage gains. The up-

tick in prices won't likely push yields higher, investors said, since prices are rising at roughly the same pace as wages. Investors and economists had expected higher wages to fuel consumer spending and inflation. Inflation presents a threat to the value of bonds' fixed interest payments.

"Beginning in the second quarter, the market has traded a lot of things from negative side of sentiment," Mr. Vogel said. "There's less belief that growth will pave over pot-holes."

The Treasury auctioned \$69 billion of notes and bonds, as well as \$90 billion of bills, this week. Investor appetite for debt will be further tested next week when the Treasury Department is scheduled to auction \$122 billion of bills and \$13 billion of 10-year inflation-indexed notes.

# Zeal for Passive Funds Has Cooled in 2018

BY JUSTIN BAER AND MENGQI SUN

The flood of money into low-cost index funds is slowing in 2018, testing Americans' unprecedented embrace of passively managed investments during a nine-year-old bull market for stocks.

Net inflows into U.S. mutual funds and exchange-traded funds that mimic indexes dropped to \$3.4 billion in June, according to data compiled by research firm Morningstar.

That was the lowest amount of new monthly money for these funds since early 2014. For the first six months of 2018 passive inflows were down 44%, compared with the same period a year earlier.

The pullback shows that even the darlings of the asset-management industry are vulnerable to volatile markets and investor anxiety over a potential downturn. The first half of the year was marked by swings tied to trade-policy tensions, interest-rate increases and talk of inflation.

"We've had essentially flat U.S. equities, a down emerging market, and a down U.S. fixed-income market," said Todd Rosenbluth, director of ETF and mutual-fund research at CFRA.

Indexing giant Vanguard Group is among the managers grappling with the client pull-back. Through the first half of 2018 the company's net client flows of \$112 billion were down 48% from the same period a year ago. That includes an influx of \$10.3 billion in June.

The rise of passive investing has prompted sweeping changes throughout the financial world, from corporate governance to market structure, as well as concerns that the index funds could be vulnerable to unpredictable behavior in another downturn. They have attracted trillions in new client money since the 2008 financial

crisis.

Active managers have long argued volatility and falling indexes would help them gain on their passive rivals while showcasing their stock- and bond-picking skills. Some have sought to merge, cut fees or overhaul their product lineups.

But there are no signs yet that most investors are turning in that direction. Actively managed funds have suffered net outflows of more than \$500 billion since 2015, according to Morningstar. Roughly \$29 billion in client money left those funds during the first half of this year.

The outflows through the first six months of 2018 marked the second six-month period in a row, and fifth of the last six, where active funds had net outflows, according to Morningstar.

"Paying more money to be flat or down makes little sense," Mr. Rosenbluth said.

But outflows for active funds are less sizable than they were several years ago, and some companies are beginning to see inflows. One is American Funds, owned by Los Angeles-based Capital Group Cos. The mutual-fund unit, which manages solely active funds, brought in \$997 million in the month of June and had net inflows of \$17.95 billion in the first half of this year, according to Morningstar.

Not all active funds are in the same position, said Kevin McDevitt, a research analyst at Morningstar.

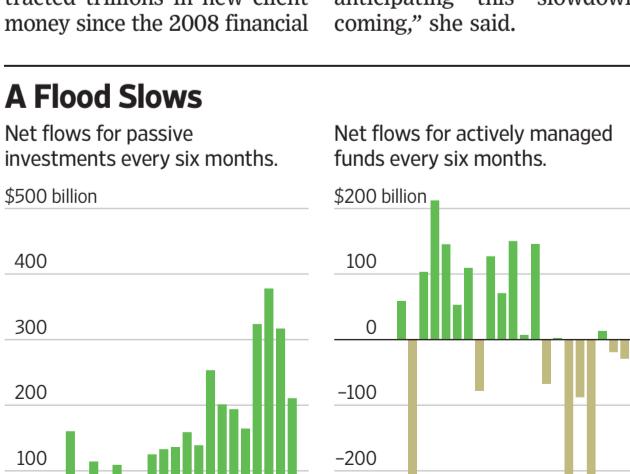
The most-expensive active funds "are losing capital," he said, while cheaper active funds "are doing better in ter-

The drop-off in investor cash during 2018 is the result of political uncertainty and concerns that the bull market could eventually stop, said Emily Farrell, a Vanguard spokeswoman.

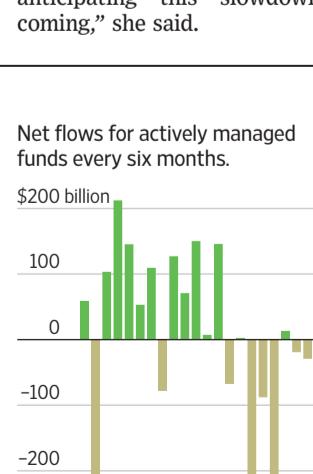
"People are aware of and are anticipating this slowdown coming," she said.

## A Flood Slows

Net flows for passive investments every six months.



Net flows for actively managed funds every six months.



# Earnings Help Lift Stocks

BY AKANE OTANI AND BEN ST. CLAIR

U.S. stocks climbed Friday and posted weekly gains, as a solid start to the corporate earnings season helped investors brush aside fears about a global trade rift.

Stocks have shown resilience in recent weeks, even as the U.S. and China have ramped up punitive trade measures on each other that some analysts fear could hurt global growth.

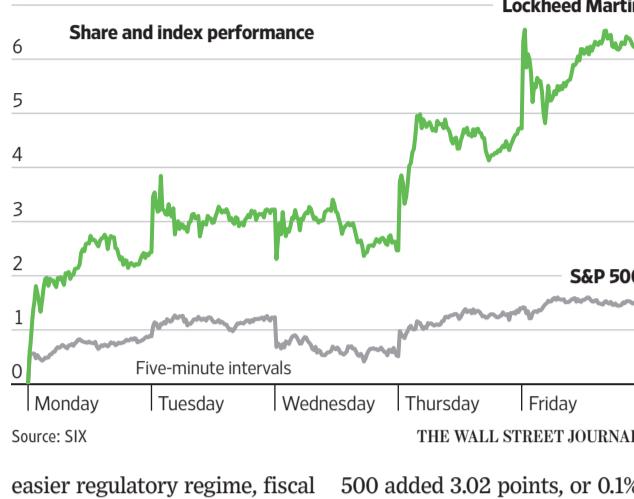
The S&P 500 dipped mid-week after the White House said it would assess 10% tariffs on an additional \$200 billion of Chinese goods—although it then rebounded Thursday as technology shares rallied.

Investors say signs of strength in the U.S. economy are helping them remain cautiously optimistic about the nine-year stock rally. Corporate earnings results have continued to impress, with PepsiCo shares soaring Tuesday after the firm posted a slight gain in quarterly revenue and JPMorgan Chase and Citigroup posting double-digit profit increases for the latest quarter Friday.

"We have the tax cuts, an

## Playing Defense

Lockheed Martin shares jumped past the S&P 500 after President Donald Trump pressed NATO allies to increase their military spending.



500 added 3.02 points, or 0.1%, to 2801.31, closing at its highest level since Feb. 1, and the Nasdaq Composite advanced 2.06 points, or less than 0.1%, to a fresh closing high of 7825.98.

The gains came in a relatively quiet session: just 5.2 billion shares changed hands across the New York Stock Exchange and the Nasdaq, marking the lowest volume for a full trading day this year.

For the week, the Dow industrials were up 2.3%, while the

S&P 500 was up 1.5% and the Nasdaq was up 1.8%.

Corporate news drove swings in individual stocks throughout the week, propelling shares of industrial, technology and consumer discretionary firms up more than 2% apiece in the S&P 500.

Defense contractors rallied after President Donald Trump pressed allies at a North Atlantic Treaty Organization meeting to double their military spending targets. Lockheed Martin was up \$19.18, or 6.4%, to \$318.37 for the week.

Meanwhile, technology stocks continued to add to their gains for the year, with Microsoft's market capitalization rising above \$800 billion for the first time Thursday and software firm CA Technologies jumping after Broadcom agreed to buy it for \$18.9 billion.

Elsewhere, the Stoxx Europe 600 added 0.2% Friday, led by advances among technology and real-estate companies.

Hong Kong's Hang Seng rose 0.2% and Japan's Nikkei Stock Average added 1.8%, notching its biggest one-day percentage gain since March.

## One of the World's Best Investments Comes From the Sea



Norway's consumer staples sector—populated entirely by salmon-seafood companies—is up 20% year to date, outperforming most other investments around the world.

Two decades of global growth has led to "super profits," said Anders Hagen, head of Securities Research at Nordea, and the salmon industry is dominated by Norwegian-listed companies.

That outperformance may be set to continue, as demand out-

paces supply.

Regin Jacobsen CEO of Oslo-listed salmon producer Bakkefrost, believes that demand will grow by 8% to 10% in the coming years and yet supply will increase by 3% to 5%.

People in places that didn't traditionally eat salmon, like Italy and Spain, are now eating it, while China's growing middle class is vacuuming up large quantities of the fish.

The Chinese "used to eat carp and mollusks, but with the

income increase, they're interested in premium products, especially imported products," says Beyhan de Jong, an animal-protein analyst at Rabobank.

Even in more-developed markets, salmon's popularity has grown as younger consumers turn to healthier protein sources.

Fueled by salmon, the Oslo All-Share has outperformed other European markets this year. The index is up 10% year to date, against a 4.66% return on the S&P 500 and a fall of 1%

on the Stoxx Europe 600.

The Oslo All-Share has also been boosted by a 11% gain in the price of Brent crude. But these days, seafood is almost as large as energy in Oslo, said Nordea's Mr. Hagen.

Energy's share of Norway's benchmark index has fallen to below 40% from 53% 10 years ago. During that period, consumer staples has grown from 2.6% of the index to more than 11%.

—Mischa Frankl-Duval

# Oil Inches Up on Continued Supply Worries

BY AMRITH RAMKUMAR AND DAVID HODARI

Oil prices ticked higher Friday, as traders weighed a slew of mixed supply signals from the week and awaited further figures that could shift projections for a market deficit.

Light, sweet crude for August delivery closed up 68 cents, or 1%,

**COMMODITIES** to \$71.01 a barrel on the New York Mercantile Exchange.

Brent crude, the global benchmark, added 88 cents, or 1.2%, to \$75.33. Prices have stabilized since tumbling Wednesday after Libya indicated it would resume export activities at its eastern ports, potentially easing fears of a supply shortage.

Supply disruptions in Libya and other countries and U.S. sanctions against Iran pushed oil prices near their highest level since 2014 early in the week, and analysts say there is still uncertainty about how much oil will quickly return to the market.

Adding to the mixed signals, data Wednesday showed U.S. inventories dropped much more than analysts expected during the week ended July 6.



And Saudi Arabia, under pressure from the U.S. to ramp up production to keep a lid on prices, told the Organization of the Petroleum Exporting Countries that its oil output

trade threats could slow the global economy and lower commodity consumption also affecting sentiment, analysts are waiting to see what the next supply signal will be.

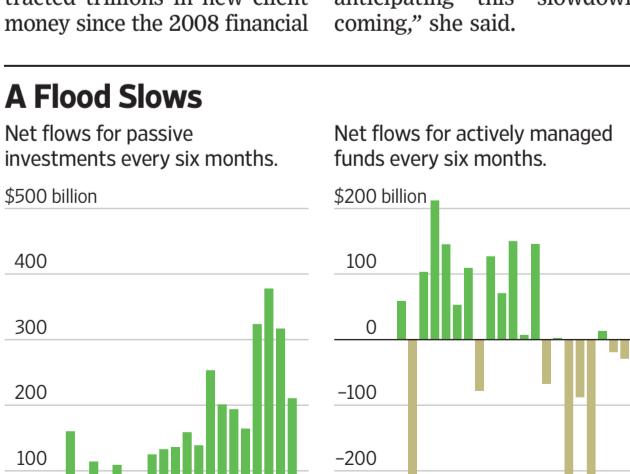
"The market is trying to assess whether more sources of oil will get us to the point where daily global oil production is once again ahead of our

daily consumption," Phil Flynn, a senior analyst at the Price Futures Group, said in a note to clients. "So far it has not."

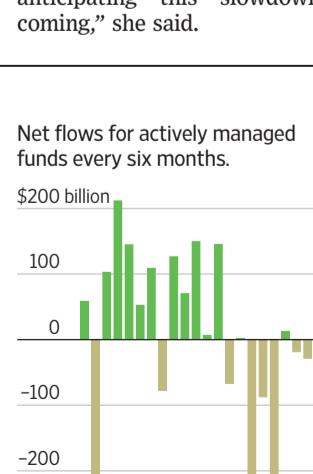
Among refined products, gasoline futures added 3.50 cents, or 1.7%, to \$2.1067 a gallon. Diesel futures closed up 1.03 cent, or 0.5%, at \$2.1334 a gallon.

## A Flood Slows

Net flows for passive investments every six months.



Net flows for actively managed funds every six months.



Now, with the prospect that

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## HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

# Big Builders Redo The Housing Market

One reason new-home sales have stayed low: Consolidation has given larger players more power

BY JUSTIN LAHART

A big mystery of the housing market since the financial crisis is why sales of new homes have remained so low despite a strong economy and real-estate market.

One explanation is a major consolidation among homebuilders, which has given surprising power to some of the big publicly traded companies. That is a big change in what has long been a heavily fragmented industry driven at the margins by small-time construction companies that built like crazy during boom years.

The housing bust and the financial crisis destroyed many home builders. In the tally of U.S. businesses it conducts every five years, the Census Bureau found that there were 48,261 home builders operating in the U.S. in

2012, about half as many as the 98,067 it counted in 2007. In the consolidation, publicly traded home builders fared much better, with only a handful of small ones going bankrupt, and most of those ultimately remained in business.

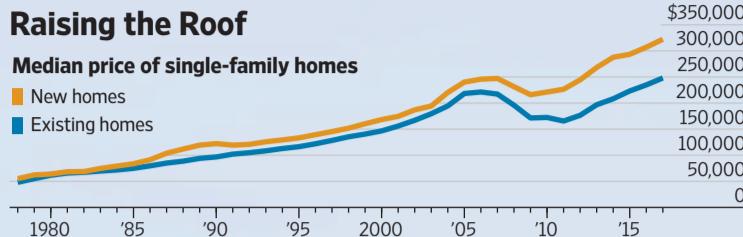
Even as the economy has recovered and demand for homes has risen, the number of homebuilders doesn't appear to have rebounded. Instead, a few big national players dominate major markets like never before. According to data from *Builder* magazine, the median market share captured by the top 10 builders in the country's top 25 new-home markets was 63% in 2017. That compared with 34% a decade earlier.

Homebuilding is nowhere near as consolidated as industries like airlines, but the result has been similar, less supply. Last year, 1.9 new homes were sold per 1,000 people in the U.S., compared to an average 2.6 over the past 50 years.

Big builders have been able to leverage lower funding costs and

## Raising the Roof

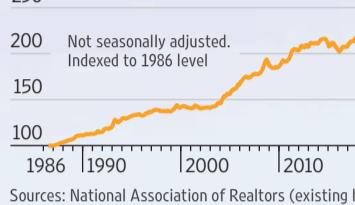
### Median price of single-family homes



### Top 10 builders' market share, median for top 25 markets



### Wholesale price index for residential construction goods



Sources: National Association of Realtors (existing homes); Commerce Department (new homes); *Builder* magazine (market share); Labor Department (index)

building homes that are more standardized, less labor intensive and more profitable.

Profit margins at D.R. Horton, Lennar and PulteGroup are substantially higher than smaller public players such as KB Home, M/I Homes and M.D.C. Holdings, he points out. "That suggests that the larger builders are the ones who have figured out how to be more efficient," he says.

While big builders have benefited, the shift has been a drag on the economy. Not only is home building contributing less to gross domestic product and employment than it used to, but it isn't as big a driver of business in areas like furniture and appliance sales.

The environment isn't uniformly bad for small builders; away from big markets, the business remains far more fragmented.

George Hale, co-owner of Oregon-based Woodhill Homes, says it is harder for small builders like his to get a toehold in the Portland and Bend markets where he operates. As a result of high land prices and regulatory hoops builders need to jump through, the capital requirements to start a project are high. That makes it tough to compete with large public builders, which have ready access to funds. He has been lucky since he focuses on smaller projects that don't interest big builders. But he doesn't see many new people getting into the business. "I'm 48, and all my peers are my age plus."

Evercore ISI analyst Stephen Kim thinks that the gains the big builders have made in major markets may signal a broad shift in how new homes are built. These companies, focused on profit margins, are using their buying power to lower material costs, and are

A builder works on a D.R. Horton home in Florence, Ariz.



CATHERINE OHARA/BLOOMBERG NEWS



Chinese Premier Li Keqiang with BMW's CEO and Angela Merkel in Berlin.

# Trade Spat Puts BMW In China's Fast Lane

Courting Europe, Beijing may make BMW the first foreign car maker to control its Chinese venture

BY JACKY WONG

Could European companies benefit from the U.S.-China trade spat?

German car maker **BMW** is hoping so. Chinese Premier Li Keqiang this week said it could become the first foreign company to be allowed majority control of an auto-sector joint venture in China. Foreign auto makers currently have to share factory ownership and prof-

**The fear is that Beijing, in its attempt to lure Europe, could sacrifice the interests of BMW's Chinese partner.**

its with a local partner, but Beijing promised in April that those restrictions would be phased out by 2022: BMW has a 50-50 joint venture with Hong Kong-listed Brilliance China, for example.

The details behind Mr. Li's comments have yet to be revealed.

Still, it seems the Chinese government is eager to use the German company's situation to portray itself as keeping promises to open

up its economy, even as tensions with the U.S. escalate.

Whatever Beijing's motives, it will be good news for BMW if it's allowed to raise its stake in its current JV before its rivals. The company delivered nearly 600,000 cars to China last year, with two-thirds of those produced by the Brilliance partnership. That made China BMW's biggest single market, accounting for nearly 20% of its sales; including royalties, it earns better margins there than elsewhere globally too, according to analysts at Jefferies.

BMW already plans to manufacture more cars locally, and having a higher stake in its JV should help it capture more of the resulting profit.

BMW investors will likely wait for the fine print before cheering all this—its shares are only up 1% in the past two days. The news hasn't been quite so brilliant for its Chinese partner; Brilliance's share price has dropped 17% in that period.

The fear is that Beijing, in its attempt to lure Europe, could sacrifice the interests of Brilliance shareholders.

While Brilliance is left to take one on the chin for Mother China, BMW will be hoping Beijing speeds ahead with this particular offer.

## OVERHEARD

The Justice Department was handed a resounding defeat in its lawsuit to block AT&T's acquisition of Time Warner. So when the government's lawyers appealed the verdict, it seemed not entirely coincidental that the decision came after the nomination of Brett Kavanaugh to the U.S. Supreme Court.

Judge Kavanaugh has opposed government efforts to block mergers and with his nomination he will stop hearing cases on the U.S. Court of Appeals for the D.C. Circuit, where the appeal will be heard. That means that the government's appeal of the AT&T-Time Warner merger could possibly find a more favorable hearing.

In the two most prominent merger appeals over the last 10 years, when Anthem was trying to merge with Cigna and when Whole Foods sought to buy Wild Oats, Judge Kavanaugh ruled against the government's case to block the deals. Neither merger went through and Mr. Kavanaugh was the lone dissenter.

As with those appeals, *United States v. AT&T* will be heard before a panel of three of the court's 11 judges. Judge Kavanaugh's nomination reduces the number of conservatives to three against seven liberals, meaning the chance that panel will be majority-conservative became slightly less likely.

That is to say, a conservative Justice Department, hoping to appeal to a liberal court, has been aided by the removal of a conservative judge by a Republican president. That's politics, baby.



Brett Kavanaugh

# Stop Fretting: The News From Banks Is Good

Healthy earnings at JPMorgan and Citigroup show that economic worries haven't borne out

BY AARON BACK

Big banks are performing well right now, but investors are fixated on what could go wrong in the future. This could be a mistake.

**JPMorgan Chase and Citigroup** both reported second-quarter earnings on Friday that beat analyst estimates, with profit rising 18% and 16% from a year earlier, respectively. Yet JPMorgan shares fell 0.5% and Citigroup shares fell 2.2%.

JPMorgan and Citigroup shares were already down 8% and 13% since the end of January, as investors anticipated a grim future for banks where a trade war cut demand for loans, a recession boosted credit losses and where a flattening yield curve cut profits.

Yet a close look at JPMorgan and Citigroup's results bears out none of these concerns. Demand for loans remains strong, suggesting a healthy economy.

At JPMorgan, core loan growth was a robust 7%, unchanged from the first quarter. The bank's chief financial officer, Marianne Lake, called out demand for loans to fuel the red-hot merger and acquisitions market.

At Citigroup, loan growth slowed to 4% from 7% in the first quarter. But Chief Financial Officer John Gerspach said this was partly due to the sale of a credit-card portfolio, and pointed to strong business lending.

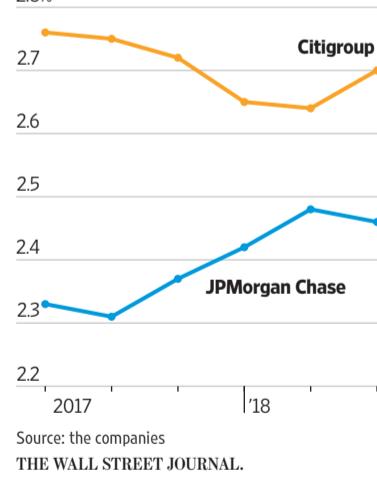
Credit costs meanwhile remained mild, with the net charge-off rate declining from the prior quarter for both banks' credit-card portfolios.

It is true that the yield curve is flattening as the Federal Reserve raises short-term rates while long-term rates stay low, but the impact has been negligible for these banks. Conventional wisdom holds this is strongly negative for banks because their business is to borrow money short-term and lend it out at longer maturities.

JPMorgan's net interest margin, the difference between what

## Margin of Comfort

Net interest margin, quarterly



Source: the companies  
THE WALL STREET JOURNAL.

a bank earns on loans and what it pays for funding, was basically stable at 2.46% compared with 2.48% in the first quarter.

At Citigroup, the net interest margin expanded to 2.7% from 2.64%. The banks aren't even losing depositors trying to benefit from higher rates. Both banks said that while they are seeing wealth-management clients draw down some deposits in favor of higher-yielding investments, there is no sign yet of retail customers doing so.

On a conference call, Mr. Gerspach argued that the spread between two- and 10-year Treasury yields, the most common benchmark for yield curve steepness, doesn't matter much to banks. Around 90% of Citigroup's interest-rate sensitivity is at the short-end of the curve, he said. This means it can still benefit from higher short-term rates.

When a recession does eventually come, it won't be good for lenders. But between now and then bank stocks could rebound. Citigroup, whose shares are now trading below book value, offers the added attraction of good value. Sometimes it pays to focus on the here and now.



## Back to the Bowl

What explains our new infatuation with meals we can cradle and spoon? **C3**

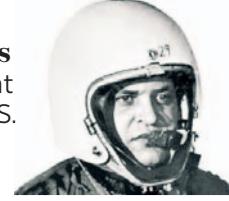
# REVIEW

THE WALL STREET JOURNAL.

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## Behind Enemy Lines

The international incident that scuttled a Soviet-U.S. summit. **Books C7**



CULTURE | SCIENCE | POLITICS | HUMOR

SATURDAY/SUNDAY, JULY 14 - 15, 2018 | **C1**

# JUDICIAL THEATER

## What We Learn From Confirmation Hearings



BY JEFFREY ROSEN

**A**S THE COUNTRY prepares for what are likely to be some of the most polarizing Supreme Court confirmation hearings since the nomination of Robert Bork in 1987, the one thing that Republicans and Democrats share is a tendency to dismiss the hearings themselves as a form of political theater devoid of substance—a “Kabuki dance,” as then-Senator Joe Biden once put it. In 1995, law professor Elena Kagan, who would be confirmed as a justice 15 years later, neatly summarized this consensus, dismissing all of the post-Bork hearings as a “vapid and hollow charade.”

But the consensus isn’t entirely accurate. Of course, in every hearing since 1987, Senators have asked gotcha questions and nominees have given evasive answers. But once you cut through the political noise, every one of the hearings has also served an important educational function. Constitutional law can’t be reduced to simple politics, and not all judicial conservatives and judicial liberals are the same. For those who have been paying attention, the hearings have revealed the differences

The questioning of would-be justices isn’t just a political exercise. It often provides insight into constitutional philosophy.

What will Brett Kavanaugh reveal?

among the judicial philosophies of the various nominees with remarkable precision.

The end of the Senate filibuster for judicial nominees means that Judge Brett Kavanaugh’s nomination by President Donald Trump can likely be pushed through on a party-line vote. That makes it all the more important to use the coming hearings as a way to educate all Americans, including Judge Kavanaugh’s supporters and opponents, about what kind of judicial conservative he would be if confirmed to the Supreme Court.

For most of American history, Supreme Court

hearings rarely focused on judicial philosophy. The first extended public hearings were held in 1916, on the hotly contested nomination of Louis Brandeis who, following custom, refused to testify in person. The first time a nominee testified under oath in fully public hearings was in 1939, when Felix Frankfurter appeared before the Senate to answer charges of disloyalty for his civil libertarian sympathies. The first hearings to focus extensively on a nominee’s judicial philosophy were Bork’s, when then-Senator Biden declared the right of the Senate to accept or reject the nominee based not on his qualifications but on his approach to interpreting the Constitution.

The Bork hearings set in motion a series of forces that polarized the Supreme Court confirmation process and the country, mobilizing an army of judicial interest groups on both sides. But the hearings were useful in clarifying the difference between the judicial philosophies of

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“

The hearings for Anthony Kennedy showed that he was open to the kind of wide-ranging moral reasoning often favored by judicial liberals.

Mr. Rosen is the president and chief executive officer of the National Constitution Center in Philadelphia and a law professor at George Washington University. His latest book is “William Howard Taft” in the Times Books series on American presidents.

## Inside

### WORLD CUP

Tiny Croatia may yet redeem all of Eastern Europe, which has long sought respect from the continent’s great powers. **C3**



## Testing Patience

Too little impulse control in today’s children? Not so fast, says a new study. **C4**

### SOUTH AFRICA

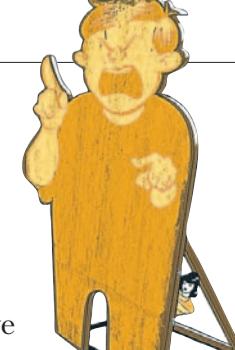
Nelson Mandela’s centenary has highlighted his ideals while raising questions about their durability. **C4**



### RHETORIC

#### Better Ways to Argue

Disagreements about divisive issues don’t have to get ugly. **C5**



## REVIEW



## Schools of Judicial Thought

Continued from the prior page

Bork and Anthony Kennedy, who was nominated in his wake. Bork insisted that the Constitution should be interpreted in light of the original understanding of its framers and ratifiers, and he argued that judges should refuse to enforce rights that are not explicitly enumerated in the Constitution.

After the Senate's rejection of Bork, Anthony Kennedy clearly telegraphed his very different approach when questioned by the Senate Judiciary Committee. "The concept of liberty in the [Constitution's] due process clause is quite expansive, quite sufficient, to protect the values of privacy that Americans legitimately think are part of their constitutional heritage," he said, signaling his commitment to uphold the core of the Court's abortion decision in *Roe v. Wade*.

When asked what standards judges should use to determine which private consensual activities are protected by the Constitution, he replied: "A very abbreviated list of the considerations are the essentials of the right to human dignity, the injury to the person, the harm to the person, the anguish to the person, the inability of the person to manifest his or her own personality, the inability of a person to obtain his or her own self-fulfillment, the inability of a person to reach his or her own potential."

This statement anticipated his most influential (and controversial) statement as a justice, in his 1992 decision upholding abortion rights: "At the heart of liberty is the right to define one's own concept of existence, of meaning, of the universe, and of the mystery of human life." It also anticipated the language that he used in his 2015 majority decision upholding the right to same-sex marriage.

The 1987 hearings revealed that while Bork embraced a jurisprudence of original meaning, Kennedy was open to invoking the kind of wide-ranging moral reasoning more often favored by judicial liberals. Since then, confirmation hearings have illuminated which method of constitutional interpretation the nominees embrace, and also how much their views are shaped by commitments to precedent and how they see the role of the Court in our constitutional system.

In 1993, when Ruth Bader Ginsburg was nominated, some feminist groups objected to her statement the previous year that *Roe v. Wade* had been decided too broadly and should have emphasized women's equality rather than the right to privacy. "Change in our society is incremental," she reiterated in her hearings.

"Real change, enduring change, happens one step at a time."

On the Court, Justice Ginsburg has focused on incremental changes to existing precedents, just as she promised. In 1996, for example, she persuaded a nearly unanimous Court to enact her view of gender discrimination into law in a case holding that the Virginia Military Institute had to accept female cadets. In doing so, she was able to ratchet up slightly the standard used by the Court for evaluating distinctions based on gender, requiring "skeptical scrutiny" of any official action that denied rights or opportunities based on sex.

Justices Stephen Breyer and Elena Kagan have been pragmatists on the Court, as anyone who watched their confirmation hearings would have predicted. In 1994, Senator Orrin Hatch accurately

said that then-Judge Breyer embraced "a pragmatic, non-ideological vision of the law." In 2010, Senator Chuck Schumer highlighted the fact that then-Solicitor General Kagan had won the respect of her conservative colleagues at Harvard Law School with her "pragmatism and moderation." As she declared during her hearings, in an effort to reach across the aisle, "In a sense, we are all originalists."

On the Court, Justices Breyer and Kagan have often sided with their liberal colleagues, but they also have found common ground with Chief Justice John Roberts and the Court's conservative majority. This past term, in cases striking down a federal ban on sports gambling and upholding a baker's right to refuse to make a wedding cake for a gay couple, they joined 7-2 decisions that were based not on sweeping constitutional principles but on relatively narrow technical grounds.

The liberal justice who stands in clearest opposition to this pragmatic approach is Sonia Sotomayor. As she made clear in her confirmation hearings, she believes fervently that the Constitution protects certain fundamental rights against infringement by the government, from the right to equality to the right to vote. Justice Sotomayor has expressed this view in a series of principled and searing dissents to rulings of the Roberts Court, highlighting the impact of the Trump administration's travel ban on religious minorities and the barriers to racial minorities posed by Ohio's motor-voter law.

Among the conservatives on the Court, the justice whose philosophy most resembles that of Justices Kagan and Breyer is Chief Justice Roberts, who combines conservative pragma-

tism with a focus on constitutional structure and the Supreme Court's institutional legitimacy.

The most illuminating takeaway from then-Judge Roberts's confirmation hearings was his belief that, in order to maintain the non-partisan legitimacy of the Court, a chief justice should try to persuade his colleagues to reach agreement on narrow opinions and to avoid broad rulings on divisive constitutional disputes. "The bedrock principle of legitimacy in the American system for courts," he said, "is that any authority to interpret...the Constitution derives from the obligation to decide a particular case or controversy." The Court's basic role, he believes, is to resolve the disputes that come to it, not to set out far-reaching and contested general principles.

When asked how he would avoid 5-4 decisions along partisan lines, Judge Roberts said, "I do think it should be a priority to have an opinion of the court [as a

whole].... You don't, obviously, compromise strongly held views, but you do have to be open to the considered views of your colleagues." His concern with the Court's institutional legitimacy informed his historic—and pragmatic—vote to uphold on narrow grounds President Barack Obama's Affordable Care Act.

In other cases, Chief Justice Roberts has convinced his colleagues to reach a consensus by deciding cases on narrow grounds. A unanimous decision early in his tenure upheld a law that withheld federal funds from universities for banning military recruitment on campus. In more recent cases, on issues ranging from partisan gerrymandering to affirmative action, the Court under his leadership has managed to produce rulings that avoided the most far-reaching

cited a 2012 Supreme Court case in which the justices held that the police could not attach a GPS tracking device to a car and follow a suspect for a month. As he put it, "The Court held that if that's a trespass to chattels and a search 200 years ago, it has to be today, though the technology is obviously different."

He further developed this approach in his dissent last month in a case concerning digital privacy rights. Chief Justice Roberts and the four liberal justices held that the police couldn't seize more than five months of a suspect's historical cellphone data without a warrant, because most people don't expect to be ubiquitously tracked in public. Justice Gorsuch didn't accept their reasoning, but he suggested that he would have been sympathetic to the defendant if he had instead based his argument on a claim of property rights in his cellphone data—a claim more grounded, in Justice Gorsuch's view, in the Constitution's original meaning.

Judge Brett Kavanaugh's hearings in the fall are yet another opportunity to educate the public about the judicial philosophy of a nominee. When President Donald Trump nominated him, the judge declared, "My judicial philosophy is straightforward." As he put it, "A judge must interpret statutes as written. And a judge must interpret the Constitution as written, informed by history and tradition and precedent."

It's striking that Judge Kavanaugh did not call himself an originalist, and his opinions on the appellate court suggest that he uses less originalist analysis than Justice Thomas or Justice Gorsuch. Instead, Judge Kavanaugh appears to focus on constitutional structure, to ensure that the executive branch and Congress operate within their specified boundaries.

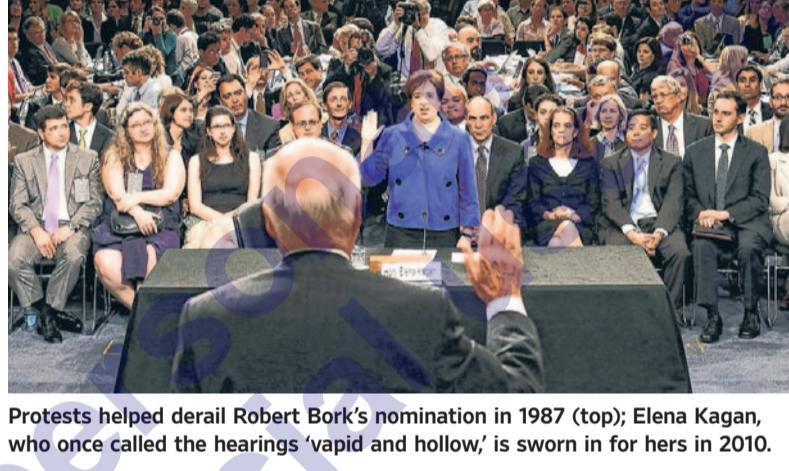
A central focus of the confirmation hearings will be on Judge Kavanaugh's views about the weight of existing precedent, since the Court may have the opportunity to overturn not only *Roe v. Wade* but a series of cases in which Justice Kennedy voted with the liberal justices, ranging from same-sex marriage to affirmative action and the death penalty. Although Judge Kavanaugh, like all nominees, pays the obligatory respect to the importance of precedent, it's worth delving into whether he is willing to overturn precedents that have been repeatedly reaffirmed by justices appointed by presidents of both political parties.

The former judge Michael Luttig, whom President George W. Bush considered for the Supreme Court, has called these "super precedents," suggesting that even justices who disagree with *Roe v. Wade*, for example, should consider affirming it because it has become so deeply embedded in the fabric of American law. Does Judge Kavanaugh, like

Chief Justice Roberts, consider the institutional legitimacy of the Court to be an important consideration in constitutional interpretation?

By using the Kavanaugh hearings as an opportunity for constitutional education, the Senate Judiciary Committee can perform a real service to the country. The hearings can help citizens to understand that constitutional law cannot be reduced to a series of political questions pitting Republicans against Democrats. Instead, it aspires to be a legal enterprise in which people of good faith can disagree based on constitutional methodologies rather than on political ideologies.

The confirmation hearings are an opportunity for all of us to learn about the range of approaches to interpreting the Constitution. However inflamed the politics become, citizens can use the hearings to educate themselves about how liberal and conservative justices, at their best, reason together about American history and fundamental law. Here's a chance, above all, for Americans to decide which approach they find most persuasive.



Protests helped derail Robert Bork's nomination in 1987 (top); Elena Kagan, who once called the hearings 'vapid and hollow,' is sworn in for hers in 2010.

claims made by the contending parties.

If Chief Justice Roberts has emphasized consensus, Justice Clarence Thomas has shown himself to be a principled originalist, as he clearly signaled he would be in his confirmation hearings. Over the years, he has written a series of bold concurrences and dissents setting out his views of the legitimate, original understanding of the Constitution.

In a 1995 case, for example, he suggested that the founding generation would have questioned the constitutionality of the post-New Deal administrative state. And in the Court's recent ruling to allow the Trump administration's travel ban, he wrote a concurrence saying that the original understanding of the Constitution did not include the issuing of nationwide injunctions by district courts—the tactic favored by opponents of the ban.

As for the newest justice, Neil Gorsuch, he also emphasized his credentials as an originalist in his confirmation hearings, though he added, "I'm not looking to take us back to quill pens and horses and buggy." He repeatedly

naces" were inherently unsafe and could even explode, scattering radioactive material.

American nuclear physicists attending Hinton's presentation questioned his use of the word "explode." "What he was talking about, they explained, was a 'melt-down,'" the New York Herald-Tribune reported. "In a melt-down, the uranium metal gets so hot it melts, turning the cooling water to high pressure steam. This steam, loaded with radioactive material, may escape from the pile."

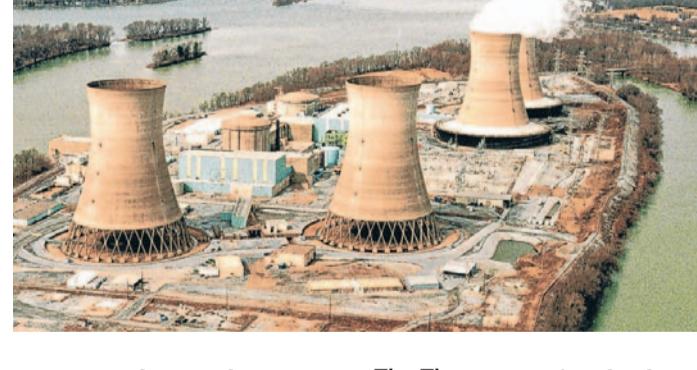
While the potential danger of nuclear meltdowns was the subject of congressional hearings in the 1950s, it took the Three Mile Island accident in Pennsylvania in March 1979 for the term to become widely known. Almost immediately, "meltdown" started moving in more metaphorical directions, especially in politics. In April of that year, a disastrous trip to New Hampshire by California Gov. Jerry Brown in advance of a presidential campaign was labeled a "political meltdown" by fellow Democrats in his home state.

The financial world picked up on the expression right

away, too. A Wall Street Journal article from April 1979 reported on "a partial melt-down" in the stock price of Fairchild Camera: "With apologies to the far more serious use of that terminology in the nuclear accident near Harrisburg, Pa., the same words might well describe Wall Street's recent adventures with Fairchild's stock."

Soon, however, "meltdown" became divorced from the perils of nuclear accidents and got applied colloquially to all sorts of breakdowns, including emotional ones. In 1980, a Christian Science Monitor columnist wrote about trying to get her son to clean his room: "The other day David told me if I said one more word about it he would have a meltdown."

Despite the broad use of "meltdown," it can still serve a useful role in describing how small errors can snowball into catastrophic failures. Just this year, Chris Clearfield and András Tilcsik published a book on how complex systems fail, with the Three Mile Island accident as one cautionary tale. The title of the book, naturally enough, is "Meltdown."



Last month, Mr. Johnson warned that the Brexit talks were headed in a calamitous direction, telling a closed-door gathering of his fellow Tories, "You've got to face the fact there may now be a meltdown." And this week, deputy Labour Party leader Tom Watson issued a statement: "The Theresa May's Government is in meltdown. This is complete and utter chaos." A spokesman for Mrs. May pushed back, stating that "the Government is not in meltdown," Sky News reported.

Before "meltdown" became a popular term for a dramatic collapse, it could be used innocuously for the process of anything melting—such as ice cream. The earliest example

given by the Oxford English Dictionary for the noun "meltdown" (derived from the phrasal verb "melt down") appears in a 1937 issue of the Ice Cream Trade Journal. The journal described the "clean melt-down" of ice cream made with sodium alginate, a stabilizer: "a cooler sensation results in the mouth than with gelatin ice cream."

From ice cream manufacturing, "meltdown" developed a more perilous technical sense after World War II, when the first nuclear reactors were built. In October 1953, the British engineer Christopher Hinton warned that "atomic fur-



WORD ON THE STREET

BEN ZIMMER

## From Ice Cream to Nuclear Plants to Political Fiascoes

IT'S BEEN a chaotic week in British politics, and the key word is "meltdown."

David Davis, the minister responsible for Brexit—Britain's planned withdrawal from the European Union—abruptly re-

# Meltdown

signed Sunday night, and on Monday, foreign secretary Boris Johnson followed him out the door. Both cabinet members felt that Prime Minister Theresa May was not taking a sufficiently hard line in the Brexit negotiations.

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The financial world picked up on the expression right

## REVIEW

TABLE TALK / BEE WILSON

# The COMFORT *of* BOWL FOOD

What explains the growing popularity of meals you can eat with a spoon?

**A** good rule for modern eating seems to be: When in doubt, put it in a bowl. Gone are the days when bowls were used only for soup or cereal. These days, we put all manner of things in bowls that once had no place there, from poached eggs to smoothies. Even Prince Harry and Megan Markle chose to offer breakfast food to guests at their wedding in bowls rather than on plates.

"Bowl food," as it is called on Instagram, has been around for a few years now. In 2016, Ellen Byron reported in the Journal that American consumers had started buying multiple 68-ounce serving dishes and using them to eat out of. Capacious bowls feel like the right container for the Asian-oriented dishes that many of us now prefer, not to mention pasta. Most nights, I ask one of my children to lay the table for dinner, and I've lost track of how often I've said, "I think we need spoons not knives." From risotto to pho, our favorite dishes demand bowls, and bowls demand spoons.

As the Journal article noted, the bowl trend gained strength in parallel with the craze for wellness. A

"wellness bowl," also known as a Buddha bowl, reassures the eater that they have all their nutritional bases covered. The ingredients are all visible, one after another, like bullet points on a to-do list: tofu, green vegetables, quinoa, some kind of obscure seeds. Food stylists say that bowls make health foods more photogenic than they would be on a plate, because all you can see is the top layer.

In fact, bowls are so beloved now that they are sometimes used for dishes that call for a plate. The British food writer Nigel Slater has complained about the habit in pretentious modern restaurants of "putting every main dish in vast, shallow bowls regardless, as if we were all hungry Labradors." Mr. Slater rightly points out that it's almost impossible to eat steak in a bowl, because you need a flat surface on which to cut it.



But while most food trends peter out after a year or so, the rise of the bowl feels different. It is starting to look less like a fleeting fashion and more like a lasting shift in manners, away from the old formal Western cuisine of plates, knives and forks. After all, in much of Asia, eating out of a bowl is already a way of life, whether it is a breakfast of Chinese congee or a dinner of Japanese ramen.

Indeed, for millennia, in the West as well as the East, bowls were the vessel from which ordinary people ate all their meals, because most cooking consisted of some kind of soup or stew or pottage, ladled from a common pot. Sometimes a single wooden bowl and a single spoon would be shared among a whole family, passed from mouth to mouth.

With urbanization and the spread of cheap ceramics in the 19th century, most diners switched from eating off "hollow-ware," as bowls were known, to an increasingly elaborate range of flatware, such as plates and saucers. The word "flatware" later came to mean not the plate itself but the metal knives and forks used to eat from it.

With these new plates came different foods and table manners. Entrees became less soupy and more solid than they had been in the old days. Meanwhile, many middle-class diners started to suffer from a condition that has been called "fork anxiety" by the historian Darra Goldstein. As soon as there was a choice of plates and utensils, some people worried that they would choose the wrong one.

Plates, and the etiquette surrounding them, often forced diners to behave in awkward, unnatural ways around food, such as chasing peas with a knife and fork as they skidded on a flat china surface.

Our abandonment of plates for bowls suggests that we are reverting to the simpler times of one-pot cooking, liberating ourselves once and for all from fork anxiety. Today, the thing that we are most short of in the kitchen is not necessarily money but time. Sales of bowls have climbed in tandem with the rise of the Instant Pot and the pressure cooker, time-saving gadgets that produce tasty dishes too sloppy for a plate.

There's an efficiency to the bowl that can make plates feel cumbersome by comparison. Unlike plate food, which demands cutting, bowl food can be eaten one-handed, leaving the other hand free to flick through a book or scroll through Twitter. Bowls are perfect for busy people who don't want to have to fuss with a separate side plate for salad.

Still, I suspect that the true appeal of the bowl right now is emotional rather than rational. Alain Coumont,

the Belgian founder of the café chain Le Pain Quotidien, which has been at the forefront of the bowl trend, has said that his fondness for bowls comes from childhood memories of visiting his grandmother, who would give him a bowl of hot chocolate that he used to warm his hands. It doesn't work quite so well when you are cupping your hands around a vegan protein bowl for warmth, but the idea is the same.

Both bowls and spoons have always been associated with children; spoons are the most benign utensils, lacking the sharp edges of a knife or the spikes of a fork. It is from a

bowl that most of us take our first gummy mouthfuls of solid food.

The rise of the bowl in our lives suggests that many eaters are in a permanently fragile state, treating every meal as comfort food. In a world of alarming news, maybe we all need something to cradle.

PHOTO: iSTOCK

## Croatia Offers Redemption For Eastern Europe

BY LARRY WOLFF

**WESTERN EUROPE** has not faced off against Eastern Europe in a World Cup final since 1938, when Hungary lost to Mussolini's Italy in Paris. Through the years of the Cold War, when the continent was divided between east and west with their radically different political and economic systems, the soccer teams of the two European blocs never made it to the finals together. But now Croatia, which was once part of the communist federal state of Yugoslavia, has eliminated England to face France in the finals on Sunday. The game will be played in Moscow, the capital of what Ronald Reagan in 1983 dubbed the "evil empire."

Almost 30 years after the fall of the Iron Curtain in 1989, most of the states of Eastern Europe have joined the states of Western Europe in the European Union. But the process hasn't always been easy. In 2003, as the European Union was about to expand to the east, French President Jacques Chirac witheringly dismissed the countries of Eastern Europe for presuming to support the imminent American war in Iraq: "They have missed a good opportu-

nity to keep quiet," he commented. The Eastern Europeans, Chirac believed, had been "not very well brought up."

The insult reflected a tradition of Western European condescension dating back to the 18th century, when a traveling Frenchman reflected that "when one enters Poland one believes one has left Europe entirely." In the age of Enlightenment, France's conviction that its own civilization was supreme led it to imagine Eastern Europe as the continent's backward other half. This belief in Western superiority still survives today, and the long-suppressed resentment of that attitude in Eastern Europe is part of the explanation for rising populist Euroskepticism in countries like Poland and Hungary.

Croatia is the newest member of the European Union, having joined in 2013—nine years after Poland and Hungary, six years after Romania and Bulgaria. And it is possible that it will be the last new member for some time, since the Union itself is now riven with tensions over its political values. Croatia has been independent only since 1991, following the violent dissolution of Yugoslavia, of which it had been a component since the creation of the Yugoslav state in 1918. (There was also an independent Croatian state, allied with Nazi Germany, from 1941 to 1945.) Croatia was the maritime frontier of the Cold War, since its long Adriatic



Fans await Croatia's semi-final match, where it put an end to England's hopes, 2-1.

coast is separated from Italy to the west by only 150 miles of water. Croatian soccer stars like Luka Modrić and Ivan Perišić grew up on that coast. Many of the players on the Croatian team were born in communist Yugoslavia in the 1980s. As children, they witnessed the bloody disintegration of Yugoslavia, and they have played large parts of their careers for Spanish, Italian or German teams. They have gone to Russia now to play for Croatia at a moment of intense nationalist feeling all over Europe.

For a long time, it was generally supposed that sports rivalries harmlessly sublimated national antagonisms. But the Yugoslav wars of the 1990s made that seem like wishful thinking. Belgrade soccer fans were actually a notable presence among Serbian paramilitary forces fighting

in Croatia and Bosnia. In 1990, on the occasion of a soccer game in the Croatian capital of Zagreb, there was a notorious brawl between Serbs and Croats that left sixty people wounded. One Serbian gangster and soccer club leader, known as "Arkan," was later indicted as a war criminal in The Hague.

When Croatia faces France this Sunday, however, what's at stake is not just national bragging rights. A Croatian victory would also represent a triumphant symbolic redress of the regional imbalance of power that has prevailed for centuries. Europe has long been defined by the economic and cultural power of England, France and Germany. But Croatia eliminated England, and South Korea took care of Germany. Now France remains the last obstacle to an Eastern European world championship. No country in Eastern Europe has ever won the World Cup in the history of the tournament.

In 1917, as the United States entered World War I, Woodrow Wilson declared that America was fighting for "the rights and liberties of small nations." When Wilson presided over the reconstruction of the map of Eastern Europe at the Paris Peace Conference, he emphasized the right of national self-determination for small states. Croatia, with four million people, is a very small nation, little known in the wider world, and its soccer success is entirely unexpected.

Some years ago, a Croatian colleague of mine asked me, "What are they saying about Croatia in America?" I didn't have the heart to answer honestly that nobody ever talks about Croatia in the U.S. All over the world, people are now, finally, talking about Croatia.

**Mr. Wolff** is Silver Professor of European History at New York University. His books include "Inventing Eastern Europe" and "The Singing Turk."

PHOTO: ALASTAIR GRANT/ASSOCIATED PRESS

## REVIEW

## MIND &amp; MATTER

SUSAN PINKER

## Kids Are More Patient Than 50 Years Ago

**KIDS TODAY.** The phrase is usually followed by eye-rolling and words like self-absorbed, impatient and entitled. But the idea that today's children need immediate gratification turns out to be wrong. In fact, research published last month in the journal *Developmental Psychology* shows that they are much more patient than kids were 50 years ago.

Yes, you read that correctly. Twenty-first century children are able to wait longer for a reward than children of the same age a generation ago, and a generation before that. The new study shows that today's preschoolers are better at what psychologists call self-regulation, which is the conscious control of one's immediate desires—the ability to hold off and wait until the time is right.

Stephanie Carlson, the lead author of the paper and a professor at the University of Minnesota's Institute of Child Development, knows that her findings will come as a surprise: "The implicit assumption is that there's no way that kids can delay. They're used to being gratified immediately and don't know what it's like to be bored anymore."

But faithful re-enactments of the famous "marshmallow experiment" have upended that notion. The experiment was first designed in 1968 by Walter Mischel of Stanford University, with the participation of 165 children between ages 3 and 5 who were attending the university's Bing Preschool.

The set up was simple: Each child was left alone in a quiet room facing two plates of goodies. One plate held a single treat—one Oreo cookie or one marshmallow, for example—while the other plate had two.

The children were then told that the adult needed to leave "to do some work" but would return immediately if the child rang a bell. If that happened, the child was allowed to eat one treat. But if the child waited until the adult came back without being summoned, they could eat the larger portion. Watching through a one-way mirror, the experimenters saw whether the child licked or ate the treats while they waited, or controlled themselves until the researcher returned.

According to Dr. Carlson's new paper, the same experiment was replicated in the 1980s, with 135 children attending the Toddler Center at Columbia University, and once again in the 2000s, with 540 children at preschools associated with the University of Washington and the University of Minnesota. As it turns out, preschoolers in this millennium were able to wait about seven minutes on average, one minute longer than preschoolers in the 1980s and two minutes longer than children in the 1960s. Over a span of 50 years, children of the same age were essentially getting better and better at controlling their impulses.

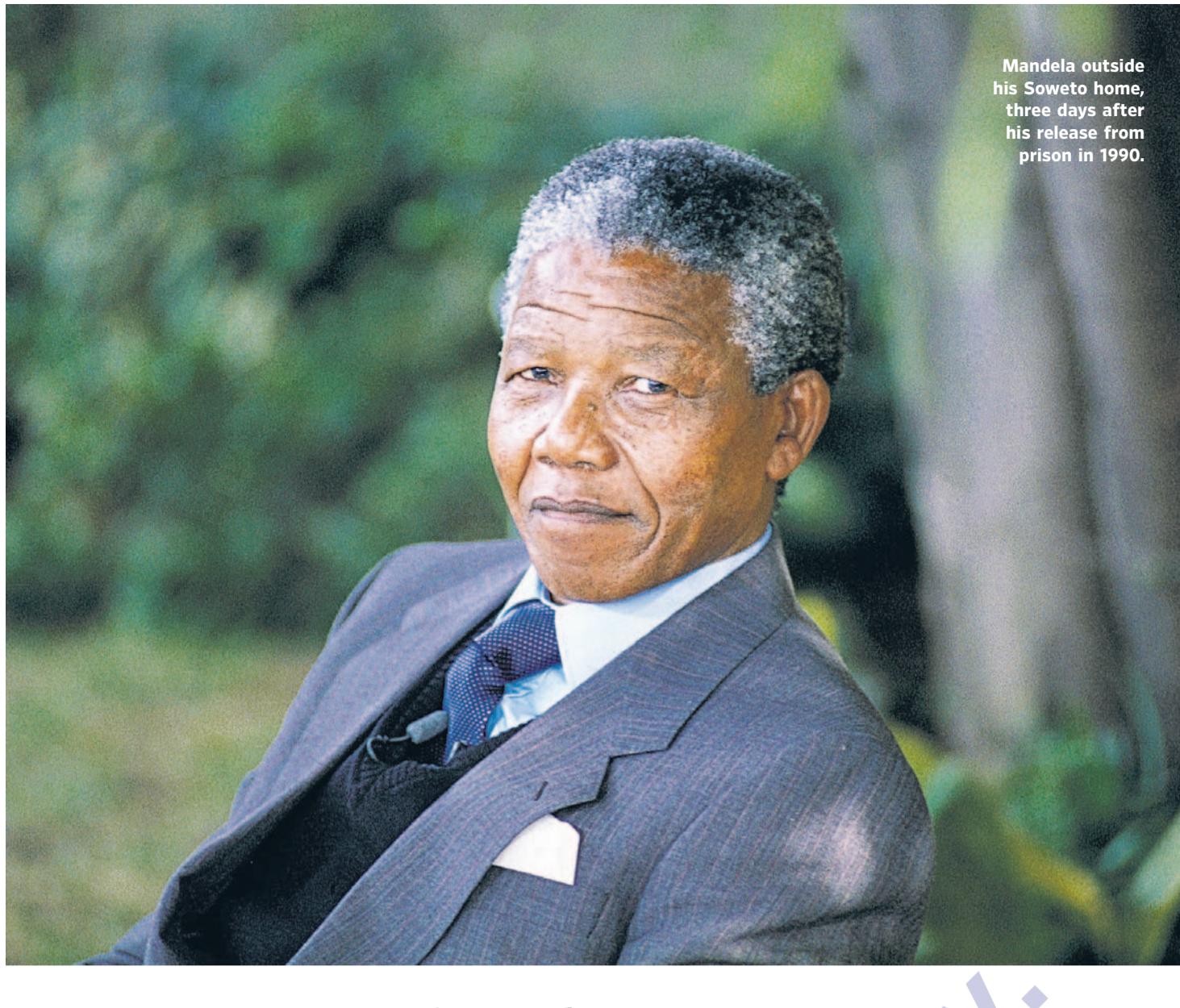
What accounts for this surprising development? "We're trying to understand what changed...so that kids of similar backgrounds have increased their ability to delay gratification, despite expectations," Dr. Carlson said. Improvements in nutrition and GDP might have had the effect of expanding children's opportunities and cognitive horizons.

Parenting has also evolved. Contrary to popular belief, parents are spending more time interacting with their children than they used to. In the mid-60s, parents spent an average of 36 minutes a day teaching and playing with their children. By 1998, that figure had more than doubled, to 78 minutes a day. Parents have also become more focused on cultivating a child's ability to make decisions for themselves. Perhaps most important is that, compared with 1968, many times more 3- and 4-year-olds are in preschool, and their teachers are better educated than ever before.

Important questions remain about the study's findings. The children at the university preschools were mostly from white, educated, middle-to-upper class families. Their self-control is getting better all the time. But it remains to be seen if children from other backgrounds are also learning the crucial lesson that good things come to those who wait.



A child takes the 'marshmallow test.'



Mandela outside his Soweto home, three days after his release from prison in 1990.

FROM TOP: GIDEON MENDEL/CORBIS/GETTY IMAGES; GULSHAN KHANGULSHAN KHAN/AFP/GETTY IMAGES

# Mandela's Troubled Legacy

By PETER GODWIN

**J**uly 18 is the centenary of Nelson Mandela's birth, and across the world events are planned to mark it. In South Africa, Bikers for Mandela will rally, and muffins for Mandela will be baked. There will be a Mandela soup kitchen, Mandela Day kennel building, Golf for Good on Mandela Day, a special performance of the Mandela Trilogy opera, Mandela Day Yoga, Mandela Day marathons and galas and Mandela T-shirts, bearing his prison number, 46664. The Nelson Mandela Annual Lecture on this centenary year will be delivered in Johannesburg by President Barack Obama.

And just in time for the celebrations, the bulging bookshelf of Mandelabilia is getting various new additions, including "The Prison Letters of Nelson Mandela"

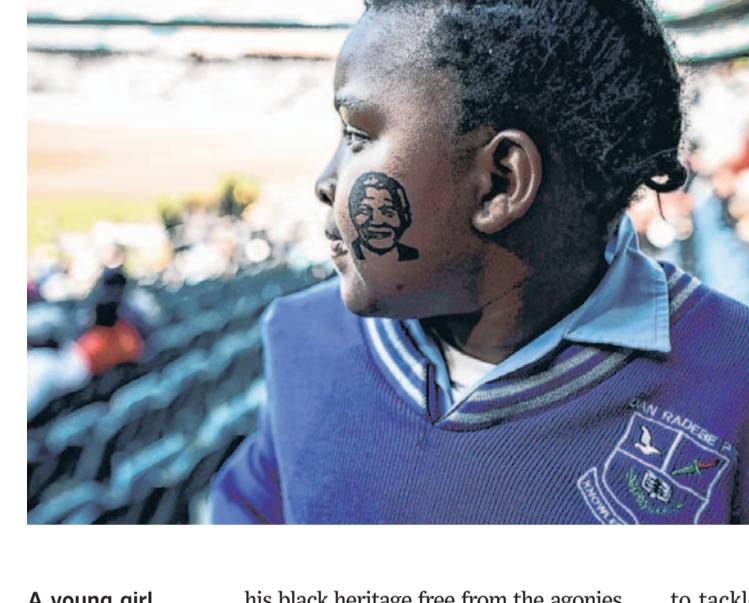
and a brisk new biography by the former antiapartheid activist (and U.K. Labour Party minister) Peter Hain. Later in the year, Beyoncé, Jay-Z, Ed Sheeran, Pharrell Williams, Coldplay's Chris Martin and African artists including Femi Kuti and Wizkid will perform at a Mandela centenary concert in Johannesburg. Oprah Winfrey will open with a keynote address. Her subject: Mandela's legacy.

So what exactly is Nelson Mandela's legacy? A truly global icon, he is probably more widely admired today than Gandhi, Churchill, Kennedy, Martin Luther King, Solzhenitsyn or Mother Teresa. Yet in 1963, at the age of 44, Mandela the man disappeared behind prison walls. He was absent from public view for 10,052 days—27 years.

Mandela re-emerged in 1990 as a hero, negotiated an end to the moral stain of apartheid and was elected the first president of the new South Africa, serving from 1994 to 1999, when he retired from active politics. Like George Washington, he could have continued in office but instead stepped down. He wanted to show that clinging to power was not conducive to good governance. Mandela died nearly five years ago. Now he belongs to history.

There are three tines to the trident of Mandela's legacy: his party, the ANC; his country, South Africa; and his personal philosophy, most of all, his example of forgiveness, his lack of bitterness after he emerged from prison. Of this trio, only the last—his astonishing magnanimity—has escaped disappointment. But in many ways, it is the greatest, the most universal and exportable. He serves as a lasting bellwether of our better nature, the quintessential highroad-taker, the patron saint of forgiveness of historical sins.

This iconic power has been seized upon with particular fervor by white South Africans, the erstwhile beneficiaries of apartheid. For them (and as a white Zimbabwean, I get it), Man-



A young girl with a temporary Mandela tattoo attends a June event in Soweto celebrating his legacy.

his black heritage free from the agonies of slavery. Perhaps because, like Mandela, he simply rose above it.

Sello Hatang, the chief executive of the Nelson Mandela Foundation, said of Mr. Obama as a centenary speaker, "We thought to ourselves, 'Who can best represent the legacy of Madiba? Who took the baton when he became president of his own country? Who would be able to deal with issues of democracy in a world ripped apart by corruption?'"

In South Africa, however, there are those, like Julius Malema, expelled as head of the ANC youth wing for being too militant, who have gone into opposition. Mr. Malema heads a new party, the Economic Freedom Fighters. He feels that Mandela was too conciliatory, that he forgave whites before they had apologized, let alone atoned, and that black economic liberation is still a distant dream. He urges the appropriation of white property without compensation, as Robert Mugabe did next door in Zimbabwe, with catastrophic results.

Indeed, though there is now a small but very wealthy black elite in South Africa, many of them the beneficiaries of policies of black economic empowerment, and a much larger black middle class, whites there are even wealthier compared with blacks than they were at the end of apartheid. South Africa's

As the world prepares to celebrate the centenary of his birth, the example of his character endures, but some in South Africa now reject his principles of reconciliation

Gini index—a formula for measuring economic inequality—is now almost the world's highest.

Many of South Africa's recent economic travails have been the direct result of the nine-year misrule of the former president Jacob Zuma, who presided over the moral collapse and debasement of the ANC. Under Mr. Zuma, the government became a trough for the enrichment of party and state officials. He betrayed all that Mandela stood for.

The fact that Cyril Ramaphosa finally ascended to the South African presidency in February may help to restore this aspect of Mandela's legacy. In a dynastic play that Mandela would have disliked, Mr. Zuma had tried to hand power on to his ex-wife Nkosazana Dlamini-Zuma. But to give the ANC credit, they didn't go for it, albeit by the slightest of margins.

Mr. Ramaphosa is still struggling to take over the levers of power, fighting off the remnants of Mr. Zuma's cabal. Once the head of the powerful National Union of Mineworkers and a major negotiator of the post-apartheid constitution, Mr. Ramaphosa closely reflects Mandela's vision. He was Mandela's original choice as successor (the ANC executive voted for Thabo Mbeki instead, and Mr. Ramaphosa went on to become a major mining titan). And the constitution that Mr. Ramaphosa helped to put in place is another of Mandela's achievements. It includes a comprehensive bill of rights that guarantees an independent judiciary, multiparty democracy, a free press and a robust civil society.

Mr. Ramaphosa has pledged to tackle corruption and to reform the state institutions that Mr. Zuma (who now faces multiple criminal charges for corruption) did his best to undermine. In Mandela's centenary year, the man he thought most able to channel his plans for a new South Africa is finally in a position to do so. He may just manage to restore his mentor's legacy at home.

Around the world, Mandela's ideals continue to inspire, as they should. In one of his prison letters in the new collection, he wrote, "We can be frank and outspoken without being reckless or abusive, polite without cringing, we can attack racism and its evils without ourselves fostering feelings of hostility between different racial groups."

Mandela rejected identity politics, of which apartheid was an extreme expression. He refused to measure people by their culture or skin color. Today, as we veer toward identity as our primary polity, his example seems more important than ever before. In a world where angry, abusive populism seeks to exacerbate our various divisions rather than to heal them, his voice carries an even greater maturity, integrity and wisdom. It makes one terribly nostalgic for real civil discourse.

Mr. Godwin, a former correspondent with the BBC and Sunday Times of London, is the author of "Mukiwa" and "When a Crocodile Eats the Sun."

## REVIEW

# To Get Along Better, We Need Better Arguments

Our polarized politics keeps us from learning anything from our opponents. Here's how to fix that.

BY WALTER SINNOTT-ARMSTRONG

**B**oth parties complain about the polarization of American politics, but what can individual citizens do about it? We can't singlehandedly civilize the internet or force elected officials to do their jobs. What we can do is improve the quality of our interactions with people who disagree with us about contentious issues. We have to learn how to argue better.

The first step in improving the quality of our arguments is to stop thinking of them as fights or competitions. The goal of a good argument is not to attack enemies or to make opponents look silly. You can do that using terrible arguments or simply with jokes and name-calling. The point of engaging in argument is to improve our understanding of one another and of important issues. When you present a reasoned argument for your position, you help me to understand not only what you believe but also why you believe it.

Imagine that I support inheritance taxes and you oppose "death taxes." I might assume that you're rich and selfish, and you might assume that I'm jealous of rich people. These assumptions make our conversation frustrating and fruitless. But things are different if you argue that death taxes hurt family farms, and I counter that we need inheritance taxes to help poor and middle-class people who inherit little or nothing.

Once we begin to understand each other's reasons, we're more likely to stop yelling at each other. We're able to work together to formulate a compromise that will serve both our purposes—helping the middle and lower classes without hurting family farms. We would not have known where to look for a compromise if we hadn't clearly articulated our arguments.

Of course, arguments are not all we need. Not every audience is willing to listen to reason, and we should not expect even good arguments to convince everyone immediately. Nevertheless, good arguments can help a lot when they're presented in the right way to the right audience. In order to achieve the goal of mutual understanding, people who engage in argument need three qualities.

**Be candid.** If your goal in arguing is just to stir up people who already agree with you, you might be happy to use rhetorical tricks. But if you seek to improve your own understanding of a controversial issue, it's better to state your premises clearly, admit your assumptions and spell out each step in your argument. For example, if you argue that we need a carbon tax to slow climate change, you should admit that you're assuming that climate change is a serious and pressing problem, that higher carbon taxes will not cause too much harm to the economy and that there's no better way to prevent the

harm caused by climate change.

On the other side, if you argue that we should not have a carbon tax, you should admit that you're assuming that climate change will not be as bad as the most dire predictions claim and that businesses will not be able to adjust to a carbon tax by developing other sources of energy. When such claims are brought out into the open, it becomes clear that both sides depend on assumptions that are far from certain. This openness about assumptions enables opponents to pinpoint precisely where they disagree and prevents allies from getting stuck in a rut when they take too much for granted.

**Be respectful.** It's easy to get likes and applause on the internet by dismissing opponents as stupid, ignorant or crazy. But abuse is not argument. To argue well, you need to recognize that there are points to be made on both sides and to anticipate the strongest objections to your own position.

For example, if you argue that the U.S. should accept more Middle Eastern or Central American refugees,

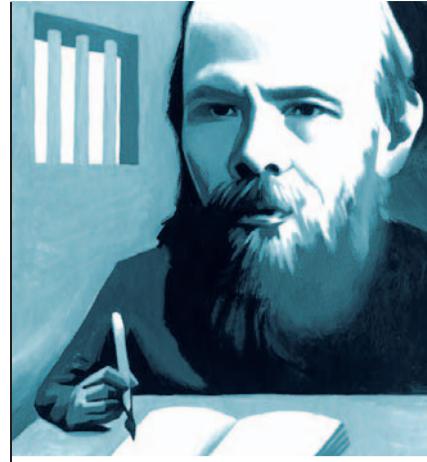
A tweet is never long enough to explain any controversial position.

gees, you need to face the objection that some of these refugees might be terrorists or criminals. And if you argue that the U.S. should build a wall on its border with Mexico, you need to respond to the objection that persistent immigrants will find ways to enter despite the wall. You can reply to these objections forcefully and remain fully committed to your position, but your convictions will be sharper and stronger for being tempered in the fire of worthy opposition.

**Be patient.** Short, simple slogans are memorable, but good arguments take time. A tweet is never long enough to explain any controversial position. Just try to specify how we ought to deal with North Korea or Brexit or the opioid crisis in 280 characters. In order to make progress on such complex issues, we need to listen carefully and charitably to our opponents. We also need to learn how to argue at length and in detail for our own views.

In today's political climate, we too often reward quick and catchy but bad arguments. Or else we avoid argument altogether, by interrupting each other or refusing to answer questions. Because these patterns are so common, we do not expect to be called out when we offer bad arguments, or no arguments. In order to improve our culture and to better understand our opponents as well as ourselves, we need to start demanding better arguments—from everyone.

*Mr. Sinnott-Armstrong is the Chauncey Stillman Professor of Practical Ethics in the department of philosophy and the Kenan Institute for Ethics at Duke University. This essay is based on his new book, "Think Again: How to Reason and Argue," just published by Oxford University Press.*



HISTORICALLY SPEAKING

AMANDA FOREMAN

## Literature Behind Bars



**WHEN** a revolutionary mob stormed the Bastille on July 14, 1789, the famous Paris prison held only seven inmates. The eighth, the Marquis de Sade, had already been transferred to another jail. But the liberators did find the manuscript of his pornographic novel "The 120 Days of Sodom," which he had managed to write on a narrow scroll of parchment 50 feet long.

Sade was uncommonly prolific during his 11 years in the Bastille, producing 20 plays and eight novels. Two centuries later, the Russian poet Joseph Brodsky, who was sentenced to five years of hard labor by the Soviet government, wrote in his essay "The Prison Where I Live," "Prison writings are about suffering and endurance." In its perverse way, Sade's work exemplifies both.

The real significance of prison literature, though, whatever its subject matter, is that it speaks to a higher truth about the human condition: The spirit remains free, even when the body is in bondage.

St. Paul's Epistles to the Philippians and the Colossians, written from prison around the year 62, combine practical admonitions to these early Christian congregations with musings on the cosmic nature of Jesus. Likewise, the prison diary of Vibia Perpetua of Carthage, who was martyred in 203 at the age of 21 after becoming a Christian convert, recorded both her inner thoughts and daily life, making her the founding mother of prison literature.

In the sixth century, the Roman senator Anicius Manlius Severinus Boethius was brought down while at the height of his power, having been chancellor to the Ostrogothic king Theoderic. In prison, Boethius composed "The Consolations of Philosophy" while awaiting his execution. The treatise is one of the great meditations on the meaning of life in all its vicissitudes.

Modern prison writing came into its own during the Reformation, when large numbers of educated people were incarcerated as being enemies of the state because of their religious views. Writing became an act of political resistance. In 1642, the poet Richard Lovelace, imprisoned for his support of King Charles I in the English Civil War, wrote from the Gatehouse prison in London, "Stone walls do not a prison make/Nor iron bars a cage."

Not surprisingly, prison authorities have often reacted by trying to silence the writers in their midst. Sentenced in 1849 to four years in a Siberian prison, for the crime of belonging to a progressive literary group, the Russian novelist Fyodor Dostoyevsky could only write in secret. Miraculously, his prison notes survived, courtesy of a sympathetic hospital doctor, and formed the basis of "The House of the Dead."

Dostoyevsky's message in that novel—that oppression destroys the oppressor as well as the victim—continued to resonate in the 20th century. Writing from Birmingham jail in 1963, Martin Luther King, Jr. reminded his fellow pastors that society cannot avoid the consequences of injustice: "We are caught in an inescapable network of mutuality, tied in a single garment of destiny."

The tradition of prison literature as a source of hope and inspiration, for writers and readers alike, continues in our own time. The celebrated Ukrainian filmmaker Oleg Sentsov is serving a 20-year sentence in a Russian prison, allegedly for plotting terrorism during President Vladimir Putin's annexation of Crimea in 2014. He is currently on a hunger strike to highlight the plight of Ukrainian political prisoners. In a letter smuggled out last year, Mr. Sentsov declared to his supporters: "I have no doubt about our success or victory."



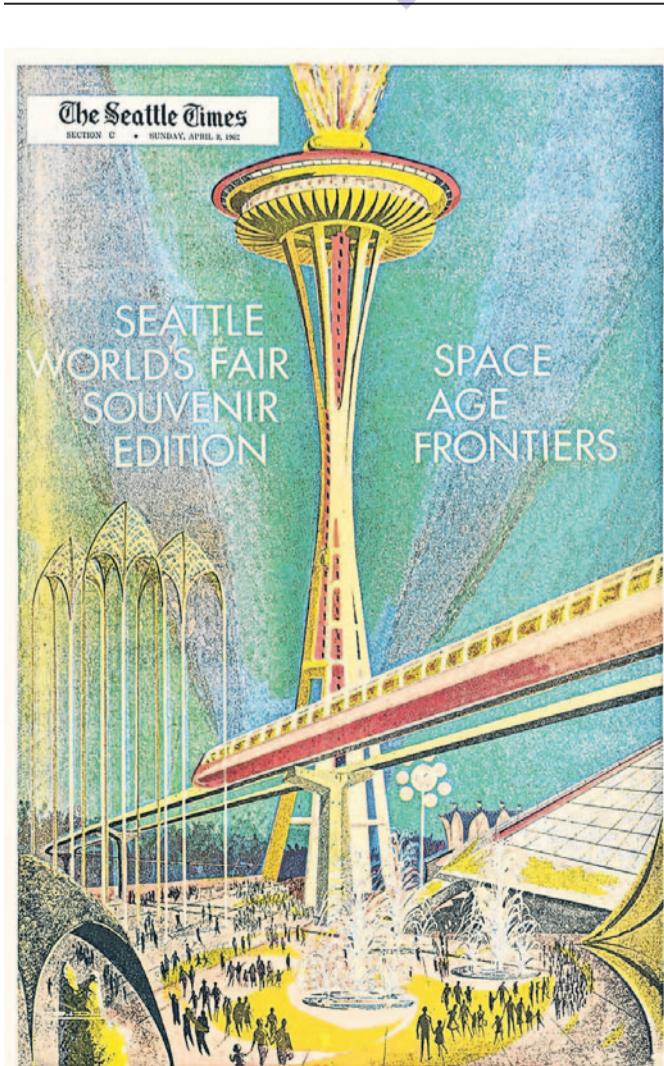
## EXHIBIT

## Lofty Concepts

**EXPERIMENTAL** architecture has often started in exhibitions. A new book, "Exhibit A" (Phaidon, \$79.95) by Yale architecture professor Eeva-Liisa Pelkonen, showcases 80 of them, from 1948 to 2000. Seattle's 1962 Century 21 Exposition foreshadowed space-inspired designs. Dunescape (2000), a conceptual wooden beach at New York's MoMA PS1, provided an early take on pop-up, sustainable structures. Since 2000, the proliferation of exhibitions has dulled their influence, Ms. Pelkonen says: "We might have reached a tipping point where there are just too many biennials and triennials around the world for any single one to make a splash." —Alexandra Wolfe



FROM LEFT: SHOP; NEW YORK; PENROD/PRIVATE COLLECTION



## REVIEW



ERIN PATRICE O'BRIEN FOR THE WALL STREET JOURNAL

WEEKEND CONFIDENTIAL | ALEXANDRA WOLFE

# Paul Mecurio

## A Wall Streeter who turned to comedy

**W**HEN PAUL MECURIO was working as a Wall Street lawyer in his twenties, he never imagined he'd one day star in his own off-Broadway comedy show. "I was always the funniest lawyer in my law firm, which is kind of like being the sexiest I.T. guy," he says.

Mr. Mecurio, now 58, spent nearly six years leading a double life, working on Wall Street by day and performing at dive bars at night. Trying to keep his comedy gigs a secret from his Wall Street colleagues proved tricky: He once had to do a set with his back to the audience after seeing two of the firm's partners' wives in the crowd.

Today, he has left his Wall Street days long behind. Now a veteran of the comedy business, he has a host of marquee credits on his résumé. He's written for "The Colbert Report" and "The Daily Show," for which he won an Emmy Award, and is currently the warm-up comedian for "The Late Show with Stephen Colbert," getting the audience revved up before Mr. Colbert takes the stage.

Later this month, Mr. Mecurio will open a one-man off-Broadway show. Called "Permission to Speak with Paul Mecurio," the improv show is set to run through Aug. 15. Mr. Mecurio says that he'll base his performances on his conversations with audiences each night, coming up with jokes and banter as he goes along.

It's an unlikely journey for someone whose parents thought he might someday take over his father's floor covering business in Providence, R.I. As a child, Mr. Mecurio watched comedians such as Steve Martin, Rodney Dangerfield and George Carlin on television but didn't imagine that he could actually pursue a career in comedy. After graduating from Providence College in 1982, he went on to Georgetown University Law Center. Right after law school, he made

a few short comedy films as a side project and submitted them to film festivals, but he never saw film as a future career. Instead, he got a job as a Wall Street mergers and acquisitions lawyer at Willkie, Farr & Gallagher in New York City. "The plan was, you work for 25 years, you have 2.2 kids and a white picket fence and then you retire," he says.

He kept writing jokes as a hobby. One day in 1988 he noticed that Jay Leno was slated to perform at a work function he was attending. Mr. Mecurio printed out some of his jokes and gave them to Mr. Leno at the end of the night.

To his surprise, two days later, Mr. Leno called him. Mr. Mecurio thought it was his friend prank calling him and told Mr. Leno, "You do a lousy Leno impression." But it wasn't a hoax: Mr. Leno offered to pay \$50 if he used one of Mr. Mecurio's jokes.

A week later, Mr. Leno told one of Mr. Mecurio's jokes on television. "The essence of the joke was that on [home improvement] shows the contractor is always under budget, on time, clean shaven, does extra work for no extra pay, when in real life they reek of alcohol, they're hitting on your wife, they're four months behind, and they're stealing stuff out of your sock drawer," he says. The joke got laughs, and Mr. Mecurio "became obsessed" with comedy, he says.

As he moved around in his career, jumping to what is now Credit Suisse and later to Bear

Stearns, he started bringing two notebooks to all of his meetings—one for deal notes and another for joke notes—and he soon realized that his work notebook was empty. He started booking his own comedy gigs on the side.

He wrestled for the next few years with whether to make comedy his career. Finally, in 1994, he quit Wall Street for good. Two years later, he landed a job as one of *The Daily Show's* original writers through a producer who had seen him perform. There he met Mr. Colbert, who hired him to write and perform on "The Colbert Report" and later, "The Late Show."

These days, he fills his days writing material for his act, testing the jokes in clubs, talking with people about new shows and interviewing celebrity guests for his weekly podcast, *The Paul Mecurio Show*. He also tours the country doing standup.

His jokes often revolve around life with his wife and teenage son. He pokes fun at his wife's insistence on hiding the pickles in the fridge and bemoans the constant demands of parenting. "I love my son, but some days I wish he'd walk into the woods and never come back," he jokes. He makes fun of relationships and self-help, saying that when people ask what's more important, sex or communication, he insists, "Sex! Because no one fantasizes about communication!"

He gets into politics as well, making fun of both the left and the right. Last year, he posted a YouTube video about the presidential inauguration that skewered Donald Trump but also needed Hillary Clinton. He rails against what he sees as political correctness, mocking causes he believes have gone too far. On the environmental movement: "I'm so against being green I break into people's houses, turn the lights on and leave," he jokes.

"I tend to go after the falsity in politics and the hypocrisy," Mr. Mecurio says. "Both sides get it from me."

Someday, he says, he hopes to have his own late night show. What would he do after that? "I would actually go back and start writing and reading prospectuses" as a lawyer, he jokes.



MOVING TARGETS

JOE

QUEENAN

## Grungy and Unkempt: America's Grooming Crisis

Studies show we can't wash our hands properly. What will we need help with next?

**THE U.S. Department of Agriculture** has issued a damning report on domestic hygiene, finding that Americans wash their hands incorrectly a staggering 97% of the time. The study, conducted by researchers in North Carolina, finds that we routinely fail to wash our hands for the full 20 seconds required to remove or incapacitate bacteria. It also says that many Americans just wash their hands with water—no soap—which is no way to wash at all.

The shocking USDA report could not occur at a worse time, for other studies confirm that Americans are also falling

behind the rest of the world when it comes to many other kinds of grooming. Scientists at the Lobe Institute in Erie, Pa., report, for instance, that Americans either forget to wash behind their ears when showering, neglect to use soap entirely, or are in such a hurry to get to work that they wash behind one ear but not two. The results can be disastrous.

"When you show up for a job interview with one squeaky-clean ear and one that needs to go back to the laundry, you're not getting hired," says Raven Swoboda of the Lobe Institute. "If you're not detail-oriented enough to remember to clean behind both ears, you can just forget about a career as an air-traffic controller."

Professional behavioral monitors say that ordinary people are so harried and stressed that they either neglect basic activities like hand washing or cleaning behind their ears, or perform these actions in a woefully inept



fashion. But hygiene is only one part of the problem. Americans are also having a hard time with such basic activities as tying their shoes.

"It's a common misconception that tying your shoes is as easy as falling off a log," says Chastity Winterthur of the Remedial Podiatric Association. "In reality, it's more like riding a bicycle. It's behavior that requires time and practice. Safe, effective footwear lacing must be taught by parents, teachers, mentors. Otherwise, people will go through their lives tripping

over their own shoelaces."

"Tripping over your shoelaces isn't just embarrassing; it's damaging to the economy," says Rambo Drekenmeyer of the Scholl-Florsheim Ergonomic Institute. "And taking a nose-dive because you don't know how to run in high heels is even worse. Injuries resulting from people getting sabotaged by their own footwear and landing 'Splat' on their faces cost the American economy \$98 billion in lost man-hours a year. By the way, falling off a log is not actually easy. That too is learned behavior."

Are there any other areas where Americans have allowed traditional skills to atrophy? Absolutely. We have an incredibly hard time blowing our noses with any degree of competence. Toothpicks routinely cause serious injuries due to manual maladroitness. Thirty-eight percent of Americans do not know that dental floss is used between the teeth, not between the tongue and lips.

And operation of Q-Tips has fallen into such a state of advanced desuetude that ear doctors recommend leaving the ears just the way they are.

Worse, the latest research suggests that only 27% of American women know how to apply eyeliner in a cohesive, nonthreatening fashion. Studies further indicate that parting one's hair is a lost art; far too many men comb their hair in a style that resembles a parallelogram. And no one in this country seems to know how to hitch up their pants.

"But if you really want to hear some horror stories, talk to specialists in contemporary fork management, tureen manipulation and cheese grater deployment," says Bree Fourchette of the American Cutlery Association.

"Yeah, that and umbrellas," chimes in Sid Borowitz of the Parapluie Foundation. "You think Americans have trouble washing their hands and putting on their socks? Try watching a six-year-old open a Totes. Chilling."

NISHANT CHOSS



**Loyal Betrayer**  
Why Robert E. Lee  
was never tried for  
treason. C8

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# BOOKS

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# When Spies Took to the Skies

At the height of the Cold War, a series of secret missions nearly caused one war but averted another

## Brotherhood of Spies

By Monte Reel  
Doubleday, 342 pages, \$28.95

## Above and Beyond

By Casey Sherman  
and Michael J. Tougas  
PublicAffairs, 328 pages, \$28

BY EDWARD KOSNER

The California condor is a magnificent bird—the largest in North America, its slim black body supporting a 10-foot wingspan. With a few flaps of those mighty wings, the condor is airborne, soaring and sailing for hours as high as 15,000 feet on its endless hunt for carrion. At the height of the Cold War, three Americans desperate to protect their country from nuclear annihilation by the Soviet Union perfected a condor of their own in seamless secrecy, a spy plane with long, slender wings that could fly higher than any other. To obscure its sensational capabilities, they gave it a plain-vanilla name—the U-2. It nearly caused one war and averted another. The men—and their notorious ace pilot—are long dead, but six decades later the U-2 flies on.

It's the pilot, of course, who first comes to mind when the U-2 is mentioned. His name was Lt. Frank Powers, but after he was shot down in 1960 over the Soviet Union, captured alive and put on show trial, he became known forever by his full name, Francis Gary Powers, reviled as a traitor by some and embraced by others as a martyred stooge of greater power conflict. The blustery Nikita Khrushchev seized on the incident to scuttle a summit meeting with President Dwight Eisenhower and turn the Cold War even colder. Two years later, another U-2 flew over Cuba and revealed that Khrushchev had secreted nuclear missiles 90 miles from the American mainland, touching off the crisis that proved to be President John F. Kennedy's finest hour.

Both episodes have been retold so often in books, movies and TV shows that it's fair to ask why two new versions needed to be written or read today. It turns out that "A Brotherhood of Spies" by Monte Reel and, to a lesser extent, "Above and Beyond" by Casey Sherman and Michael J. Tougas cast intriguing light on this familiar history. The rock-steady, nuanced leadership of Ike and JFK in these crises, supported by deeply experienced advisers desperately seeking to avert nuclear war, is a sobering contrast to today's White House melodramas.

Mr. Reel's "A Brotherhood of Spies" is an old-fashioned tale of the American ingenuity, resourcefulness and grit that remade intelligence gathering—a triumph over implacable technical obstacles, bureaucratic inertia and military-turf defense. The heroes are Edwin Land, the scientific wizard who invented the Polaroid instant camera; Clarence "Kelly" Johnson, the Lockheed aeronautical engineer who developed the P-38 Lightning fighter, the P-80 Shooting Star jet fighter and the



Super Constellation airliner; and Richard Bissell, a tweedy CIA spook whose career ended in ignominy as the architect of the Bay of Pigs fiasco.

Land's company was the Apple of its day, a revered technological wonderworks. He had a second, shadow career as a technology whisperer to American defense officials. In the mid-1950s, Land had a brainstorm: America needed a revolutionary intelligence technology to monitor the Soviets' development of intercontinental nuclear missiles, heavy bombers and atomic submarines capable of devastating the U.S. in a surprise attack or nuclear exchange. Conventional spying—"humint"—couldn't do the job.

Mr. Reel, a veteran journalist and author, tells the story in granular detail, starting with the establishment of a skunk-works facility at a dry salt lake in Nevada called Area 51. (Yes, that Area 51, later the supposed hub of hush-hush UFO research by the Air Force.) Land got Eisenhower and Allen Dulles, the head of the CIA, enthusiastic about the project, and secret funding was secured. Kelly Johnson conceived the condorish design of a lightweight aircraft that could stay

aloft for 10 hours or more above 70,000 feet, being thus immune to ground-based missiles and Russian jets. Bissell oversaw the project, and Ike kept the U-2 with the CIA when Gen. Curtis LeMay, the bombastic—in every sense of the word—chief of the Strategic Air Command, tried to snatch it away.

While all this was going on, Land's technicians produced high-resolution cameras that could function in the freezing skies 13 miles above the earth. CIA specialists recruited and trained a cadre of test pilots, created pressure flying suits for them, and instructed them in celestial navigation and the use of a poison "L pill" if needed. Top of the class was Powers, who was sworn to secrecy and transferred from the Air Force to the CIA. His cover story was that he was the civilian pilot testing a new Lockheed high-altitude weather research plane.

Finally, in July 1956, Powers and the other pilots began to fly over the Soviet Union. They brought back 30,000 feet of film that was scrutinized by a flabbergasted band of photo-interpreters who delivered enlargements to CIA headquarters.

"Bissell and Dulles stood in front of a long table, marveling at the clarity of the prints," writes Mr. Reel. "They counted the cars in the streets of Leningrad.... Bissell was amazed that he didn't even need a magnifying glass

**Powers and other U-2 pilots took remarkably detailed images of Soviet bases. But Eisenhower worried that one of them might be captured.**

to pick out" Soviet bombers at an air base. "How much would you have paid for the information in this photography?" Dulles asked his head of covert intelligence. "About a million dollars," he replied. The pictures soon went to the White House.

However enthusiastic Ike may have been, he was always concerned that a U-2 might be downed over Russia or that a pilot might be captured alive, triggering an international incident. Which is just what happened at the

worst possible moment: Soviet missiles downed Powers's U-2 over Sverdlovsk, in central Russia, on May Day 1960, just two weeks before Eisenhower and Khrushchev were to meet at a summit in Paris. Unaware that the Russians had the pilot and the fuselage of the spy plane, the Americans lied repeatedly about the mission—only to have Powers paraded before the world and later put on trial after hundreds of hours of interrogation, during which he shared many but not all secrets. Soon after the Paris summit began, Khrushchev demanded an apology from a humiliated Ike and essentially stormed out. A future summit in Russia was canceled outright, and U.S.-Soviet relations plunged to a new low.

Ultimately, the frost thawed. In 1962, Powers was swapped for Soviet spy Rudolf Abel (who, unlike Powers, never blabbed to his captors). Beyond that, the vast U-2 photo file enabled American defense officials to disarm claims by hawks that the Russians had achieved a dangerous "missile gap" or "boomer gap" that put America at risk.

Mr. Reel carries his narrative through the U-2's redemption in the 1962 Cuban missile crisis. "Above and Beyond" focuses on that incident. Its writers, between them the authors of 40 other books, make heavy use of transcripts of recordings made by Kennedy of the countless meetings with his advisers over two weeks as they agonized over the crisis. The tick-tock narrative reanimates the half-century-old drama. "Oh shit! Shit! Shit! Those sons of bitches Russians," Bobby Kennedy explodes when a CIA man first shows him U-2 photos of Soviet missiles in Cuba.

Indeed, it was irrefutable photographic evidence from the perilous spy-plane flights over the island that enabled JFK to identify the threat, monitor the assembly of the rockets, confront the Russians at the United Nations and finally get Khrushchev to remove the missiles in exchange for America scrapping missiles in Turkey aimed at the U.S.S.R. "Above and Beyond" documents the skill and courage of the U-2 pilots, one of whom was shot down by an isolated Russian air-defense crew in Cuba certain that nuclear war had already broken out. The pilot, Rudy Anderson, was killed in midair by missile shrapnel, but the lightweight fuselage made it to the ground "barely crumpled," the authors write, after "spinning down slowly, like a leaf falling from a tree."

Taken together, these books are at once reassuring and disquieting. They remind us of how resilient, inspired and successful American military, industrial and political leadership could be in the direst days of the Cold War—and show how today's jangly crises pale compared with those the country survived in the 1950s and '60s. Still, it's hard to feel confident that the people playing the same roles today have the right stuff displayed so deftly in the glory days of the CIA's condor.

*Mr. Kosner is the former editor of Newsweek, New York, Esquire and the New York Daily News and the author of a memoir, "It's News to Me."*

## The Face of Real News

In 2013, Jessica Donati arrived in Kabul at the tail end of the U.S.'s transfer of security to the Afghanistan government. Despite the dangers, she traveled with and without military escort to report on the country's dramatic upsurge in violence. Over the next four years, Ms. Donati provided WSJ readers the full scope of the unending corruption, bombings and kidnappings that has encapsulated America's longest war.

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## BOOKS

'Recollect that we form one country now. Abandon all these local animosities, and make your sons Americans.' —ROBERT E. LEE

AUG. 12, 2017  
The statue of Lee in Charlottesville, Va.



## The Cost of Conciliation

### The Lost Indictment of Robert E. Lee

By John Reeves  
Rowman & Littlefield,  
249 pages, \$27

BY FERGUS M. BORDEWICH

**A**RECENT POLL by the Civil War Trust, a nonprofit group devoted to the preservation of battlefields, found that fewer than 9% of respondents agreed with the statement that Robert E. Lee "turned his back on his country and his flag when he decided to fight for the Confederacy." More than 90% believed that "even though he fought for the Confederacy," Lee "exhibited many honorable traits . . . [and] is still worthy of respect today."

Boiled down to its essence, the question is this: Was Lee a traitor to the United States, and, if so, does it matter? In "The Lost Indictment of Robert E. Lee," a provocative work of history and cultural analysis, John Reeves tries to offer an answer—and to show why Lee's legacy is considerably more problematic than it may seem to be when it is seen, as so often it is, through the haze of myth and sentiment.

The vast majority of the victors in the Civil War had no doubt at all that Lee had committed treason. In 1865, the abolitionist Wendell Phillips condemned Lee as the "bloodiest and guiltiest" of all the rebels, while the New York Times argued that Lee had waged war against the United States "more strenuously than any other man in the land." President Andrew Johnson declared that death would be "too easy a punishment" for him. Unionists generally noted that, by throwing in his lot with the Confederacy, Lee had betrayed the oath he had taken—as an officer in the Army before the war and indeed as superintendent of West Point—to defend the United States. Northern condemnation was all the greater because Lee had proved himself to be such a talented general, repeatedly leading his forces to victory and thereby prolonging a war that cost as many as 750,000 lives.

In the decades after the Civil War, Lee, who died in 1870, became an embodiment of what the politically resurgent South wanted to believe about itself: that it had been the home of a genteel, chivalrous society in which slaves loved their

masters and honorable men fought for a noble "Lost Cause." With the spread of Jim Crow laws and attitudes after the failed era of Reconstruction, this mythic Lee entered the pantheon of American heroes and stayed there. Dwight Eisenhower hung Lee's picture on the wall of his White House office. Twenty years later, President Gerald Ford officially pardoned Lee, though by that time it was likely that few Americans thought that Lee was guilty of anything except picking the losing side.

After Appomattox, Lee did urge his fellow Confederates to quietly go home rather than resort to guerrilla warfare, but it is a stretch to transform good advice into proof of transcendent nobility and guiltlessness.

**Andrew Johnson said death was 'too easy a punishment' for Lee. But by 1868 he had declared a full amnesty.**

ness. In Mr. Reeves's telling, the Lee legend has less to do with Lee the man than with the nation's racial politics: the abandonment of freed former slaves after the war; the embrace of racist policies across the South and in parts of the North; and the idealization of the South's Lost Cause.

Mr. Reeves dilates rather too long on Lee's personal involvement with slavery. "Like many Americans after the war," he writes, "Lee preferred to move forward as if he had been against slavery all along." In fact, he had only expressed distaste for it, a common pose among patrician Southerners who disdained slavery in principle while profiting from it in practice. Lee owned few slaves in his own name but oversaw almost 200 belonging to his wife, Mary. In an 1856 letter to her, he wrote: "The blacks are immeasurably better off here than in Africa, morally, socially, and physically," adding: "The painful discipline they are undergoing is necessary for their instruction as a race." After the war, Lee expressed the view that blacks couldn't vote intelligently and that "it would be better for Virginia if she could get rid of them."

These views surely deepen our understanding of Lee's character, but they have little bearing on the putative charge of treason—and it was a pressing one after the Civil

War. Most Americans assumed that the rebels would be made to pay for their disloyalty, in some way. How many should be put on trial? Thousands? Only the senior leaders? Should their land be confiscated? Should they be hanged? These were open questions and fell to the judgment of President Andrew Johnson, Lincoln's successor.

Johnson initially sought the federal prosecution of 37 high-ranking Confederates—including Lee, Confederate President Jefferson Davis, and former U.S. vice president and Confederate Gen. John Breckinridge—for "high crimes and misdemeanors" against the United States. Two months after Appomattox, they were all formally charged by a federal court in Norfolk, Va.

Prosecution should have been simple. Instead it stumbled, lurched and collapsed. Mr. Reeves, a journalist and former history teacher, does an able job of untangling the shifting public sentiment, tactical misjudgments and legal ordeals that shaped the indictment and ultimately crippled it. Hobbling the case from the start was the fact that the charges were filed in Virginia, where the alleged crimes had been committed but where it promised to be difficult, if not impossible, to select a jury that would convict leaders of the Confederacy.

U.S. Attorney General James Speed insisted that for something so grave as a treason trial the federal circuit court must include the chief justice of the Supreme Court. The chief justice at the time, Salmon P. Chase, a radical abolitionist, didn't oppose a trial, but he declined to preside over one until the war had been legally terminated, which did not occur until August 1866.

In practical terms, Mr. Reeves notes, Lee's fate hinged largely on what happened to the arch-rebel Jefferson Davis. Through most of 1866, the case against Davis seemed airtight. Chase was finally ready to proceed by the spring of 1867, but after such delay, the lead prosecuting attorney, William Evarts, asked for a new indictment. Davis's trial was then postponed to March 1868, but by that time Chase was presiding over the impeachment trial of Andrew Johnson himself.

In the meantime, the public mood was swinging against the prosecution of former Confederates. Growing numbers of Northerners just wanted to put the war behind them, Mr. Reeves notes. Even Horace Greeley, the abolitionist editor

of the *New York Daily Tribune*, now called for reconciliation and put up \$25,000 of his own money for Davis's bail. Unlike the imprisoned Davis, Lee was never jailed and lived openly, first in Richmond, Va., and then in Lexington, where he was named president of Washington and Lee University.

It had also become clear to Johnson—who survived his May 1868 impeachment trial by one vote—that his only hope for re-election later in the year lay with restoring the voting rights of Southerners. Even as the administration haltingly pursued treason charges against Lee and the others, the president was proclaiming amnesty wholesale for all but the topmost Confederates. In November 1868, after the election of Ulysses Grant, Johnson's lame-duck administration decided to "close out the rebellion." It declared full amnesty for Lee and the remaining Confederate leaders under indictment.

Only one Confederate officer was ever convicted of a war crime: Henry Wirz, commandant of the gruesome Andersonville, Ga., prisoner-of-war camp. Nathan Bedford Forrest, the prewar slave trader who presided over the massacre of black federal soldiers at Fort Pillow, Tenn., in 1864 and went on to help establish the Ku Klux Klan, was never charged with a crime.

Over time, Americans came to regard the official forgiveness of Lee, Davis and other Confederates as a positive symbol of postwar "reconciliation." Mr. Reeves's thoroughly researched narrative describes the long arc of this strange innocence project.

What difference would the conviction of Lee and Davis have made? Perhaps it would have intensified Southern bitterness. Or possibly it would have served notice that treason was a crime with consequences and would have deterred unreconstructed Confederates such as Forrest from taking vengeance on freed African-Americans. The opening, in April, of a memorial in Montgomery, Ala., dedicated to the 4,400 victims of lynching only begins to suggest the price that American blacks—and the conscience of the country—would pay for "losing" Lee's indictment and letting the Confederate leadership get off scot-free.

**M**r. Bordewich's most recent book is *"The First Congress: How James Madison, George Washington and a Group of Extraordinary Men Invented the Government."*

## Chicago On the Huangpu

### City of Devils

By Paul French  
Picador, 299 pages, \$28

BY MAURA ELIZABETH CUNNINGHAM

**S**HANGHAI IS A Janus-faced city. Walk along the waterfront Bund and gaze across the Huangpu River to see the future—the towering skyscrapers and dazzling lights of the Pudong financial district, where 21st-century money never sleeps. But turn your back to the river and what stands before you is the city's past: the grand colonial edifices of early 20th-century trading houses, where fortunes were made and lost in an earlier time. Between 1842 and 1941, the Bund anchored the eastern edge of Shanghai's foreign enclaves—the International Settlement (jointly run by Great Britain and the United States) and the French Concession. To these protected zones, where Chinese law had no standing, hopefuls came from around the world to make their mark on finance, industry, entertainment and the arts. Shanghai was a land of reinvention and opportunity.

Those nostalgic for the Shanghai of old depict it as a city of hot jazz and cold Champagne, swanky nightclubs and sleek autos. Author and longtime Shanghai resident Paul French shares this interest in the city's historical glitter but is even more captivated by its grit. In "City of Devils," Mr. French burrows into the unsavory side of the metropolis, focusing on the less photogenic elements of the age: drugs, guns, gangs, gambling and graft. Derided at the time as "Chicago on the Huangpu" for its lawless nature, the Shanghai Mr. French depicts seems flagrantly corrupt and dangerous, but strangely enticing.

Mr. French's book follows a pair of criminals who were occasionally partners but more often enemies. "Dapper" Joe Farren, a Jewish dancer from Vienna, became the Ziegfeld of Shanghai, running the city's most energetic chorus lines. Jack Riley, the "Slots King," was an American prison escapee who changed his name and burned off his fingerprints in hopes of disappearing but could never resist the chance at a big score. Though Mr. French concentrates on their entwined narratives, he is equally fascinated by less prominent characters who made up the "foreign underbelly" of Shanghai: loan sharks, con men, dirty cops and prostitutes, all seeking to grab their own little piece of the pie.

Farren and Riley both climbed Shanghai's underworld ladder via fortunes earned in nightclubs, bars and gambling. In the mid-1930s, the pair joined forces on a drug-running scheme that brought Shanghai heroin to the U.S.

They parted ways bitterly after Farren learned that Riley was secretly running his own side operation. But after Japan invaded China in 1937—kicking off World War II in Asia—the foreign concessions of Shanghai became the "Solitary Island," a zone that Japanese forces would not attack. The war thus opened up opportunities for Shanghai's underworld bosses, who paid off Japanese military-police forces to establish a new nightlife district in the so-called Badlands, just west of the foreign enclaves. Farren and Riley agreed to put aside their differences and partner up on Farren's, the most glamorous nightclub and casino in the Badlands.

For a brief period of time, Farren and Riley stood together at the top of the heap. "The world is going to hell in a handcart," Mr. French narrates, in his noirish present tense. "China is being ravaged by war just a few miles from Farren's, but never have two men made more money in one place in all of Shanghai." But as war raged and Japanese demands for payoffs increased, commercial success became harder to sustain. By the end of 1941, the walls closed in not only on Farren and Riley but on the city of Shanghai itself. The Japanese took control of the Solitary Island, bringing the foreign concessions to an end, and Great Britain, the U.S. and France formally would relinquish control of the enclaves two years later. As Mr. French demonstrates, the Solitary Island period destroyed the old social hierarchies in foreign Shanghai, as elites who had made their fortunes in respectable ways either fled or found themselves unable to negotiate the wartime chaos.

In contrast to the sort of hazy nostalgia that elides many sordid tales of old Shanghai, "City of Devils" casts a sharp, clear light on the shady characters who—no less than their legitimate counterparts—played a role in creating Shanghai's now-mythic golden age.

**M**s. Cunningham is co-author, with Jeffrey Wasserstrom, of "China in the 21st Century: What Everyone Needs to Know" (3rd edition).

## BOOKS

"The keeping of bees is like the direction of sunbeams." —HENRY DAVID THOREAU

# Give Bees a Chance

**Buzz: The Nature and Necessity of Bees**

By Thor Hanson

Basic, 283 pages, \$27

**Our Native Bees**

By Paige Embry

Timber Press, 224 pages, \$25.95

BY HANNAH NORDHAUS

**I**N LATE 2006, the nation's honeybees began to vanish. Beekeepers visited hives that had, days before, been teeming with bees and found them abandoned. The abruptness and mysteriousness of this strange new malady—which scientists came to call Colony Collapse Disorder—captured imaginations and made front-page news all over the world.

At around the same time, another, less-heralded bee mystery was unfolding. In 2006 a UC Davis entomologist named Robbin Thorp spotted a lone, yellow-topped Franklin's bumblebee in a meadow in Oregon's Siskiyou Mountains. When he had first begun surveying sites in 1998, this type of bee was relatively plentiful. But it soon became more difficult to find and then impossible: The bee that Mr. Thorp encountered in 2006 was the last Franklin's bumblebee anyone has seen. Along with three closely related species, the bee had suffered a population nose dive, and no one knew exactly why.

According to a recent global assessment of pollinator populations, 40% of the estimated 20,000 bee species worldwide are considered to be in decline or threatened with extinction. But few people are aware that so many bee species are in free fall, and even fewer seem to care.

Two new books attempt to remedy that inattention: "Buzz: The Nature and Necessity of Bees" by Thor Hanson and "Our Native Bees: North America's Endangered Pollinators and the Fight to Save Them" by Paige Embry. Both books guide us through the world of overlooked and obscure bee species that fill the air around us: bumblebees, masons, alkali, leaf cutters, diggers, miners and many more.

Mr. Hanson, a conservation biologist and the author of three other natural-science books, starts at the beginning, examining ancient fossils preserved in "translucent tombs" of amber to explore the origins of bees as carnivorous wasps that coevolved with flowering plants into nectar-and-pollen-collecting vegetarians. It was, Mr. Hanson notes, an "unsentimental" transaction from which both bee and flower profited enormously.

He examines social bees, such as honeybees and bumbles, and solitary ones, like the alkali bee he encounters in the Arizona desert: With its distinctive opalescent exoskeleton, it resembles a "flying pearl," he writes, "as if the bee were made from light itself." Mr. Hanson dives into the his-



tory of humans and bees, including the provocative theory that African hominins evolved into modern humans by consuming brain-enhancing honey calories from raided beehives.

Mr. Hanson examines our contemporary relationship with bees as well, visiting farmers who depend on bees for pollination. Beekeepers move thousands of colonies from crop to blooming crop throughout the year, helping pollinate one out of every three bites we eat, including the good stuff, like berries, cherries, melons, peaches, lettuce and almonds. Armed with tweezers and a hand lens, he performs a Michael Pollan-esque deconstruction of a McDonald's Big Mac, removing the ingredients that require pollination. "Certainly," he writes, "the advertising slogan wouldn't have been nearly as catchy: 'Two all-beef patties, bun!'"

Mr. Hanson is an insightful observer of evolution, at his most elegant when digging deep into the science, and at his clumsiest, ironically, when he tries to make that science more relevant to his readers: comparing bees that lay eggs in other bees' nests to mooching college roommates, for instance; or noting that humans, like bees, are social creatures, even if certain humans "do spend a lot of their time alone, sitting in shacks, writing books." Frequent anecdotes involving his young son, Noah, come off as contrived and too cute, though the impulse behind them is a sound one: to offer fresh ways of looking at the unseen world. "Just like walking with a toddler," Mr. Hanson writes, "pursuing something slowly and carefully sharpen[s] the

senses." Mr. Hanson's senses are, indeed, sharp when observing the natural world.

In "Our Native Bees," Paige Embry, a gardener and first-time author, also takes us on a first-person voyage through the world of bees. She visits many of the same places that Mr. Hanson does and interviews some of the same quirky, bee-obsessed scientists. Like Mr. Hanson, she struggles to raise her own native bees at home; like him, she becomes captivated by an obscure species she encounters in the Arizona desert; she, too, travels to southern Oregon to search in vain for the Franklin's bumblebee.

Ms. Embry's learning curve, however, is steeper than Mr. Hanson's. Her journey begins after she discovers that tomatoes—"a fixture in my life"—require "buzz pollination," in which bumblebees vibrate their muscles at a frequency that dislodges trapped pollen. Honeybees, she learns, can't do it. Instead, tomato growers import commercially raised bumblebees; scientists now believe that those domesticated imports carried a new pathogen to which the Franklin's bumblebee was particularly susceptible. She also learns about the vast diversity of native bees around her—"I discovered," she writes, "that assuming, as most people do, that 'bee' equals 'stinging honey bee' was even more ludicrous than assuming 'dog' equals 'itty bitty Chihuahua.'"

Ms. Embry's writing can at times be circular and OMG-colloquial ("Yep," she writes, "we're talking bee penises"), but she nonetheless uncovers interesting information

along the way. Most shocking, perhaps, is how little we know about native bees. Bee surveys are expensive and time-consuming; we have few base lines against which to compare populations past and present. We don't know the nesting, feeding and habitat needs of an "unimaginable number" of bee species. Some haven't even been identified. While honeybee losses are watched closely from year to year, we often learn about struggling native bees only when, as in the case of the Franklin's bumblebee, it is too late.

## Bees help provide one of every three bites we eat, including much of the good stuff—berries, cherries and peaches.

The loss of so many pollinators has grim consequences. Toward the end of his book, Mr. Hanson visits a California date grove where farm workers use cotton balls to pollinate every flower on every tree. "The whole crop is labor," the date farmer tells him, and the steep supermarket price for dates reflects that human effort. When pesticides and agricultural practices wiped out bee populations in the apple orchards of southwest China's Maoxian Valley, human workers were also hired to pollinate apple trees with chicken feathers and cigarette filters, but the effort proved too laborious to sustain—ultimately, the apple trees were cut down.

The lost bees of the Maoxian Valley, however, may have done farmers there a favor, forcing them to plant a more diverse mix of crops, which should sustain healthier populations of pollinators in the future. Mr. Hanson sees hope in that paradox: "While the Maoxian story is often held up as a warning about bee declines," he writes, "it may ultimately become a symbol of bee resilience, a reminder that solutions are within our grasp."

The sting of the lost honeybees in the U.S., too, has reaped some sweet rewards. "All that attention helped trigger what can only be described as the largest surge of bee research in history," Mr. Hanson writes. Thanks to that research, we know far more about bee health. Scientists now attribute bee losses to what they call the "four Ps": parasites, poor nutrition, pesticides and pathogens. Loss of nesting habitat, invasive species and climate change also play a role. Understanding the causes of the declines can help us find a way to reverse them. Bees reproduce quickly; bees are resilient. "We know enough to act," Mr. Hanson writes.

Among Mr. Hanson's and Ms. Embry's suggestions: less long-distance transport of bees and the pathogens they carry; fewer pesticides; more, and more varied types of flowers. "Be a little slovenly in the garden; leave some old broken stems and let a little bare dirt show. The bees will come," Ms. Embry writes. Let's hope, for our sake, that they do.

*Ms. Nordhaus is the author of "The Beekeeper's Lament" and "American Ghost."*

## The Many Tiny Worlds Among Us

**Microbia**

By Eugenia Bone

Rodale, 271 pages, \$25.99

BY HELEN BYNUM

**H**AVE YOU ever felt a visceral connection with the environment around you?" asks Eugenia Bone in her latest book. As an avid gardener and composter, I would have to respond with an unqualified, exuberant yes. I rejoice at the smell of soil. I accept the consequences of not using pesticides and fungicides—albeit with the odd sigh. We gardeners may not be able to see the micro-organisms around us, but we are usually cognizant of their overriding presence. We appreciate something of what they do for us in our little patch of heaven, from helping to release the nutrients in organic matter to promoting sustainable gardening through the use of special fungi rather than chemical fertilizers. Confident that I share Ms. Bone's particular *frisson* of sympathy with the planet, I accept her invitation to travel

into the microbial world, keenly anticipating expositions on the microbiomes of soils, plants and people.

Microbiomes are the collection of all genetic material in a particular environment, all the microbes—the bacteria, fungi, viruses and more—that inhabit that ecosystem. As we still don't know or cannot replicate what microbes need to reproduce, most can't be grown in a laboratory, but we can identify and catalog them by their genetic fingerprints. We can comprehend how they function via the proteins and other molecules their genes code for. "Every higher organism has a microbiome," Ms. Bone writes. "Multiple microbiomes, in fact. The different microbiomes of a plant or a person have evolved to fill a niche—as if the host was a landscape—and the role the microbes play in that niche can be so important that without them the host fails to thrive."

Our understanding of microbiomes has made great advances in the 21st century thanks in part to the large and continuous volume of data generated by advances in DNA extraction, genetic sequencing and computing technologies. Ambitious collaborative projects, such as the Earth Microbiome Project, launched in 2010, have helped produce standardized methods for collecting and analyzing this data. The excitement now is in appreciating the myriad functions of what are, in effect, minute chemical factories.

Our understanding has been enhanced by the experts translating this evolving science and making it reader-friendly. This is where Ms. Bone's book is unique. A journalist and food writer, Ms. Bone has written in the

past about fungi and food. In "Microbia: A Journey Into the Unseen World Around You," she tells the story of how she went back to school for a deeper understanding of the microbial world—and it's very funny. Over the course of two semesters at Columbia University, she studies biology and, specifically, bacteriology and mycology, but she also confronts the angst, frustration, bemusement, loneliness, jealousy and sheer otherness of being a 55-year-old among members of a different "tribe." "I looked over at the blond girl in the hot pants," she writes, "half expecting her to be texting emojis to a friend. She had her laptop out with multiple windows open and was logging on to the online forum Piazza with her left hand while taking notes with her right hand, periodically flipping her shiny hair and casting eyes about the room. That's when I realized I was in trouble."

There are new concepts to be puzzled over, facts to be learned and techniques to practice. Bad at memorizing for tests and poor at the required math, Ms. Bone tries mnemonics and indulges in some of her son's "study drug," a stimulant similar to Adderall that helps her focus. Her study sheets are constantly at hand. Realizing that she can't do this alone, she hires a tutor. Her husband hardly gets a look in. The course

work and its ideas become all pervasive, and her sense of total immersion speaks to her belief that herein lies the secret of microbes: "Everything I learned about nature had a microbial connection. And I was beginning to think that maybe the microbial way of life was the secret to understanding it all." Nadir and nirvana ricochet off each other.

Indeed, the subject she is studying does seem to explain a great deal.

Microbe-related

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ments to help address this dysbiosis.

Other products to help us monitor or

exploit this microbial realm include a

mail-order fecal-analysis service and a

\$1,500 Infinity Burial Suit meant to

expedite the decomposition process after

we die. The author gives her personal

appraisal of these offerings and takes it

on good authority that the suit is a

waste of money.

Ms. Bone is brought back to earth,

literally, by a concern with food and

the soil in which it is grown. In much

of the nation's corn belt, she notes, the soil's microbiome has been degraded, with the current levels of crop production underpinned by "mechanization, nitrogen fertilizers, pesticides, herbicides, and biotech seeds that tolerate weed killers." Industrially manufactured chemicals have replaced the heavy tilling of the past, but they require huge amounts of energy to produce and distribute. When she challenges farmer Ron Heck of Iowa about this reliance on synthetic materials, his response is not one of ignorance or total disregard but of economics: "I guess you'll hear chemicals destroy microbes and no one cares," he says to Ms. Bone, "but the truth is the state of the science does not tell us how to economically take care of the microbes of the soil." He reckons his 4,000 acres produce a basic diet for 100,000 people."

Could we reduce the amount of microbe-destroying chemicals we use if we reduced our consumption and food waste and developed a better means of caring for the soil? Ms. Bone finds a beacon of hope in the research on perennial edible grains carried out by the Land Institute in Salina, Kan. Such grains would retain the essential microbial richness around the plants' roots and soil. But what microbe, I wondered, might generate sympathy and arouse awareness about habitat destruction the way elephants and pandas have done for wildlife conservation? "Microbia" might not have all the answers, but it puts the questions out there and reminds us that we all can learn.

*Ms. Bynum is the author of "Botanical Sketchbooks."*

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## BOOKS

'It's a terrific privilege to be able to see into somebody else's life.' —HELEN GARNER

# Life, Pinned to the Page

**Stories: The Collected Short Fiction**

By Helen Garner

Text Publishing, 184 pages, \$19.95

**True Stories: The Collected Short Non-Fiction**

By Helen Garner

Text Publishing, 636 pages, \$32.95

BY DAVID MASON

**S**he has been called a minimalist by herself and others, but the Australian writer Helen Garner packs a lot into small spaces. "At first you simply transcribe," she writes of her technique. "Then you cut out the boring bits and try to make leaps and leave gaps. Then you start to trim and sharpen the dialogue. Soon you find you are enjoying yourself." On the evidence of "Stories," her collected short fiction, minimalism doesn't mean the usual pinched, semi-cerebral stuff we associate with the term. Ms. Garner's stories may be brief, but they contain expansive moments, and room for the mystery of human motives. Her characters, simultaneously awful and comic, are so closely observed that they resonate like poems. Her prose is wiry, stark, precise, but to find her equal for the tone of generous humanity one has to call up writers like Isaac Babel and Anton Chekhov. This is a small book that feels large with life.

Known for both fiction and journalism—writing that melds the personal and the public, particularly life in Melbourne and its suburbs—she has also written film scripts for the directors Jane Campion and Gillian Armstrong. Her own first novel, "Monkey Grip" (1977), was made into a film, and the precision of her prose, the way she lets her images hint at psychological depths that her characters barely comprehend, feels tautly cinematic. Indeed, many of her stories offer images like "glossy Canadian lakes flawed by the wake of a single canoe" or a young girl reacting visually to being talked about by adults: "She saw her own foot, in its large, strapped blue shoe, swinging awkwardly near her aunt's hip."

Ms. Garner, 75, writes about lives in which awareness has been submerged by fear. The story "Postcards From Surfers" evokes a family with the line, "Everything is spoken, nothing is said." What does get said lives in a marvelous Australian vernacular. Here a woman's retired parents notice a car for sale with a license plate from Western Australia—the far side of the island continent:

"Look at that," says my mother. "A WA number-plate. Probably thrashed it across the Nullarbor and now they reckon they'll flog it."

"Pro'ly stolen," says my father. "See the sticker? ALL YOU VIRGINS, THANKS FOR NOTHING. You can see just what sort of a pin'ead he'd be. Brain the size of a pea."

It's an ordinary moment, but it conveys the folk poetry of Australian conversation, the geographical knowledge that goes with it, the judgment and enjoyment of words, the way an Australian can at any moment become Odysseus narrating his life with brio.



FOCUS Helen Garner at her home near Melbourne, 2007.

In another story, "La Chance Existe," a gay narrator steps into a strangely intimate dance with his friend, a heterosexual woman. In "Little Helen's Sunday Afternoon," the slapstick of preadolescence—a girl with her foot stuck in a bucket—comes smack up against the reality of sex and the horror show of the medical photographs the girl glimpses at the house of her uncle, a doctor: "The children were horrible. Their heads were bloodied. Their hair had been torn out by the roots, their scalps were raw and crisscrossed with black railway lines." The world observed here is both violent and merciful. The stories surprise like spontaneous discoveries.

Tough and unsentimental as she is, Ms. Garner writes as a mother and lover. She understands the uncontrollable forces of life in our very nature. One of her most beautiful endings occurs in "Civilisation and Its Discontents," when a middle-aged mother sees a pregnant woman "lumbering towards me, a woman in the final stages of waiting, putting one heavy foot in front of the other," and feels envy: "Oh, let me do it again! Give me another chance! Let me meet the mighty forces again and struggle with them! Let me be rocked again, let me lie helpless in that huge cradle of pain!"

"True Stories," Ms. Garner's collected non-fiction, begins with another mother, Akon Guode, "a thirty-five-year-old South Sudanese refugee, a widow with seven children." In a trance of desperation, Guode has driven her car into a lake, drowning three of her children. Ms. Garner sets to work trying to find out "Why She Broke." Published in 2017, the essay feels entirely up to date in its considerations of gender, race and the law. But Ms. Garner has never been doctrinaire about anything; nor is she the sort of journalist who needs to arrive at definitive answers to impossible questions. The article ends with a reference to "Medea," the great tragedy of Euripides about a regal witch who kills her children.

One of her best essays, "On Darkness," concerns her compulsion to examine the sometimes gruesome crime-scene photographs in Sydney's Justice and Police Museum—"the purity of the recording eye" and "the holiness of a place where something unthinkable and final has happened." Ms. Garner trains her gaze on the moral gravity of her own writing: "I see now that for some years already I had been trying to turn myself into the sort of person who could look steadily at such things, without flinching or turning away. . . . I longed to mimic in my own work the brutal simplicity of the police photographs." Some readers will recall Ms. Garner's 2014 nonfiction book, "This House of Grief," about another parent accused of murdering his children, and the meticulous detail with which she followed his trial.

Her searching stories have sometimes offended others. "The Fate of 'The First Stone,'" about her controversial 1995 book concerning a sexual-harassment case, is the rational response of a mature feminist writer to another kind of feminism that had become "a bullying orthodoxy." Ms. Garner remains stubbornly patient, probing, curious about everything. In one of her best essays about writing, "The Art of the Dumb Question," she tells an interview subject, "Listen. I am one of the least boreable people you are ever likely to meet."

"At the Morgue" is typical of Ms. Garner's curiosity. "I would be lying if I claimed to be able to give a blow-by-blow account of the first autopsy I witnessed. The shock of it made me forget the sequence. Time slid past me at breathless speed." She describes the process in enough detail that it could make you lose your breakfast; then her curiosity deepens: "There is nothing so utterly dead as a dead body. The

spirit that once made it a person has fled." Ms. Garner interviews the people who perform these miracles of examination and becomes interested in them as living human beings.

Her own life interests her as well, and several essays in this large volume are personal memoirs of childhood, marriage and divorce. "Sunday at the Gun Show" becomes a meditation on the pathos of masculinity, while "A Scrapbook, an Album" works by a series of aphorisms and vignettes. "Why Does the Women Get All the Pain?" details how she got sacked from a teaching job in 1972 by talking honestly about sex to a classroom of 13-year-olds. The dialogue here is frank and funny and refreshing—unfortunately too obscene to be quoted in an American newspaper. Yet even here she finds a kind of sacredness in genuine human connections.

Ms. Garner's literary essays on writers like Patrick White, Elizabeth Jolley, Germaine Greer and Tim Winton bring to mind another great Australian critic, Clive James. In "While Not Writing a Book: Diary 1" she quotes the New Yorker critic Joan Acocella's words about Mikhail Baryshnikov: "If there is a point in classical art where aesthetics meets morals—where beauty, by appearing plain and natural, gives us hope that we, too, can be beautiful . . ." Ms. Garner then adds her own note of recognition: "I resolve to spend the rest of my life searching for that point." These two volumes are a record of that search and a marvelous introduction to the beautiful, brutal simplicity of a storied life.

*Mr. Mason is an American writer living in Tasmania. His latest books are "Voices, Places: Essays" and "The Sound: New and Selected Poems."*

**Fiction and reporting by an Australian writer with a cinematic prose style and an unflinching eye.**

## BOOKS

"Though Nur Jahan be in form a woman / in the ranks of men she's a tiger-slayer." —MUGHAL POET

# Light of the Mughal World

## Empress: The Astonishing Reign of Nur Jahan

By Ruby Lal

Norton, 308 pages, \$27.95

By MAXWELL CARTER

The grasping consort and devious stepmother are stock types as old as time. In Imperial Rome, the poets Horace and Ovid took stepmotherly wickedness for granted, while the historian Tacitus' grotesque portrait of Livia, the third wife of the Emperor Augustus, has yet to be effaced. Nearly 2,000 years on—and thousands of miles distant—observers of the 17th-century Mughal court on the Indian subcontinent were no different. Nur Jahan, the 20th wife of the Emperor Jahangir, has, in turn, met with her share of fishy Tacitean innuendo. In "Empress: The Astonishing Reign of Nur Jahan," Ruby Lal, professor of South Asian studies at Emory University, challenges the well-worn fictions of Nur Jahan's life and legacy.

By Jahangir's reign (1605-27), the Mughals' authority and influence had spread across much of modern-day India, their ruling style an ad hoc blend of Central and South Asian tradition. (The first emperor, Babur, had descended on the subcontinent in 1519 after being driven from the Silk Road city of Samarkand—the seat, variously, of Persian, Turkish and Timurid culture.) The empire's far-flung administration and habitual conquests depended on an itinerant court—Jahangir's beloved miniature paintings were conveniently portable—and trustworthy, often foreign-born officials. Nur's erudite Persian father, Ghiyas Beg, was among the latter.

In 1577, Ghiyas—possibly in debt or disfavor with the Safavid Shah, Isma'il II—and his pregnant wife left Herat (today Afghanistan's third-largest city) for Mughal India. Their daughter, Mihir un-Nisa, was born near Kandahar that winter. (Jahangir would rename her Nur Jahan, "Light of the World," in 1616.) They reached the newly founded Mughal capital, Fatehpur Sikri, the following year. There, Ghiyas entered the service of the Emperor Akbar, ultimately becoming



**REGAL HUNTRESS** 'Nur Jahan Holding a Musket,' a 17th-century portrait by the Mughal court painter Abul-Hasan.

wazir (prime minister) under Akbar's son, Jahangir.

Nur grew up in this worldly milieu; married an up-and-coming official in 1594; was widowed in 1607; then wed Jahangir, who had since succeeded his father, in 1611. Their marriage was tender, fruitful (though it would prove childless) and unusually collaborative. She hunted with considerable skill, issued imperial orders—signing them, in part, "Padshah," or monarch—and featured on coins. These were not empty gestures. "In Islamic thought and practice, the edicts and the coins were convincing technical signs of sovereignty,"

writes Ms. Lal. Nur received subjects from the palace balcony and was depicted "confidently holding a musket" by Abul-Hasan, Jahangir's favorite painter. Her physical monuments include the Ram Bagh, an exquisitely appointed garden, and I'timad ud-Daula, the breathtaking white marble tomb she built for her parents, both in Agra. Jahangir, whose frequent travels (and indulgence in alcohol and opium) "contributed to Nur's co-sovereignty," as Ms. Lal notes, died in 1627; Nur would outlive him by 18 years.

Their uncommon partnership was not without its detractors. Sir

Thomas Roe, the British ambassador, lamented that Jahangir was "directed by a woman . . . more unaccessible than any goddess or mystery of heathen impiety." To Peter Mundy, an English East India Co. merchant, Nur was "hautie and stomakefull." Others targeted her dominant Persian coterie.

The reasons for contemporary mistrust can be well imagined, and we should be grateful to Ms. Lal for attempting to set the record straight. In glorifying Nur's virtues, however, she overshoots the mark. A doggedly fault-finding biography is dull indeed; the reverse can be equally trying. Ms. Lal's Nur is "beautiful and accomplished"; "a devoted wife, a wise and just queen, a shrewd politician"; "cerebral, an aesthete, a woman of many interests, from poetry to design"; and "the best shot in the empire." She "consolidate[s]" the political order and supports the underprivileged, having "what we might call a 'feminist' moment." A cross between Princess Diana, Mother Teresa and Annie Oakley, her Empress is scarcely human. In her angelic likeness of Nur, Ms. Lal neglects only the nimbus.

To sanctify Nur is to miss the point. Imputing cynicism and self-interest to female rulers of the past isn't the problem so much as the patent double standard—Augustus didn't emerge from uncertain beginnings and civil war through kindness and good deeds; nor did Jahangir win the throne by patience and piety. (He openly rebelled against Akbar and had his father's adviser, Abul-Fazl, beheaded.) Nur unquestionably "earned her position on the strength of her talents"; how nobly they were employed is another matter. In her introduction, Ms. Lal recalls her own mother's inspired storytelling: "While Nur ruled the empire alongside her husband, dispensing justice and masterminding daring rescues, she also wrote poetry and designed clothing, gardens, and buildings. Still vivid are the glint in my mother's eye as she spoke, and the spark ignited in me by Nur's accomplishments and allure." The activating spark is priceless; it isn't necessarily history.

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Mr. Carter is head of the Impressionist and modern art department at Christie's in New York.

## SCIENCE FICTION

TOM SHIPPEY

# When History Abruptly Takes A Detour



**ALL SCI-FI "alternate histories"** have to have a break point, the moment at which the course of history changed. In S.M. Stirling's "Black Chamber" (Ace, 388 pages, \$16) it comes on May 25, 1912. In that year Woodrow Wilson was elected president, because the Republican vote was split between Theodore Roosevelt's "progressive" third party and incumbent President William Howard Taft's old guard.

But what if Taft, who weighed more than 300 pounds, had had a heart attack before the election? Roosevelt would have gotten in. By 1916, with a notably belligerent president in this scenario, the U.S. would have been on a war footing, with a state-funded research institute run by Nikola Tesla turning out everything from machine guns to airships.

Imperial Germany, of course, had its own scientists, and by alternate-1916 could have had its own sympathizers within the U.S.,

including

supporters of Pancho Villa, desperate to reverse Roosevelt's recent

takeover of Mexico; the Irish Republican Brotherhood, determined not to come to the aid of the British Empire; and the Ku Klux Klan.

The German scientists have a plan to take out the choke-points for American intervention, using traitors and a secret weapon they call "the Breath of Loki." The U.S., however, has a new Special Ops security service, the Black Chamber, and an agent ideally suited to worm her way into German confidence: Luz O'Malley Aróstegui. But she will have to use her talents with knife, gun and seduction to get there, and do so in airship, train, castle and U-boat.

As a spy thriller, "Black Chamber" stacks up with the old classics of Kipling and John Buchan. As sci-fi, it comes off as terribly plausible, with a Tom Clancy-like mastery of old weapons and potential ones. One further complication that runs through it is mixed loyalties. Ciara Whelan, an Irish-American agent for Germany, is fine with attacking the U.S. But attacking Boston? Not so sure about that.

Alternate histories run on details, true facts you didn't know and factoids that might have been true, challenging you to tell them apart. "Black Chamber" combines them on every level—political, historical and scientific—all worked into a tension-filled tearaway plot. Nor has Mr. Stirling shown his hand yet, for we are obviously booked for sequels. What are those mast-arrays on the German battleships at Wilhelmshaven? In the long winter nights of the North Sea, a fleet with—dare one guess?—radar would have no trouble reversing the decision of the Battle of Jutland.

Mary Robinette Kowal's break point is March 3, 1952. Sci-fi fans have long believed that, if they had been in charge of the space program, we'd have men on Mars by now. Or in this case, women. But what would it have taken to make space a priority back in the 1950s?

Ms. Kowal's idea is a giant meteorite crashing into the sea off Maryland. That's what makes the politicians and the public realize that humanity has all its eggs in one basket and needs to colonize space.

Who is to do it? Ms. Kowal's heroine, Elma, is a wartime ferry pilot and also a crack number-cruncher—just what's needed. But this is the 1950s. "The Calculating Stars" (Tor, 431 pages, \$18.99) traces Elma's progress through astronaut training, but her real struggle is for acceptance in a world where woman = homemaker. At the end, Elma is off to the moon. The sequel, which will take her on to Mars, comes out next month, "The Fated Sky." This is what NASA never had, a heroine with attitude.



# So Much to See—and Talk About



## CHILDREN'S BOOKS

MEGHAN COX GURDON

Picture books filled with Viking ships, circus caravans and flying bathtubs.

Counting from one to 10 (there's a nice numerical concept for you), Pip calls out, "Ready or not, here I come!" Soon, following the author's prompts, the young reader will be searching through a circus caravan, a "space restaurant," a mouse hotel (with sauna and masseuse; the book is translated from the Dutch), a castle and a submarine. Quirky artwork and engaging text make this an excellent choice for "reading" aloud with children ages 2-6.

Sara Ogilvie's warm, bustling pictures for "The Detective Dog" (Godwin, 32 pages, \$17.99) have

something of the same seek-and-find appeal, though here there's a proper story. In easy, cantering rhymes, Julia Donaldson introduces a dog named Nell "with a keen sense of smell" who solves mysteries with her nose: "Who threw the hazelnuts down from the trees? / Who took the honey away from the bees? / Who left the poo on the new gravel path? / How did the spider get into the bath?"

Once a week, Nell accompanies her 6-year-old friend, Peter, to his classroom, where she listens to children practice reading out loud and enjoys the smells of "crusts in the trash and the coats on the hooks" and the best scent of all, "the smell of the books." But one day when Nell and Peter arrive at school, the place smells all wrong. Where have the books gone? What species of villain would dare to swipe them? The dog detective is on the case in this cheerful, book-boosting caper for readers ages 3-6.

Children fascinated by relatively exotic modes of transportation have two treats in store in "All Kinds of Planes" (Flying Eye, 32 pages, \$16.95) and "Boats: Fast and Slow" (Flying Eye, 48 pages, \$19.95). The first, illustrated with bright graphic drawings by Carl Johanson and aimed at 3- to 5-year-olds, juxtaposes real-world aircraft such as hang gliders and cargo planes with such zany

improvisations as the "brain plane" (a spongy pink hemisphere under glass), the "bread rocket" and a flying bathtub. The second book compasses the long history of water-going vessels, from Mesopotamian rafts, Greek triremes and Viking longships to the

### THIS WEEK'S BOOKS

#### Pip's Big Hide-and-Seek Book

By Thais Vonderheyden

#### The Detective Dog

By Julia Donaldson

Illustrated by Sara Ogilvie

#### All Kinds of Planes

Illustrated by Carl Johanson

#### Boats: Fast and Slow

By Iris Volant

Illustrated by Jarom Vogel

#### The Secret Garden

By Frances Hodgson Burnett

Designed by MinaLima

ages of sail and steam and beyond. Written by Iris Volant, with elegant, stylized pictures by Jarom Vogel, "Boats: Fast and Slow" is a light, attractive nonfiction survey for readers ages 5-9. How to pique children's interest in classic literature at a time when books face so much competition from technology? One answer is to enrich long-beloved novels with sumptuous new illustration and add interactive elements in the form of fold-out panels,

maps, spinning paper dials and "handwritten" letters tucked between the pages.

Thus has the design team MinaLima transformed one of Frances Hodgson Burnett's great classics, "The Secret Garden" (HarperDesign, 379 pages, \$29.99), from a traditional story illustrated in a traditional style (most memorably by Tasha Tudor) to a dazzling design tour de force in which no opportunity for adornment goes untaken.

This edition is heavy, with a gold-embossed cover, botanical endpapers and lots of fold-out frills. Each chapter begins with a handsome frontispiece and a full-page illustration in a style reminiscent of the Arts & Crafts Movement, and each has its own floral motif. Every page is a visual pleasure, so it may seem churlish to ask: Does Frances Hodgson Burnett really require such ornamentation? The story she tells in these pages is the same as it was in 1911: of a sour, unloved orphan named Mary and a querulous, bedridden boy named Colin and how the two of them bloom into health and happiness under the influence of a nature-loving Yorkshire boy, Dickon, and a secret garden behind a high wall. If the flash and gleam of this new edition tempts more children to read "The Secret Garden," more power to it, but in truth the story is just as brilliant without the gussying-up.

## BOOKS

'How could such sweet and wholesome hours / Be reckon'd but with herbs and flow'rs!' —ANDREW MARVELL

# Getting Your Hands Dirty

**Life in the Garden**By Penelope Lively  
Viking, 199 pages, \$25

BY BARBARA PAUL ROBINSON

**B**EIDES writing, the central activities of Penelope Lively's life have been reading and gardening. Now in her mid-80s, the Booker Prize-winning novelist has produced something different: a brief collection of intelligent, articulate musings about gardens and what they have meant to her and other writers, poets, philosophers and historians.

Her passion began as a young girl living in Egypt, visiting England on holidays, and then took serious root when she attended school in Oxfordshire. Now she is limited to a few square yards in urban London, where she respects what her neighbors can do with small spaces. "Two or three square yards of concrete, six feet below the pavement, and you can create a personal display," she writes, inspiring, in "Life in the Garden."

Ms. Lively admires the work of what she calls "real gardeners." She quotes Virginia Woolf writing about the "chocolate earth in our nails." From that luscious, rich description, it is clear Woolf was a



GETTY IMAGES

hands-in-the-dirt gardener, and Ms. Lively enjoys repeating that phrase "chocolate earth" several times. By contrast, she wishes Proust had been "more specific" about the childhood scene evoked by his famous bite into a madeleine. The treat brought to mind "all the flowers in our garden," Proust writes. "You would like some naming of names," Ms. Lively gently chides.

She likes writers who use the garden as an essential story element, not just for background. She is drawn to writings from "devoted gardeners—maniacal gardeners, indeed." The author includes many great writers "fired into print, as it were, by their gardening addiction." Besides Woolf and Edith Wharton, she notes Vita Sackville-West, Mery Fish, Beth Chatto, Gertrude Jekyll and William Robinson. Ms. Lively even quotes witty passages from Tom Stoppard's "glorious" play "Arcadia." For instance, when the lady of the manor is told that she might advertise for the requisite garden hermit, she retorts: "Surely a

hermit who takes a newspaper is not a hermit in whom one can have complete confidence."

It often seems as if Ms. Lively is trying to "sniff out a fellow gardener" in the writers and artists she applauds. She notes that, in their paintings, Claude Monet, Vincent van Gogh and Paul Klee used the garden to explore and express mood, emotion, light and color. Monet gets special credit for both his brilliant use of the garden as image and the artistry he brought to creating his actual garden.

Well aware of the difference between patrician gardening in the grand style and the more plebeian approach of cottage gardening, Ms. Lively appreciates both. She glides through a review of history, from the Garden of Eden through ancient civilizations to the earth-moving landscape approach of Capability Brown and Humphry Repton. Gardens changed style to attempt to meet the evolving views of the beautiful, the picturesque or the sublime, with its requisite elements of awe and terror.

Ms. Lively purports to divide the book into six sections, titled "Reality and Metaphor," "The Written Garden," "The Fashionable Garden," "Time, Order and the Garden," "Style and the Garden," and "Town and Country." These very titles, though, suggest themes that sprawl over more than one section. For readers already well versed in garden history and writing, she might seem to cover a lot of familiar ground, but she does so in her own delightful voice.

In the hands of a less skillful writer, this romp through so many subjects might seem haphazard, but because she is both so informed and idiosyncratic, "Life in the Garden" feels like a fascinating conversation with a valued friend. The author grows philosophical as she thinks about time and how gardens provide refuge, an escape from the press of daily existence. "The garden performs in cycles, it reflects the seasons," she writes, "but it also remembers and anticipates, and in so doing takes the gardener with it." For Ms. Lively, "to garden is to elide past, present and future; it is a defiance of time."

*Ms. Robinson is the author, most recently, of "Heroes of Horticulture: Americans Who Transformed the Landscape."*

## NEWS QUIZ DANIEL AKST

From this week's  
Wall Street Journal

**1. Supreme Court nominee Brett Kavanaugh is yet another high-achieving graduate of Georgetown Prep. Where's it located?**

- A. The Georgetown section of Washington
- B. The Foggy Bottom section of Washington
- C. The suburbs north of Washington
- D. The Georgetown area of Brooklyn

**2. A hacker apparently tried to sell information about U.S. combat drones. What was the supposed source of these secrets?**

- A. WikiLeaks
- B. An Air Force officer's computer
- C. A file left on the Washington Metro
- D. Craigslist

**3. Thai Navy SEALs and international volunteers rescued a dozen boys and their soccer coach from flooded caves. What's the name of the boys' team?**

- A. The Wild Boars
- B. The Wild Ducks
- C. The Wild Palms
- D. The Wild Things

**4. Women made big gains in Mexico's recent elections, taking nearly half the nation's legislature. What office did Claudia Sheinbaum win?**

- A. Senate President
- B. Speaker of the Chamber of Deputies
- C. Governor of Jalisco

**Answers** are listed below the crossword solutions at right.

- D. Mayor of Mexico City
- A. Eritrea and Ethiopia
- B. Greece and Macedonia
- C. Apple and Samsung
- D. William Ackman and Herbalife

**5. Who just signed a historic peace deal?**

- A. Brexit Secretary and Foreign Secretary
- B. Foreign Secretary and Brexit Secretary
- C. Brexit Secretary and Chancellor of the Exchequer
- D. Chancellor of the Exchequer and Defense Secretary

**6. Brexit hardliners Boris Johnson and David Davis quit UK Prime Minister Theresa May's cabinet. What were their respective roles?**

- A. Brexit Secretary and Foreign Secretary
- B. Foreign Secretary and Brexit Secretary
- C. Brexit Secretary and Chancellor of the Exchequer
- D. Chancellor of the Exchequer and Defense Secretary

**7. Naughty America is helping drive growth—in what? And what is Naughty America?**

- A. Sales of sweets: It's the marketing term for adult candy consumers.
- B. Teen buying power: "Naughties" are people born between 2000 and 2009.
- C. Lingerie purchases: Seniors are powering sales.
- D. Virtual reality: It's a porn company.

**8. In the World Cup final on Sunday, France will meet Croatia. Which country did the latter beat in the semi-finals?**

- A. Argentina
- B. England
- C. Iceland
- D. Nigeria



## PLAY VARSITY MATH



Provided by National Museum of Mathematics

## Cats and Dogs

A woman of voting age who is under 100 has a number of pets, including both cats and dogs. Her age and street address are both whole numbers. The product of her age, street address and number of pets is 57,165.

How old is the woman and what is the fewest number of pets she can own?

## Sporting Question

The town of Sportsville competes twice a year in games with a neighboring town. In the spring, a team roster of  $n$  players is drawn at random from the town's entire population. On the Fourth of July, a team roster of  $n + 1$  players is drawn at random from the population—excluding the mayor, who has important business to which he must attend. The town population has not changed between spring and the Fourth of July, and the number of possible team rosters for the spring and Fourth of July events are also the same.

What is the size of Sportsville's roster in the spring and on the Fourth of July if the population of the town is between 20 and 600?

Learn more about the National Museum of Mathematics (MoMath) at [momath.org](http://momath.org)

LUCI GUTIÉRREZ

## SOLUTIONS TO LAST WEEK'S PUZZLES

## Varsity Math

## In Alternative Sum and Product,

$$\begin{aligned} 9\text{-factorial} &= 1 \times 2 \times \\ &4 \times 4 \times 4 \times 5 \times 7 \times \\ &9 \times 9.45 = 1 + 2 + \\ &4 + 4 + 4 + 5 + 7 + \\ &9 + 9. \end{aligned}$$

In Math Quiz, Aileen got 5 correct.

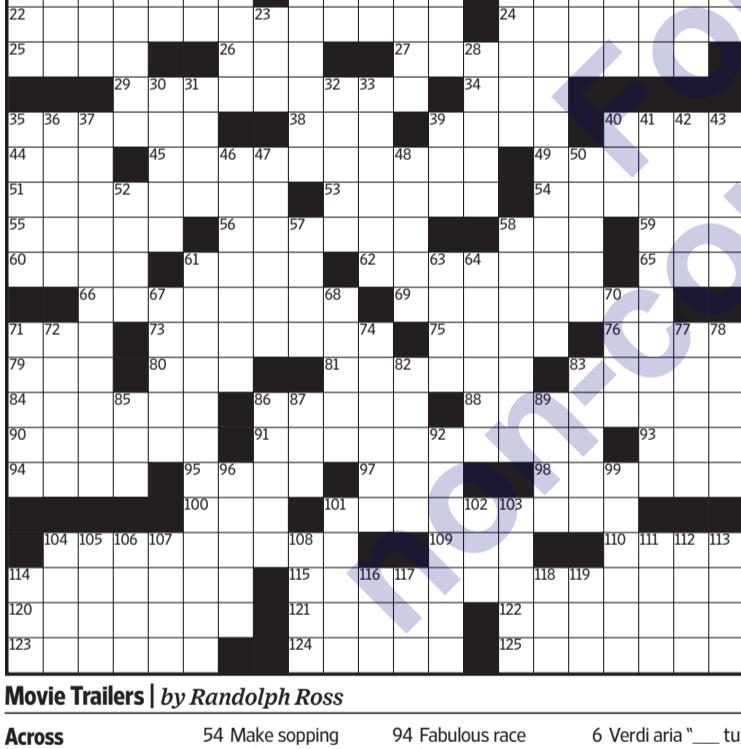
## For the Record

MASH	RUGS	STREP	ABATE	RE	PO
ECHO	UPON	COOKE	SALAD	CU	BE
THEARTFUL	CODGER	PLATE	TI	PS	
HEDGEHOG	OITOES	OILMEN	NA	ST	IC
SYS	RENO	STORMCOORS	CK	LL	
TMI	OLEA	SUREST	OO	SE	
HANGOUT	CRY	TSR	ARI	ST	AR
ANYONE	ANAKIN	TARRIED	ED	BL	
HERA	SPATI	POSTAGECUE	EL	NORD	ER
AWOL	LAIN	DEMUR	CA	ST	
PRIIMO	COS	RASPS	ME	SH	
ALCOA	ECRUS	SRTA	NA	TE	
FIRSTCRAFT	SKOSH	TUCK	LE	AN	
AVATAA	DISHES	ISLE	EW	YW	IN
REB	EMU	THEFLONCON	MA	ST	AY
SHE	ENAL	OOH	ON	TH	ER
TAXCOLLARS	THRU	ORC	AT	ED	ON
ALTERNS	WAVES	RAPAHOE	VE	LU	RE
RENEGE	PARMER	INTHECELL	RA	LI	ST
PROWL	ARABS	NAHA	EF	EW	ME
SONYNS	DETAI	ERDE	MA	ST	YW
	NTISB	DITSC	TI	TH	AY

For previous weeks' puzzles, and to discuss strategies with other solvers, go to [WSJ.com/puzzle](http://WSJ.com/puzzle).

Answers to the News Quiz: 1.C, 2.B, 3.A, 4.D, 5.A, 6.B, 7.D, 8.B

## THE JOURNAL WEEKEND PUZZLES edited by MIKE SHENK



## Movie Trailers | by Randolph Ross

- Across**
- 1 NSA worker, at times
  - 8 Patti LuPone role
  - 13 Aspirant's activity
  - 19 Risk on a rig
  - 20 Idle colleague
  - 21 Barron's mother
  - 22 Admission to a 2000 Steven Soderbergh movie?
  - 24 What the Toledo Mud Hens play
  - 25 In the mail
  - 26 Pretense
  - 27 Admirers of a 1956 James Dean movie?
  - 29 The Beatles, in a 1965 movie?
  - 34 Tentative drink
  - 35 With spunk
  - 38 Wall Street order
  - 39 Blacken
  - 40 Bill Walton's alma mater
  - 44 One-time parent of Capitol Records
  - 45 Clip from an Oscar-winning 2005 movie?
  - 49 Click a "No, thanks" checkbox
  - 51 Filled with the most four-letter words
  - 53 Mongol rulers
  - 54 Make sopping wet
  - 55 Voiced disapproval
  - 56 Intuits
  - 58 Shade
  - 59 WBA decision
  - 60 A-Rod's employer as of 2018
  - 61 Certain something
  - 62 Surprise party requirement
  - 65 Dunderhead
  - 66 Roundabout
  - 69 Fungal feature
  - 71 Pepper, e.g., for short
  - 73 Bayou brethren
  - 75 This answer, e.g.
  - 76 Old Fords
  - 79 "The Fifth Element" director Besson
  - 80 Four-song collections, briefly
  - 81 Short and stocky
  - 83 Diet of early man
  - 84 Like a tough battle
  - 86 NBA Hall of Famer Thomas
  - 88 Called the shots
  - 90 Fashionable McCartney
  - 91 Opening of an Oscar-winning 1976 movie?
  - 93 March for Our Lives target
  - 94 Fabulous race loser
  - 95 Pakistani pita
  - 97 Call the shots
  - 98 Sycophantic answers
  - 100 Summer hrs. in Boston
  - 101 Audition for a 1994 Keanu Reeves movie?
  - 104 Where to watch a 1988 Tom Hanks movie?
  - 109 Mama moose
  - 110 Hindu hero
  - 114 "A Legacy of Spies" author
  - 115 Sound engineer on a 1988 Tom Cruise movie?
  - 120 Journey's beginning
  - 121 "The Female Eunuch" writer
  - 122 Pale green color
  - 123 Square dance squeal
  - 124 "Adios!"
  - 125 They're scouted
  - 126 They're sometimes connected
  - 127 Green land
  - 128 Large family
  - 129 Words before rack, rails or record
  - 130 "What's the \_\_\_?"
  - 131 Verdi aria "\_\_\_ tu"
  - 132 Short summary
  - 133 Inscription that may contain "lies"
  - 134 Little sucker?
  - 135 Variety
  - 136 Cover girl Cheryl
  - 137 Unsupportive
  - 138 Supervisor of a 1995 Pacino/De Niro movie?
  - 140 "Frozen" snowman
  - 145 Sun lotion acronym
  - 146 instant
  - 147 Lofgren of the E Street Band
  - 148 Hoedown partner
  - 149 Fad that goes viral
  - 150 "Frozen" snowman
  - 151 Sun lotion acronym
  - 152 instant
  - 153 Lofgren of the E Street Band
  - 154 Hoedown partner
  - 155 "Frozen" snowman
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  - 311 "Frozen" snowman
  - 312 Cover girl Cheryl
  - 313 Unsupportive
  - 314 Supervisor of a 1995 Pacino/De

## REVIEW

ICONS

# Faces of Old Vienna

Dora Kallmus and Moriz Nähr photographed the geniuses and celebrities of their time

By J.S. MARCUS

**T**HE LINEUP of geniuses in pre-World War I Vienna included Sigmund Freud, composers Gustav Mahler and Arnold Schoenberg, philosopher Ludwig Wittgenstein and artist Gustav Klimt. Now two new photography exhibits at the Austrian capital's Leopold Museum venture beneath the genius level to uncover a strange, sumptuous crowd of the city's vanished lesser celebrities.

"Make Me Look Beautiful, Madame d'Ora!" which opened this week, recalls the decades-long career of Viennese commercial photographer Dora Kallmus, better known as Madame d'Ora. Her subjects ranged from the Habsburg Empire's high nobility, shown at play in late World War I-era issues of society magazines, to Vienna's high-culture heartbreaker, Alma Mahler, Gustav's unfaithful wife. Alma looks like an ingénue in her 1907 Madame d'Ora portrait, shot when both sitter and photographer were still in their 20s.

"Make Me Look Beautiful," featuring some 290 photos and objects, will overlap at the Leopold Museum with "Moriz Nähr: Photography and Viennese Modernism," opening August 24. Though of different generations, Nähr (1859–1945) and Kallmus (1881–1963) were both especially active in the years before the collapse of the monarchy in 1918. They often photographed the same people—Gustav Klimt and dancer Elsa Wiesenthal appear in both shows—and socialized in the same circles. Nähr was the de facto house photographer for the Wittgensteins, the supremely wealthy Viennese family of culture mavens, who were related to Dora Kallmus by marriage.

But Nähr had none of the commercial instincts or assignments that Kallmus did, and his nostalgic urban landscapes of Vienna have led some critics to compare him to the French photography pioneer Eugène Atget (1857–1927), whose documentation of a vanishing Paris was not celebrated until after his death. "Moriz Nähr" features 95 photographs, including a few of Atget's empty Parisian scenes to contrast with Nähr's more peopled depictions of Viennese bridges, courtyards and markets. Both shows close on October 29.

Nähr may be regarded as the more serious artist, but Kallmus



'Tamara de Lempicka with a hat of Rose Descat' (1933) by Dora Kallmus, better known as Madame d'Ora.

managed a few innovations of her own. Portrait photographers in early 20th-century Vienna tended to pose their subjects in front of set-like painted backgrounds, but the Madame D'Ora studio "was filled with old furniture," says Viennese curator Monika Faber, who helped to mount the Leopold show. The furniture was used to create the illusion "that people were at home," she says.

Late Imperial Vienna was marked by fierce social, political and religious divisions. Arthur Schnitzler, the Jewish doctor and controversial playwright, and Archduke Karl, heir to the Imperial throne, might never share a table, but they could share a Madame D'Ora prop. The Leopold show contrasts a 1910 portrait of Schnitzler and his family sprawling across the same striped Biedermeier sofa as Karl and his family five years later, as though these social opposites lived in the same place. "Funny, isn't it?" says Ms. Faber.

Nähr also had Habsburg ties, serving as court photographer to Karl's predecessor, Archduke Franz

Ferdinand, whose 1914 assassination led to the outbreak of World War I. He can be seen in the Nähr show heading up a vast crowd of hunters, circa 1910. But Nähr found his ideal subject, friend and muse in Gustav Klimt. Uwe Schögl, curator of the Leopold's Nähr show, says Nähr's portraits of Klimt could show him as a "private person" rather than as Vienna's most famous painter.

Nähr was largely self-taught, and his life and career feel like a single, sustained act of self-invention. His pre-World War I photographs of Vienna, when put on display in the 1930s, took on a new pathos as World War II approached. He died in 1945, in the early days of the Allied occupation of Vienna, with his country's catastrophic experiences never quite entering the frame.

Dora Kallmus had a more interesting, more varied and certainly more violent life. The daughter of a wealthy lawyer, Dora found an early clientele among people not unlike her father—upper-middle-class Viennese of Jewish background. Her father's close friend was the editor of an important Viennese newspaper, and Ms. Faber says that Kallmus's transition from photographing Jewish professors to shooting publicity-hungry Catholic duchesses may have been aided by the relationship.

After the fall of the Habsburg monarchy in 1918, Kallmus had a stellar second act in Paris, where she made a name for herself as a fashion photographer and fashionable portraitist. The Vienna exhibit shows her Paris years in full, with cameo appearances by Josephine Baker, Coco Chanel and Maurice Chevalier—a frequent d'Ora subject, who played Klimt to her Nähr.

Kallmus's father, like many assimilated Viennese Jews, had become a Protestant, and she herself became a Catholic in 1919. But she spent World War II as a Jew, hiding out in Vichy France in a remote mountain village. After the war, she found out that her sister, left behind in Austria, had been deported by the Nazis and presumably murdered in a concentration camp. Kallmus took photos in Austrian displaced person camps before resuming her career in postwar Paris.

In the early 1950s, she found a quirky patron and subject in a bogus aristocrat and ballet impresario from South America named the Marquis de Cuevas. ("He was in fact the Marquis of nothing," says Ms. Faber.) Like a Danubian duchess of yore, he liked to pose with his pet Pekinesees. After the war, Madame d'Ora began finding new and unlikely inspiration in Paris slaughterhouses, trading in the lace and plumage of her day job for blood and guts. The Vienna show winds down, as her career did, with cadavers.

PHOTONINSTITUT BONARTE, VIENNA

## MASTERPIECE | 'LAST SUPPER' (1495-98), BY LEONARDO DA VINCI

# A Multi-Layered Drama

By ROBERT E. GORDON

**T**HE ART HISTORIAN Leo Steinberg once called Leonardo da Vinci's "Last Supper" "the most thought-out picture in the history of art."

Commissioned by Ludovico Sforza, the Duke of Milan, in 1495 for an end wall in the refectory of the Dominican Church of Santa Maria delle Grazie in that city, the 15-by-29-foot painting depicts the dramatic moment when Christ announces to his disciples that one of them will betray him. Traditional analysis of the "Last Supper," which was completed in 1498, has emphasized its subject matter, composition and style. But a deeper look brings out the true genius of the work: the relationship between art and architecture, the way science can bring man closer to God, and an outline of the quintessence of the divine.

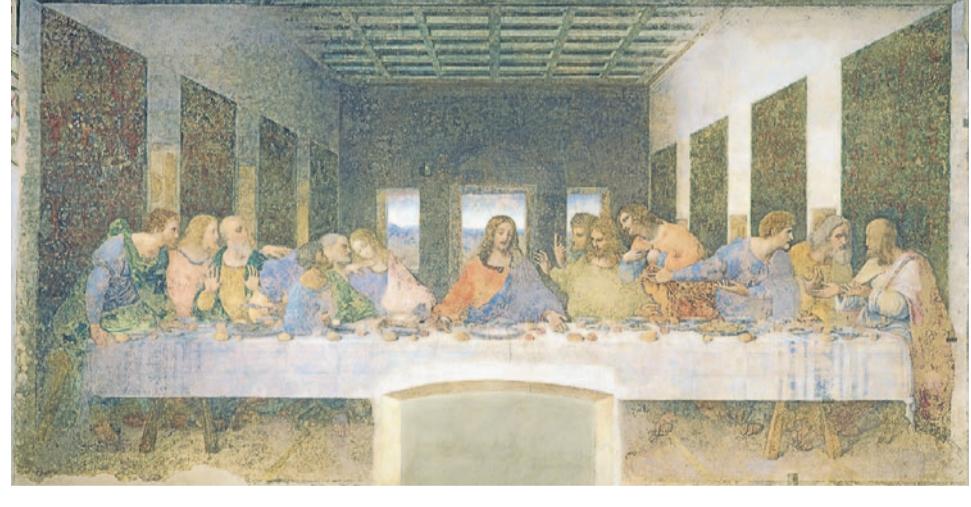
The first thing one notices is that the imagery of the Last Supper is aligned with the painting's architecture. The fictive walls of the painting are extensions of those of the refectory itself, while the illuminated right wall within the painting indicates that its primary light source is outside the picture, a window in the dining hall on the viewer's left. The idea was to create the illusion that the monks eating in the dining hall were witnesses to this cataclysmic event. (In fact, the table Christ sits at is thought to be identical with those used in the monastery in the late 15th century.)

In religious terms, the "Last Supper" forecasts Jesus' destiny and validates a lineage foreseen by the prophets of the past as the events of the then-present unfold into the future. We can be certain that every person in that room understood the religious and historical ramifications of Christ's words. So the challenge Leonardo faced was finding a way to convey its drama and monumental significance in pictorial form.

The emotional dynamism of the apostles' reaction to Christ's words is only one way Leonardo does this. The artist captures the anxiety and tension of the announcement by squeezing all 13 men into an uncomfortably small space. The table, as has often been noted, sometimes critically, is too small to properly seat everyone. That's the point. It generates a feeling of unease and discomfort, like being crammed into an over-crowded elevator.

The other way derives from the second light source at the rear of the image. This is the evening before the day of the Crucifixion. The setting sun behind the mountains has many connotations with respect to the scene. First, the overt reason for the meal is to celebrate the Jewish Passover. The Seder begins at sundown, so the event is placed in the proper religious doctrinal setting.

Second, in Early Christian art Jesus had become associated with the sun, its setting and rising each day a metaphor for his death and resurrection. Its placement directly behind him in the painting highlights this association. Hence his appearance as *Sol Invictus* ("Unconquered Sun") in, for example, the third-century mosaic in the Vatican grottoes under St. Peter's Basilica. The solar equation persists in later art as a halo, a nimbus of light representing the circle of the sun. But Leonardo's "Last Supper" differs from virtually all earlier versions in that he does not include a halo, instead using the light of the setting sun.



To convey the event's significance, the artist put linear perspective, then a relatively new pictorial device, to spiritual ends.

The sun in Leonardo's conception is crucial to communicating the most important aspect of the entire fresco: Jesus' impending death as a consequence of the betrayal he announces. Leonardo uses the relatively new technique of linear perspective, placing the vanishing point such that if Jesus turned to look out at us it would be between his eyes. More than a pictorial device, it reinforces the Renaissance idea that linear perspective, with its basis in mathematical reason and the principles of vision, leads one toward God.

But the true genius of using linear perspective is that its elements—a vanishing point and a horizon line—express the painting's scriptural message. Horizons imply a sense of time. We speak of something being "on the horizon"—taking place in the proximate

future. Here, it functions as the pictorial equivalent of Jesus' words: "Verily I say unto you, that one of you will betray me." (Emphasis added.)

The perspective that brings our vision to Christ's head also points to the setting sun behind him. The symbol of Jesus' identity, the sun, is falling toward the future, the next day. The two elements, vanishing point and horizon line, come together to cause the wall to literally express the final result of the betrayal, in fulfillment of the past Scriptures: "On the horizon, I will vanish." What Christ, what the painting, what the wall are ultimately saying is "Tomorrow I will die."

Thus past, present and future converge to create an artwork whose meaning is immediately accessible but whose spatial and semantic depth successfully merge to produce one of the greatest works of art ever created.

Mr. Gordon writes about sacred art and architecture and is a research fellow at the American Culture and Ideas Initiative at the University of Arizona.

BRIDGEMAN IMAGES



**Pleats of Greatness**  
Hemingway wore  
Gurkha shorts.  
Why not you? **D3**

# OFF DUTY

THE WALL STREET JOURNAL.

**A Bigger Wheel**  
Dan Neil tests the  
largest Subaru  
ever **D10**



FASHION | FOOD | DESIGN | TRAVEL | GEAR

\*\*\*\*

SATURDAY/SUNDAY, JULY 14 - 15, 2018 | **D1**



ILLUSTRATION BY BRIAN EDWARD MILLER; SUBARU OF AMERICA, INC. (TOP RIGHT)

## The Grand American Road Trip

BY DONNA BULSECO

**T**HERE IS NOTHING like a road trip to make you feel alive and free to go anywhere you darn well please on a full tank of gas. At least, that's my memory of the ones I've taken, from the college-era trip from Malibu to Mazatlan in my psycho boyfriend's VW van, or the time my husband and I barreled cross-country in a vintage 1952 Kaiser Manhattan and got lost in Iowa, driving alongside endless rows of cornfields in search of a diner.

These days, however, a certain demanding segment of travelers is less willing to leave even the open road to chance, preferring a bespoke itinerary that frees them from mundane decisions and panicky "do

we turn here?" freakouts, even if it comes at a price. Excursions can start at \$800 a day and soar to \$4,000, depending on lodging and extras like expert guides stationed en route. Some companies will even bundle in top-notch wheels—such as souped-up Cadillac Escalades and Lamborghini Huracans. (Not included? That full tank of gas. You're on your own when it comes to budgeting for rising gas prices, now approaching \$3 a gallon on average.)

Families, groups of friends, couples—both empty nesters and honeymooners—are booking these self-drive getaways in the U.S. with travel companies such as All Roads North, EXP Journeys and Black Tomato. All three provide customized route maps and highly detailed itineraries, charting every mile of the trek. In large part, the newest iterations of the road trip

Please turn to page D4

## Inside



**WADE INTO NEUTRAL TERRITORY**  
Your beach days will go swimmingly with  
these elegant, nature-hued suits **D2**



**DRINK ME...**  
...and tap into the curious trend for  
egghead cocktails **D7**



**STARE-WORTHY STAIRWAYS**  
How clever design can make  
ascents astounding **D6**



**OPEN SECRETS**  
Smart locks ease entry for your dog  
walker but what about thieves? **D9**

## STYLE &amp; FASHION

## Oh, Sandy!

Blacklist the black swimsuit—a '70s-ish beige or otherwise neutral shade is the au courant way to bring good taste to the beach

BY CHRISTINE WHITNEY

**S**TUCK ON YOUR summer swim look? Allow us to impart some inspiration: Bo Derek in the 1979 movie "10," striding down the beach in a sand-colored, one-piece bathing suit (less inspiring: her ill-advised blonde cornrows). High-cut at the leg, her undeniably sexy suit plunges at the neckline. But even if your taste skews more modest, a Bo-ish neutral suit of your own will give you distinction in the sea of yawning black maillots and cutesy polka-dot bikinis.

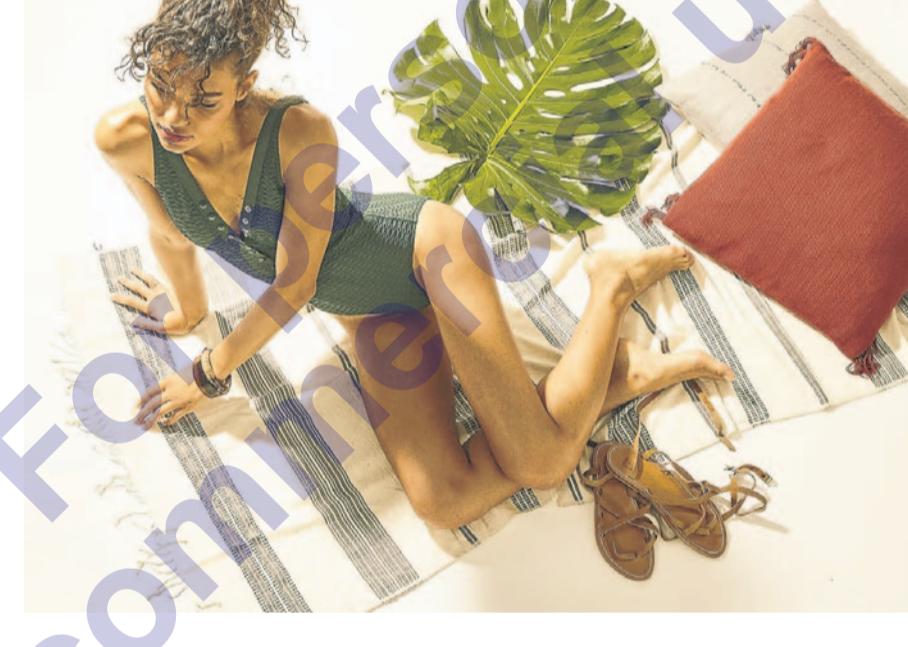
Nude, neutral, earth-toned—however you describe it, this season's freshest swimwear approach eschews the bold-toned suits of summers past in favor of more natural hues. Picture the palette of the Mediterranean shore, which is precisely where some of swimwear's most thoughtful designers found their cues.

Case in point: Miné Mediterranean, a year-old label created by New York-based, half-Turkish sisters Sibel and Selina Patiño. As Selina explained, "Our neutral color palette was inspired by the hues and texture of nature: the olive groves, the natural stone, the pebble beaches and the earth." French swimwear stalwart Eres also seized on the region when choosing this summer's shades, including Shammy, a clay-evoking neutral inspired by "the rocks along the La Spezia coastline," according to Marie-Paule Minchelli, head of studio for the brand. For her own line, designer Mara Hoffman, meanwhile, created pieces in earthy light browns and peaches this season, and theorized that these timeless tones are pleasing because they let you merge yourself with nature in discreet, ungarish ways: "With the neutrals you can blend in with the beach a little bit more." Call it a chic approach to camouflage.

**Women should be conscious of their undertones, to avoid the pitfall of looking totally naked.**

Why are Mediterranean hues having a moment now? "Often swim is either black or a bright color or print," Ms. Minchelli ventured. "Neutral colors for swimwear are less expected. They add a level of sophistication and versatility that you don't typically get from a highly saturated color." The Patiño sisters took it a step further: "They're subtle so they really complement every skin tone," Selina said.

Ms. Hoffman cautioned that neutrals are not a one-shade-fits-all proposition. Women should be conscious of their undertones when shopping for buff swimwear, to avoid the pitfall of looking fully naked. Though some might enjoy the faux-nude beach look, the ensuing double take is not one most of us seek. Create some contrast by going a few shades lighter or darker than your skin tone (when in doubt, try a shade of green, like the hunter-green Eres one-piece pictured). In that memorable film still, the shades of Ms. Derek's one-piece and her tan are not far apart, but you can tell that she's wearing *something*.



**DOWN TO EARTH** Clockwise from top left: Palma Top, \$108, [toryburch.com](http://toryburch.com); Pietra Vest, \$625, [minemediterranean.com](http://minemediterranean.com); Sunglasses, \$460, Céline, 212-535-3703; Sandals, \$750, Dior, 212-214-0952; Bracelets (used throughout) \$85 and \$55, [dinosaurdesigns.com](http://dinosaurdesigns.com). Diana Top, \$235, Bill Bottom, \$185, [nor-makamali.com](http://nor-makamali.com); Jacquemus Hat, \$392, [farfetch.com](http://farfetch.com). Ren Bikini, \$205, [her-line.com](http://her-line.com); Shirt, \$795, [urbanzen.com](http://urbanzen.com). Eres One-Piece, \$445, [net-a-porter.com](http://net-a-porter.com); Sandals, \$320, [kjacques.fr](http://kjacques.fr); Bath Sheet, \$78, [shopburkelman.com](http://shopburkelman.com); RH, Restoration Hardware pillowcases, \$88 and \$92, [rh.com](http://rh.com)

## Go Beyond the Silver Spoon

As exciting as the seemingly endless stream of Instagram baby announcements can be, finding a great gift every time can feel daunting. That's why style insiders rely on the same surefire solution again and again. Here, six share their picks (and what to avoid)

**Domino Kirke***Birth Doula*

**Go-To Gift** "The First Forty Days" (\$25, [amazon.com](http://amazon.com)) has become the new post-partum bible. Understanding how to nourish and heal the postpartum body is key for a new family.

**No-No Gift** BabyBjörn's "Baby Carrier Original." It's uncomfortable for the parents' shoulders, back and neck. BabyBjörn has since designed much more comfortable carriers.

**Susie Lau***Writer*

**Go-To Gift** Aden + Anais's bandanna bibs (\$10, [ad-enanais.com](http://ad-enanais.com)). I personally can never wash them fast enough especially when babies start getting to the teething-drool/solids stage. The patterns are super cute.

**No-No Gift** Baby blankets. It's lovely to receive one or two but when you receive 10 of them, there is no way you can manage to use them all.

**Beth Birkett Gibbs***Creative Director*

**Go-To Gift** I'll buy a couple of organic cotton onesies in size 6-12 months from Trico Field (\$122, [tricofield.net](http://tricofield.net)), since that's pretty much all babies wear for the first year of their life. I also like to add some style to include with the basics, so I'll buy a cool bib and cute, cozy socks.

**No-No Gift** A teething ring is the most useless gift: The best things for teething are homemade.

**Julia Restoin Roitfeld***Creative Consultant*

**Go-To Gift** I love Pottery Barn Kids as they have so many personalized items. My favorite are the children's books (\$39, [potterybarnkids.com](http://potterybarnkids.com)). You pick the story and genre, but the main character will have the name of the baby and mention his city and birth date.

**No-No Gift** Fancy luxury baby clothes. They are uncomfortable and will get stained in a minute!

**Jenni Kayne***Designer*

**Go-To Gift** I love gifting things that are as useful as they are beautiful. It's important to take into consideration what the parents will actually enjoy having in their home on a daily basis. I love the wooden baby gyms from the Lana Crocheting Etsy shop (\$82, [etsy.com](http://etsy.com)). They are perfect to place over a sheepskin throw.

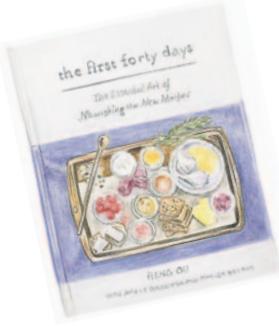
**No-No Gift** Anything plastic! And anything too bulky.

**Gucci Westman***Celebrity Makeup Artist*

**Go-To Gift** The Bonpoint sleep sack (\$255, [bon-point.com](http://bon-point.com)). It is comforting to know your baby is safe and cozy, and it is also pretty! I think the feedback has been mostly that it's such a clever gift and saves you the worry of putting a blanket in a tiny baby's bed.

**No-No Gift** Plastic toys and only giving pink clothing to a girl and blue for a boy.

—Lauren Ingram



## STYLE &amp; FASHION

COPYCAT

# Nothing Short Of Iconic

Plagiarizing Hemingway's unique prose? Unadvisable, but copying his summer style is aces

BY JACOB GALLAGHER

**E**rnest Hemingway got a lot of work done in Cuba. At Finca Vigia, the house outside Havana that he first occupied in 1939 and lived in sporadically until 1960, he wrote "The Old Man and the Sea," "For Whom the Bell Tolls" and five other books. Even when he wasn't writing, he undertook the kind of macho escapades—fishing, boating and drinking—that would end up in his stories and so, in a sense, could also pass as work.

As shown in this undated image of the writer, the middle-aged man on the sea occasionally shirked shirts, but his smart, pleated, double-belted "Gurkha" shorts are as work-appropriate as shorts can get, if you're lucky enough that your occupation involves fishing and typing alone. They're as fitting for a boat as they would be in a slightly more "formal" setting, like a yacht club bar.

**His pleated, double-belted 'Gurkha' shorts are work-appropriate if your occupation involves fishing and typing alone.**

Originally worn by the famously brave Gurkha soldiers of Nepal, these shorts were designed as military garb for climates too oppressively torrid for pants. "They were really British shorts because the Gurkhas worked for the British army," said John Peterman, the chairman and CEO of clothing company J. Peterman (an iconic figure in his own right, parodied on "Seinfeld" in the '90s). Mr. Peterman first encountered the Gurkha style while reading about World War II, and in 2009 decided to re-create the soldiers' unconventional, double-pleated shorts for his brand. They remain a perennial best seller, he said.

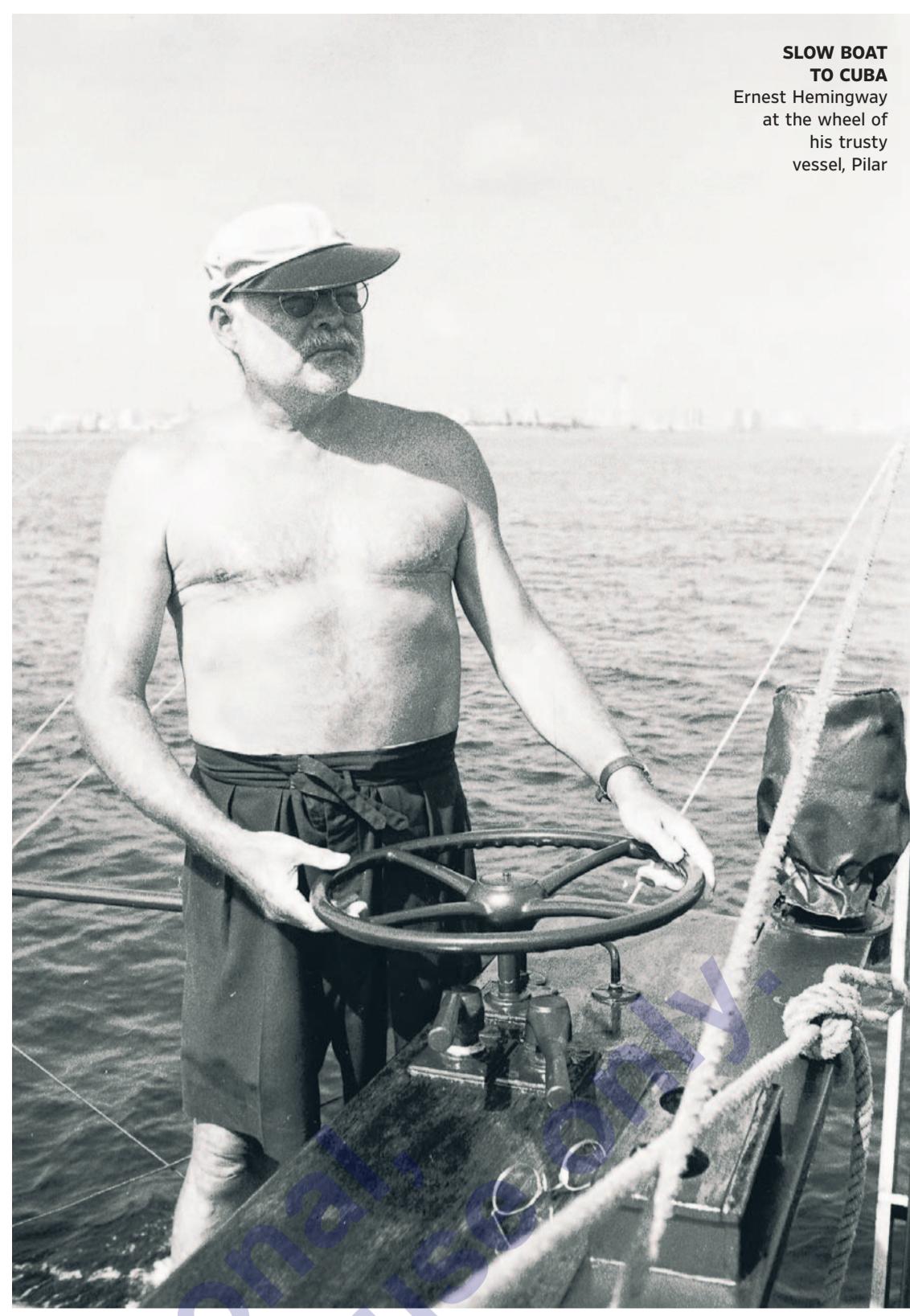
Deep pleats, the shorts' signature detail, encourage airflow and ventilation by pulling the fabric away from your body. This old-fashioned form of sartorial air conditioning appeals to J. Peter-

man customers today much as it apparently did to Hemingway 70-some-odd years ago. "When he was fishing in Cuba, it was pretty hot," said Mr. Peterman, a Hemingway fan who's made the pilgrimage down to Finca Vigia. The writer, he continued, "was a pretty utilitarian guy, not a fashion-forward guy. He wasn't wearing them because it was fashion. He was wearing them because it worked."

Yet these military shorts—like utilitarian workwear standbys such as chambray shirts, blue jeans and chore coats—pack the secondary benefit of being quite handsome. Generally, "regular shorts are too simple," said Yuki Matsuda, the designer of Monitaly, a Hermosa Beach, Calif.-based label that produces its own version of a tie-waisted, double-pleated Gurkha short. By distinguishing the shorts with pleats, an architectural detail more typical of dress slacks, designers can create a "more up-to-date or more elegant" look, he said, sufficiently complex to avoid appearing too casual.

When Todd Barket, the founder of Unionmade, a micro-chain of boutiques in California, wanted to elevate a simple T-shirt while vacationing in Mexico over July 4, all it took was a pair of Gurkha shorts by Parisian designer Christophe Lemaire. "If you want to get a tiny bit more dressed up, Gurkha shorts are an easy opportunity," said Mr. Barket, whose stores stock Gurkhas from Monitaly as well as England's Nicolas Daley and Beams Plus. To battle the summer-style blahs, Mr. Barket endorses tucking a button-up shirt into the shorts to spotlight those striking pleats.

The waistband also helps Gurkha shorts outclass basic bloomers. Hemingway's pair features two skinny built-in cotton belts, which presumably could be rejiggered to accommodate his unwilful physique. Other versions of the style have tie-waists, or adjustable buckled closures on each side that eliminate the need for a belt. All of these closures are flexible and refreshingly uncritical of your waistline, even if it tends toward expansion. "Easy pants for an easy lifestyle" is how Mr. Matsuda described his tie-waist Ghurkas. And that much easier, if, like Hemingway, you skip the shirt entirely.



## SLOW BOAT TO CUBA

Ernest Hemingway at the wheel of his trusty vessel, Pilar

ERNEST HEMINGWAY COLLECTION. PHOTOGRAPHS: JOHN F. KENNEDY PRESIDENTIAL LIBRARY AND MUSEUM, BOSTON (HEMINGWAY); F. MARTIN RAMIN/THE WALL STREET JOURNAL STYLING BY ANNE CARDENAS (SHORTS)

**PLEASE EXPAND ON THAT /** LIKE PAPA'S, THESE PLEATED GURKHAS FEATURE FLEXIBLE WAISTBANDS

Monitaly Shorts, \$232, [unionmadegoods.com](http://unionmadegoods.com)



Gurkha Shorts, \$79, [jpeterman.com](http://jpeterman.com)



Manny Shorts, \$400, [marienorubinacci.net](http://marienorubinacci.net)

FRESH PICK

## Laziness Is Next To Godliness

Life-hack your shower routine with new double-duty products



From top: Shampoo and Body Bar, \$22, [us.christoperobin.com](http://us.christoperobin.com); David Mallett Hair and Face Mist, \$48, [davidpirrotta.com](http://davidpirrotta.com); Shampoo and Body Wash, \$20, [fultonandroark.com](http://fultonandroark.com)

**ALTHOUGH TWO-IN-ONE** shampoo/conditioners were all the rage in the '80s (remember Pert Plus?), most of us have since moved on to more compartmentalized sudsing. Good news for efficiency pros and lazy guys alike: Multitasker products are multiplying again. Fulton & Roark's energizing minty gel washes hair and body, as does Christophe Robin's moisturizing aloe vera bar; and David Mallett's cucumber mist quenches hair and skin (great for flights). —L.I.

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## ADVENTURE &amp; TRAVEL



AARON WOJACK FOR THE WALL STREET JOURNAL (CALIFORNIA); ELEVEN (ICELAND)

# Revved-Up Road Trips

Continued from page D1

tame the rambunctious tradition, ensuring you get pampered when it's time to turn in, whether that means bunking at southern Utah's luxurious Amangiri or glamping on a cliff in Zion, snoozing in a safari-like tent kitted out with a king-size bed and fully functional bathroom.

On the front end, booking one of these pumped-up road trips cuts out the months of mind-boggling Googling and family bickering that go into planning it yourself, said Jen Grossman, co-founder of Shalom Tikkvah, a nonprofit based in Baltimore. Her family of five has traipsed through the Canadian Rockies, the American West and down the Pacific Coast Highway using itineraries created by Kevin Jackson, co-founder of EXP Journeys, based in Solana Beach, Calif. By having a sea-

craft and survival expert who taught her boys, ages 9 and 12, "how to set up a backcountry shelter, sharpen knives, light a campfire and hike across mesa ridges." The family had "glamped" nearby the night before.

This new vision of the American road trip strays from the classic form established from the 1950s to the 1970s, the heyday of such vacations, according to Richard Ratay, author of the new book "Don't Make Me Pull Over! The Informal History of the Family Road Trip" (Scribner). "I'm skeptical of the luxury aspect," said Mr. Ratay. "So much of the fun and the opportunity for bonding was facing the challenges, even the boredom, that travel along the highways can bring a family's way." The trips he remembers could sometimes be a mind-numbing trek from point A to point B involving unsavory pit stops, license plate games that ended in tears and, worst of all, a wrong turn that set the happy journey emotionally and strategically off course by hours.

But getting lost isn't a worry, or frankly, an option when you have at your disposal minutely planned guides, 24/7 emergency assistance and GPS. All Roads North's Journey Guides map out every superlative crook in the long and winding road, as well as driving times and lore about locales along the way. EXP Journeys and Black Tomato give clients a preprogrammed GPS. That allows travelers to feel a sense of discovery but also have a sense of security. "We call it 'framed spontaneity,'" said Tom Marchant, founding director of Black Tomato, based in London, referring to some of the more unusual detours that can be built into their road trips. For example, the company once arranged a hot-air balloon trip in the Grand Tetons for a photography buff, starting at one particularly photogenic bend in the road.

Not all the detours need be quite as extravagant. All Roads North clients who were wheeling through Montana on the same day as the annual Great Montana Sheep Drive (held every September) were directed to Reed Point off I-90 to watch some 2,000 sheep sashay down Main Street after the hay-bale rolling and log sawing contests. Before the sheep drive, they were sent to the Grand Hotel, a beautiful old railroad hotel in nearby Big Timber, for lunch. And a recent EXP Journey's itinerary along the California coastline recommended a turn off on Highway 1 for a short hike to witness Big Sur's 80-foot McWay Waterfall, something most tourists see only from the road. Driving time doesn't exceed three to four hours a day, said EXP's Mr. Jackson, in the hopes that road fatigue doesn't set in. For the time-pressed and deep-pocketed, shortcuts are suggested:

**These newest iterations of the road trip means bunking at Utah's luxurious Amangiri or glamping on a cliff in Zion, snoozing in a safari-like tent.**

sioned hiking and mountaineering guide like Mr. Jackson plot out the miles and the hours on the road, these road trippers can avoid the high-trafficked areas in Yosemite and, if they've rented an RV (which the company will also book for you), find the choicest camping spots in the Grand Canyon, with awe-inspiring vistas untrampled by tourists. Mr. Jackson also sometimes accompanies the clients, driving and serving as a guide during outdoor excursions.

A well-researched game plan can still yield surprises—the good kind, said Carolyn Butler, whose family took a trip this summer organized by All Roads North, a 4-year-old company based in Venice Beach, Calif. Over the course of 10 days, the Butlers drove 900 miles across Colorado, Utah and Arizona. All Roads North co-founder Sam Highley choreographed a day that included a waterfall hike in Grand Staircase-Escalante National Park with a bush-

"Driving around the south rim of the Grand Canyon can take four hours, so why not do a helicopter tour instead?" he said. The company will book a local driver to transport the car and luggage to the night's 5-star hotel, such as Sedona's Enchantment Resort, while you're flying high.

A "luxury road trip" might seem an oxymoron, but it has definite perks—such as the possibility that the aforementioned helicopter takes you to see wild mustangs. "We found a ranch west of Yellowstone, where a

herd of 300 mustangs was being relocated," said Mr. Highley of All Roads North. After a catered picnic on a hill overlooking Paradise Valley in Yellowstone, he and a family of clients flew over the ranch to see the horses. It's likely the family will remember that moment as fondly as I do the miniature horse farm outside of Solvang from a road trip long ago. Come to think of it, the scale of the horses from up in the sky, and the warm, fuzzy feeling of being there, was probably comparable.

## How to Say 'Are We There, Yet?' in Iceland

Companies that arrange luxe road-trips abroad

**Central Europe and the Baltics** Exeter International has been refining self-driving tours through Austria, Croatia, the Czech Republic, Estonia, Germany, Hungary, Latvia, Lithuania, Norway and Slovenia since 2009. The company gains points for providing a preprogrammed Garmin GPS that will bark out, in English, your carefully curated stops. Most travelers arrange their own car rental, but hand-holding is a 24/7 phone call away for emergencies or any question, like "Where can I park in Bratislava?" From \$800 a day; [exeterinternational.com](http://exeterinternational.com)

**Argentina and Chile** Swoop Patagonia's self-guided drives through Patagonia can last anywhere from 5 to 32 days. Inquire online or call an expert who will drill down on details about the company's prepackaged excursions, or customize your own. Detailed driving notes and maps, written by trekkers who've been there, keep you on course. *Ten-day road trip from Bariloche to El Calafate, from \$1,825.* [swoop-patagonia.com/travel-road-trips](http://swoop-patagonia.com/travel-road-trips)

**Iceland, Scandinavia and Scotland** Based in Reykjavik, Nordic Visitor offers self-drive itineraries of sundry lengths, from 5 to 16 days. Peruse routes online, [nordicvisitor.com](http://nordicvisitor.com)



**POSH PIT STOP** Iceland's Deplar Farm, one of the lodging options offered with Nordic Visitor's self-drive itineraries.

then speak with a specialist to finesse accommodations as well as extras—those heli-spa treks add up, you know. Your choice of car comes with free GPS, Wi-Fi and use of a cellphone that has a 24/7 hjálp (that's Icelandic for 'help') line, in case your Ford hits a fjord. Once booked, an itinerary and map wing their way to you in both digital and hard copies. From \$700 a day; [nordicvisitor.com](http://nordicvisitor.com)

## UNEASY RIDERS / SO MUCH CAN GO WRONG WHEN YOU'RE FREEWHEELING IT

**"POWERFUL TRAVEL** moments get you out of your comfort zone," said author Dave Hoekstra, referring to that special brand of discomfort that only road trip glitches can deliver. Mr. Hoekstra should know. He spent June 2016 to March 2017 driving across 24 states, covering some 24,200 miles, as recounted in "The Camper Book: A Celebration of a Moveable American Dream" (Chicago Review Press). One such glitch: The time he camped in his Ford Transit Van in subzero weather at Minnesota's Dakotah Meadows

RV Park. "I slept wearing a couple of winter coats. I was by myself. I wished I were with a warm woman and a bottle of tequila. I finally took a shuttle to the Mystic Lakes Casino to warm up."

Often, the most hellish aspect of the road trip is the road itself, as Dan Pashman, host of the "Sporkful" food podcast, recalled: "My most terrifying road trip was on my honeymoon in 2007. My wife, Janie, and I drove down the beautiful Adriatic Coast in Croatia. I was white-knuckling it on a

nightmarishly narrow road on a cliff. Cars whooshed past me; tour buses clumsily swerved into my lane. And every mile, there was a cross and flowers where someone had died, lest I forget one false move could lead to our demise."

Author James R. Hansen points out the other variable in a road trip—the person at the controls. Mr. Hansen, who wrote the 2005 biography "First Man: The Life of Neil A. Armstrong," (Simon & Schuster), remembered taking a road trip from Ohio to Indiana with Armstrong himself at the wheel. "Being driven by the astronaut who took the Eagle down in that historic landing in 1969 was stirring, yet I knew in the '50s, as a test pilot, Neil was notorious in his carpool," said Mr. Hansen.

"Betty Love, one of the riders, told me that Neil sat back in the driver's seat like he was in an easy chair and crossed his left leg over his right knee. He once ran an air-police truck into a ditch. When Neil showed the MPs his I.D., instead of bawling him out, they saluted him."



BRIAN EDWARD MILLER

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**[EastAfricaChildrensHope.org](http://EastAfricaChildrensHope.org)**

## ADVENTURE &amp; TRAVEL

# Pier Review

For the freshest, most succulent seafood in Italy, cast around for an overwater restaurant on the Abruzzo coast

FRANCESCO LASTRUCCI FOR THE WALL STREET JOURNAL; MAP BY JASON LEE



BY DAVID FARLEY

**A**ROUND NOON on July 30, 1627, the earth began to violently shake in southeastern Italy. Houses crumbled. Stone towers tumbled. The Adriatic Sea temporarily retreated for miles off shore and then came crashing back in the form of a tsunami.

At roughly the same time, a large, extended family from southern France was making its way down the coast of Italy to Abruzzo, about 125 miles east of Rome. Sephardic Jews who'd grown tired of being persecuted, they'd set their sights on this isolated seaside swath of Italy in search of a haven and a new life. The 50-member clan, whose last name was Veri, decided fishing was their best opportunity. There was only one problem: They couldn't sail or even swim.

Back in France, they'd been wooden-bridge builders. And so one day, a member of the family had an idea: build a wooden "bridge" into the sea. At its very end would be a massive net they could lower via pulleys into the water to entrap all manner of fish and sea creatures. It worked. And since so many locals had a newfound fear of the sea and its unpredictability after the earthquake, these piers, so close to shore, seemed a safer alternative to boats.

As my rental car swerved down the curvy coastal road south of Pescara, the historic piers—called trabocchi in the plural—began revealing themselves. I had officially entered what is now called the Costa dei Trabocchi, or the Trabocchi Coast, a 45-mile stretch of shore along the Adriatic Sea from the towns of San Vito Chietino to Vasto. These spindly piers whose stilt-like legs hold up a net, antenna-like poles and a small roofed shelter, resemble giant alien spiders cooling off 100 or so feet out in the sea.

Some of the trabocchi are a few centuries old and each was once the domain of individual fishing families. In the

last decade or so—as the sons of fishermen opted to deviate from their fathers' footsteps—about 15 of these piers have been converted into seafood restaurants. Going from fishing pole to fork has given new life to the seemingly delicate piers. Today anyone with about \$60 and a hankering for a delicious three-hour meal can eat on the trabocchi.

My first stop was a pier called Punta Punciosa. The afternoon became a blur as an edible ocean landed on my table during a lunch that stretched into the late afternoon: olive oil-drenched anchovies on baguette slices, sautéed cod sprinkled with pine nuts, guanciale-wrapped shrimp, octopus with sashimi, bread crumb-stuffed calamari, mussels cooked in a garlicky white wine sauce, pasta with frutti di mare, and, finally, a heaping plate of fried cod, anchovies, sardines, calamari and shrimp. At the other tables

Dining on the piers is 'like blind dating for your palette.'

sat a gaggle of laborers blowing off some Friday afternoon steam, a couple and a family celebrating a birthday. As far as I could tell, I was the only foreigner.

A few days after my first such feast, I cast my gaze upon Trabocco Cungarelle, built in 1938, in the town of Vasto. It was only my second trabocchi dining experience, but I was already sensing a pattern: No one hands you a menu at these pier restaurants. You just sit down—in summer months reservations are necessary—and await the procession of whatever fishermen caught that morning.

A bottle of Trebbiano d'Abruzzo or some other crisp local white wine from the region is uncorked. And the three- or four-hour meal commences.

"It's like blind dating for your palate," said my friend Rosanna di Michele, a chef who



splits her time between Vasto and New York City.

In between courses of a whole branzino and shell-shaped conchiglioni pasta laced with mantis shrimp, Mirko di Nanno, the owner of Cungarelle, stopped by our table. "I bought the trabocco in 2006 to fish on it," he said, adding that his fisherman father has owned one for decades. In 2012, he opened up a small eatery on the pier. Originally, trabocchi restaurants mostly served diners fish their owners had caught by lowering their big nets into the water. But due to overfishing and popularity of the restaurants, that's no longer possible. Mr. di Nanno claims he still gets a quarter to a third of the fish from his net. "The rest comes from those guys right there," he said, pointing to a small cluster of boats docked on the shore near the pier. "The trabocchi restaurants have really taken off because they've been kept as they've always been," said Mr. di Nanno. "It's a full sensory experience: You can feel the gentle breeze. You can hear and smell the Adriatic. You can see the rippling blue water. And you can taste what comes from it."

Another day, a friend of a friend took me to a trabocco called Punta Tufano. Fabrizio Lucci, who gives tours of the trabocchi through his company Italia Sweet Italia, considers it his favorite. It's a "trabocco informativo," meaning it serves to educate the public about the history of these piers via displayed historical explanations. It's also, of course, a restaurant.

After we sat down, a young woman uncorked our bottle of wine and the meal

commenced: lupini clams, native to the Adriatic, swimming in a tangy marinara sauce and then spaghetti wrapped around shrimp and mussels. A tall, dapper-looking man brought over a large bowl and set it on our table. It was *brodetto vastese*, a fish soup from nearby Vasto filled with scorpion fish, mantis shrimp, cod, clams, and whatever else was fresh that day. He introduced himself to me: Rinaldo Veri, an ancestor of the original trabocco-building family.

After dinner, Mr. Veri called me over to the end of the pier where the net was hanging above the water.

"Want to do some fishing?" he asked. I nodded tentatively, not sure what I'd just agreed to. And then he waved me over to a wooden column as thick as a telephone pole, from the side of which a handle-like beam jutted out, and told me to push the handle around in circles, essentially activating the pulleys as I lowered the net into the sea. About 30 minutes and two shots of grappa later, I raised the net by cranking the handle in the opposite direction. "This fishing method and the technology that goes with it has not changed for centuries," said Mr. Veri, as I grunted trying to pull the net

**NET WORTH**  
Clockwise from above left: One of the historic pier restaurants on Abruzzo's Trabocchi Coast; a trabocco feast at Punta Tufano; the same eatery's seafood pasta.

up. Then, he raised his hand to indicate I could stop.

I walked over to see our catch. In the net about a dozen puny anchovies flopped around. "Well, I guess we'll be visiting the local fisherman soon," he said with a laugh.

For more details on visiting Abruzzo, see [wsj.com/travel](http://wsj.com/travel).



SURF SUP Punta Punciosa serves multicourse seafood meals for \$60 a person, including wine.

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# DESIGN & DECORATING

## Steps in the Right Direction

Design pros detail how to make even unremarkable stairways suitable backdrops for everyday drama



CLOCKWISE FROM TOP: DOUGLAS FRIEDMAN; BALL & ALBANESE; AMY BARTAN; JAY WILDE; STEPHAN JULLIARD



### A Great Divide

"Staircases are a perfect opportunity to create a psychological transition between a home's public and private levels," said Bay Area interior designer Nicole Hollis. In this Italianate residence in San Francisco, generation-bridging décor connects a main floor with the children's area below. The gaze captured by the Deborah Oropallo painting, which layers contemporary images over classical ones, might strike kids as that of a watchful nanny but seem more coy to adult eyes. The Hanging Helix Light from Bec Brittain, in brass and black marble, is equal parts sophistication and playfulness. Custom-fitted drawers, more practical than the nooks and crannies of most under-stair closets, easily hide toys from visitors making their way to the guest rooms, also located on the lower level.

BY TIM GAVAN

**W**HATEVER HAPPENED to those Hollywood staircases? You know the kind: vertiginous spirals in Hitchcock thrillers, romantic red steps on which Marilyn Monroe gushed about diamonds. These days, awesome sweeps and carved mahogany balustrades worthy of a gowned Vivien Leigh seem gone with the wind, or at least too grand for most urban and suburban dwellings. But that doesn't mean you have to squander all the potential your home's staircase has to offer, whether it's storage, seating or just an elevated aesthetic.

In a historic San Francisco residence, among those shown here, sleek drawers replace the vexingly shaped broom closets we expect below stairs, and a dangling brass light activates the height above. Tucked underneath a staircase in Altadena, Calif., is a plush, brightly upholstered oasis. Cloud-patterned wallpaper that lines a passage leading up to a New York apartment's terrace offers a foreshadowing breath of fresh air, and playfully stenciled stair risers uplift an Iowa bungalow.

Why bother? Because our own daily dramas—nervous prom-night descents and self-righteous storm-offs—deserve movie-quality backdrops, too. Here, interior designers demonstrate how the simplest of stairways can be transformed with a few simple steps.



### Slight of Handrail

"We designed a fresh, graphic and fun space that duals as an art gallery," said Moscow-based interior designer Kirill Istomin of a stairway dotted with an original Warhol and Piet Mondrian prints. The black-and-white, star-studded runner is inspired by optical artist Victor Vasarely—whose work hangs elsewhere in this three-story Paris home. "The polished-chrome and clear-glass banister make this stair visually wider and airier," noted Mr. Istomin, while strategically placed sconces, Mr. Istomin's preferred light fixture in stairways, "provide a consistent level of light as you move up and down." A black iron console by Alexander Lamont makes the landing "feel like a room unto itself."



### Early 20th-Century Risers

When interior designer Jason Oliver Nixon and John Loecke, the duo behind North Carolina's Madcap Cottage, took on Mr. Loecke's parents' 1920s bungalow in Des Moines, Iowa, the staircase strategy was to borrow themes from other parts of the house "so the eye can connect the dots." The dwelling's original shutters, he said, "had this beautiful motif of acorns and oak leaves, and to honor the house's history we created a stencil—which is so easy!—to use on the risers inside." Their blue tones echo in the cable rug and matting of some of the 140 antique English prints. "That huge expanse of wall is great for displaying pieces. Why waste it?"



### Sleepy Hollow

"I think the space underneath a staircase can be as good of a jewel-box moment as any powder room," said Los Angeles designer Amy Sklar. With architect Barbara Bestor she created this tropical alcove—"perfect for naps, reading, or talking on the land line"—in the Altadena, Calif., home of a couple and their two teenage daughters. Claustrophobia is held in check with an abundance of white and a sconce from Rich Brilliant Willing that is covered with a walnut disk. "It keeps things bright but won't burn your retinas or make you feel overheated in a tight space."

## EATING &amp; DRINKING



**CREAM OF THE CROP** Carolina shrimp and crab étouffée with creamy rice grits. Inset: Jupiter brown rice from Florida producer Congaree and Penn.

## Anybody's Rice

Chefs and home cooks around the country hanker for the flurry of flavorful grains coming out of the South

BY OSAYI ENDOLYN

**H**UMBLE, monochrome rice might not seem the likeliest candidate for Instagram stardom. And yet, last summer, a striking image of crab rice drew a whole lot of “likes” on the Instagram feed of JuneBaby, chef Edouardo Jordan’s Seattle restaurant. In a bright-blue bowl, the big white grains—grown by Congaree and Penn, a small farm in Jacksonville, Fla.—looked creamy and sumptuous, adorned with Pacific Northwest crab and a scattering of flower petals. “Thank you @congareeandpenn for crafting some of the best rice in the country for us,” the caption read.

A few months later, chef Digby Stridiron, then based in Charleston, S.C., posted a lineup of Congaree and Penn products on his own Instagram account. “Those rice grits are everything!” he wrote.

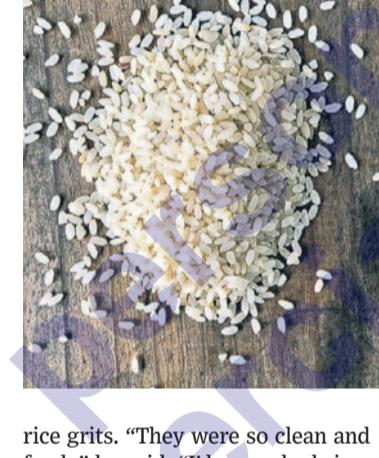
Independent Southern rice producers are getting nationwide attention these days, thanks in part to the enthusiasm (not to mention social-media savvy) of chef-fans. More home cooks, too, are discovering that some of the best rice on offer doesn’t come precooked, in a microwavable envelope, and it isn’t imported, either.

Two Brooks Farm in the Missis-

sippi Delta produces a number of varieties, from Mississi Bayou Bouquet, a fragrant white basmati rice, to Beulah Land Tan, a whole long-grain brown rice. Their rices have pride of place on the menu at Snackbar in Oxford, Miss., where Vishwesh Bhatt dishes up a mashup of Southern and French cooking dubbed “Bubba Brasserie,” with frequent nods to the food of his native Gujarat, India. “It’s the only rice I’m using right now,” Mr. Bhatt said of Two Brooks Farm’s products.

Atlanta-based meal-kit delivery service PeachDish features Delta Blues Rice from Ruleville, Miss., alongside the produce, meat and seafood it sources from small-scale producers. Rice has caught up to the farm-to-table trend, and the digital economy provides Southern rice producers access to markets far beyond their region. Through direct sales, Congaree and Penn, Two Brooks Farm and Delta Blues Rice reach more chefs and households.

Even chefs well versed in rice cookery are surprised by the quality of some of the products currently coming out of the South. Mr. Stridiron, who recently returned to his native St. Croix, in the U.S. Virgin Islands, said he grew up eating rice “20 times per week.” He learned about Congaree and Penn from fellow chef Norman Van Aken and fell hard for the creamy texture of the



rice grits. “They were so clean and fresh,” he said. “I’d never had rice that tasted like that.”

Congaree and Penn founder Scott Meyer grows and mills rice on 30 acres of an integrated farm that also includes an orchard of 5,000 mayhaw trees, you-pick muscadine grapes and other crops. The buzz about his rice among chefs began soon after the farm was founded in 2014, when Mr. Meyer connected with members of the Slow Food organization, notably St. Augustine chef Tom Gray. Mr. Gray started with an order of 10 pounds of middlings, the broken grains captured during the process of polishing white rice. Today, Congaree and Penn’s online shop also sells white rice, brown rice and both white-

and purple-rice grits, along with other Southern products such as pecan oil and Creole tomato jelly.

When Mr. Jordan opened JuneBaby in Seattle in 2017, he wanted to provide fine-dining interpretations of the Southern and African-American cooking he grew up eating in St. Petersburg, Fla. He fostered relationships with Southern producers from the start. “I knew I was going to highlight rice because of the significance of rice to Southerners, to Africans and to African-Americans,” he said.

One benefit of working with small, upstart farms: They have the ability to adapt with relative ease. Mr. Meyer mills to the chef’s specifications. “We love working with Edouardo because he wants the most raw form of the rice,” he said. The rice he provides Mr. Jordan has only the hull removed and a bit of the immature green grain left in, for a singularly deep, earthy, nutty flavor.

“Chefs are guiding us,” said Mr. Meyer of his still-young operation. “And it helps that we’re not stuck in our ways—because we don’t have ways to be stuck in.”

Find a recipe for herbed poached chicken and rice at [wsj.com/food](http://wsj.com/food).

### Carolina Shrimp and Crab Étouffée With Rice Grits

**Total Time** 1½ hours

**Serves** 4-6

*For the grits:*

**5 cups** water  
**3 bay leaves**  
**1 cup** heavy cream  
**Salt and freshly ground black pepper**  
**2 cups** Congaree and Penn Jupiter rice grits  
**1 cup** shredded cheddar cheese  
**2 tablespoons** butter

*For the étouffée:*

**3 cups** water  
**6 tablespoons**, plus more to taste  
**Zest of 1 lemon**  
**1 pound extra-large shrimp**, peeled and deveined  
**½ cup** grapeseed oil  
**2 cups** finely diced red bell peppers  
**1½ cups** finely diced red onions  
**1 cup** finely diced celery  
**3 cloves** garlic, thinly sliced  
**1 serrano chile**, seeded and finely diced  
**1 tablespoon** mustard seeds  
**2 bay leaves**  
**3 sprigs** fresh thyme  
**6 tablespoons** flour  
**2 tablespoons** unsalted butter  
**½ cup** rum or dry white wine  
**1 (16-ounce)** can whole peeled tomatoes  
**½ tablespoon** ground cardamom  
**1 tablespoon** ground allspice  
**1 pound** crab meat  
**Freshly ground black pepper**  
**1 lime**, cut into wedges, for serving

**1.** Make the grits: In a large pot, combine water, bay leaves and cream. Season with salt and pepper. Bring to a boil over high heat and add grits, stirring continuously. Reduce heat slightly and cook grits, stirring frequently, until thickened and tender, 18-20 minutes. Add cheese and butter, stirring until melted. Season with salt and pepper to taste. Keep warm.

**2.** Make the étouffée: In a medium pot, bring 2 cups water and 6 tablespoons salt to a boil over medium-high heat. Once salt has dissolved, remove from heat. Once brine is cool enough to touch, stir in shrimp. Let sit 15 minutes. Drain and pat shrimp dry with paper towels. Set aside.

**3.** Heat grapeseed oil in large skillet over medium heat. Add red bell peppers, red onions, celery, garlic, serrano chile, mustard seeds, bay leaves and thyme, and cook until soft, 3-5 minutes. Sprinkle flour over vegetables and add butter to skillet, stirring to combine. Cook, taking care not to brown the vegetables, until mixture begins to thicken and ingredients are well incorporated, 3-5 minutes. Pour in rum to deglaze skillet and allow alcohol to evaporate. Add tomatoes, cardamom, allspice and remaining water, stirring to combine.

**4.** Add half the crab to skillet and cook, stirring often, until sauce thickens and flavors to develop, 5-7 minutes. Add shrimp and season with salt and pepper to taste.

**5.** Serve warm grits in bowls topped with étouffée and remaining crab, with lime wedges on the side.

—Adapted from Digby Stridiron, St. Croix, Virgin Islands

### A LITTLE SOMETHING SWEET

## Drunk on Summer

Melon season warrants a ritual all its own. Naturally the French have one, and it’s ever so slightly soured



**STILL LIFE** Match your favorite melon variety with a sympathetic spirit.

**THE FRENCH TRADITION** of serving halved melon with a shot of Port poured into its center makes for funny math: The result far surpasses the sum of its two ingredients. The cool, crisp, sweet, slightly acidic melon sings summer in all its bright immediacy, while the Port conjures the complexity of time and wine. The fruit takes on a bit of depth, the Port kicks up its heels.

The key is to chill the melon well and only remove it from the fridge a moment or two before serving. Don’t be tempted to add the liquor early: Wait until the last minute, or the alcohol will break down the natural firmness of the melon. What you want is a bit of melon and a bit of Port in each bite—not macerated fruit.

*Melon au port* was originally served as an appetizer, but now, as menus have become less elaborate and desserts less sweet, it is most often served at the end of a meal. It also makes a great vacation lunch, particularly with the Mediterranean in view and a nap on the agenda.

The success of the dish lies largely in finding optimally ripe, flavorful fruit. The Cavaillon and Charentais

tais varieties are ideal, but their season is fleeting. A desire to spike melons through the summer led me to test several pairings, the best of which I’ve included here. At the farmers market I discovered previously untried heirloom varieties and hybrids with surprising complexity of flavor. If possible, search out such beauties as Snow Leopards (pale but deeply honeyed) and Serenades (rich notes of butterscotch).

Green melons, such as honeydews, lend themselves to the bubbles of a dry Prosecco, the clarity of vodka or the sweet fire of white rum. Anise, the predominant note in Sambuca, gives in-season watermelon a lasting chord of resonance; mixed with tequila, Cointreau’s familiar orangy note makes an edible cocktail of the same melon. Indeed, a swirl in the blender turns any of these concoctions into a summery drink. But for me, part of the fun of melon is biting into its cool flesh and feeling the initial crunch give way to a spurt of juice. Spike that and you double the fun.

—Aleksandra Crapanzano

### Boozy Melons

If you can’t find small melons, simply arrange slices on a platter and drizzle liberally with the spirit of your choice. For garnishes, a grating of lemon or lime zest on the honeydews or watermelons works nicely; a faint grinding of pink peppercorns on the Charentais draws out the flavors of the Port.

**Active Time** 5 minutes **Total Time** 2 hours (includes chilling) **Serves** 4

**Option 1:**

**2 Charentais, Cavaillon, Savor,**

**Sugar Cube, Serenade or other melons similar to cantaloupe**

**1 cup ruby Port**

**Option 2:**

**2 Honeydews, Snow Leopards, Honey Whites, Diplomats or Honey Oranges**

**1 cup Prosecco, Champagne, Cava, white rum or gin**

**Option 3:**

**2 baby seedless watermelons**

**1 cup vodka, Sambuca, Cachaca**

**or a mix of silver tequila and Cointreau**

**1.** Refrigerate melons at least 2 hours before serving. Minutes before you are to serve them, wash melons and halve horizontally. Scoop out seeds.

**2.** Add ¼ cup spirits to the carved-out center of each melon half. Serve immediately. To prepare in advance, you may cut and seed the melons, cover in plastic wrap and return to refrigerator until ready to use. Do not add alcohol until the last minute.

## EATING &amp; DRINKING

# Cocktail-Shaker Conceptualism

At some of the world's top bars, the drink menus read like dissertations—minus the boring parts

BY ELIZABETH G. DUNN

**T**HE NITRATE Manhattan at Dandelyan, a London cocktail bar widely considered among the world's best, is made from Scotch, tequila, rhubarb beer, herbs and sheep's wool lanolin. The flavors are challenging—smoky and bitter, with a subtle ovine funk—but, then, so is the concept behind them: The drink is intended as a study of symbiotic agricultural systems, exemplified by hops, sheep and rhubarb production in 19th-century Yorkshire.

**Dandelyan** (20 Upper Ground, London, [dandelyanbar.com](http://dandelyanbar.com)) is one of several highly regarded bars to have turned its cocktail list into a locus for the sort of thematic exploration more commonly associated with museum curators than bartenders. That Nitrate Manhattan can be found in "The Modern Life of Plants," a menu that aims to explore the impact of industrialization on plant and animal life. Ryan Chetiyawardana, Dandelyan's founder, says the menu resulted from a year-long research and development effort that drew in 31 staffers.

At **Midnight Rambler** (1530 Main St, Dallas, [midnightramblerbar.com](http://midnightramblerbar.com)), a subterranean cocktail lounge, the current menu, "Pagan Rituals," centers on historical customs for greeting the arrival of spring. Past themes have included "Dark Tropical"—warm-weather drinks filtered through a "post-modern minimalist/essentialist neo-classical house style," in the bar's own verbiage—and "Northern Soul," which took as its inspiration the 1960s British music and dance movement of that name.

At the **Reading Room** (829 Upshur St. NW, Washington, D.C., [petworthcitizen.com](http://petworthcitizen.com)), a bookshelf-lined event space at the back of the restaurant and bar Petworth Citizen, each



decade, ambitious bartenders are ready to push beyond the classic recipes and seasonally driven menus that initially defined the genre.

"When we opened Dandelyan, the first thing we considered was how the scene was evolving," Mr. Chetiyawardana said. "I wholeheartedly see the value of the classics, but at this stage, to put a document in front of people that lists a Negroni, a Daiquiri, a Manhattan—it feels condescending."

When Joaquín Simó opened **Pouring Ribbons** (225 Avenue B, New York City, [pouringribbons.com](http://pouringribbons.com)) in 2012, he set out to serve drinks that were expertly crafted and seasonal, but approachable. "After three years of it, I was bored to tears," Mr. Simó said.

He wondered how he could radically alter his approach without having to redesign the bar, and thought of Next: the restaurant run by chef Grant Achatz in Chicago that reinvents itself several times a year, with menu titles like "Ancient Rome" and "Childhood." Why not do something similar with cocktails?

Pouring Ribbons' first theme, "Route 66," sent staff digging through poetry, music and movies. The bar is now on its sixth menu, which explores Cuba in 1958. One drink, called the Pilar, after Ernest Hemingway's fishing boat, and inspired by the daiquiri made for him at the restaurant La Floridita, contains gin, grapefruit-lime cordial, Cristal aguardiente, Manzanilla Sherry and Campari. Mr. Simó thinks the new approach has helped keep Pouring Ribbons on the map. "Now you can get a perfect Negroni at a neighborhood bar," he said. "You can get a great Collins or Daiquiri anywhere. So, what brings you to a place like this?"

**Trick Dog** (3010 20th St., San Francisco, [trickdogbar.com](http://trickdogbar.com)) came by its novel menus rather spontaneously: When the bar was being built, co-owners Josh Harris and Morgan Schick saw Pantone color wheels lying around the site and thought the format would be an interesting one for a cocktail menu. Every six months, the presentation changes. The drinks list has taken the form of a record album, an airplane safety card and, now, a cookbook, in which the offerings represent collaborations with Bay Area chefs such as Dominique Crenn and Angela Pinkerton. For chef Melissa Perello's drink, the Octavia, "we made a thing that was essentially a daiquiri but with a seasonal infusion on the rum [in collaboration] with a farm she works with," said Mr. Schick. The drink includes Meyer lemon, Sauvignon Blanc, vodka, sugar, thyme and coriander.

Mr. Harris and Mr. Schick say the best part of reinventing the menu concept biannually is that it keeps the team creatively engaged—but they admit it's not a bad marketing hook, either. "We've found that the main ongoing business benefit is that twice a year people write about us again, and twice a year people will come back," Mr. Schick said.

**'At this stage, to put a document in front of people that lists a Negroni, a Daiquiri, a Manhattan—it feels condescending.'**

weekend brings a menu themed around a different book, with drinks crafted to embody salient quotes. **Little Red Door** (60 Rue Charlot, Paris, [lrdparis.com](http://lrdparis.com)) recently introduced a list designed to explore the social psychologist Shalom Schwartz's Theory of Basic Human Values (Conformity, Benevolence, etc.).

To the casual drinker, the idea of transmuting religion or social science into cocktails may verge on the absurd. But with the craft cocktail movement now well into its second



**HIGHBROW HOOCH** Clockwise from above: Co-owner Morgan Schick mixes it up at Trick Dog in San Francisco; the Liholiho Yacht Club cocktail from 'The Joy of Cocktails: A Trick Dog Cookbook'; Dandelyan in London. Inset: the Strength cocktail at Little Red Door in Paris.

Looking over menus from bar to bar, I was struck by how little of the extensive research undertaken is typically noted on them. At Midnight Rambler, for instance, a drink with a rich genealogy involving the maple and birch sugaring traditions of the Ojibwe tribe, is reduced to a list of ingredients: Texas Rye Whiskey, Pippali Birch, Maple, Angostura. I asked the cocktail's creator, Chad Solomon, about the loss in translation. "I guess it's the same way an actor would create a character," he said. "A lot of it goes into the conceptualizing that the guest is never going to see, pulling together a back story to create a drink that's cohesive."

Last year, the bartender Remy Savage left Little Red Door and took the helm at **Artesian** (IC Portland Place, London, [artesian-bar.co.uk](http://artesian-bar.co.uk)), a prestigious bar at London's Langham Hotel that had already become known for its theatrical drinks and highbrow menu concepts. He wanted to continue to work with

theme menus but move beyond those that involved obscure topics or biographical influences from the staff. So, he circulated a survey to hundreds of people. What flavors do you associate with falling in love? How about learning to ride a bike? The resulting menu, Artesian Moments, has been developed around the statistical results of that exercise, with the goal of tapping into widely shared emotional responses to certain tastes and aromas.

On a recent Thursday evening, I stopped by to see if I could rewind the clock a few years with "The Moment You Turned 30," a mixture of aged Scotch, Sauternes, isolated tannins and orange wine over hand-carved ice: smooth and expensive-tasting, a youngster's idea of turning 30? No, but it did divert the conversation with my companion away from the day's minutiae, to reflect on that moment in each of our lives. That counts as a success in my book.

SLOW FOOD FAST / SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

## Black Pepper Shrimp With Cucumber-Tomato Salad

**CERTAIN DISHES** stick with you. At Tabla, Floyd Cardoz redefined Indian cooking for New Yorkers with his singular style—cosmopolitan, creative, refined. Downstairs from Tabla, at the more casual Bread Bar, he sent out homey and street-food-inspired plates made to share, in a dimly lit space alive with happy chatter and aromas of bread and spice. Since the restaurants closed at the end of 2010, diners have pined for a few particularly vibrant, sexy, satisfying menu items. This black pepper shrimp, for one.

The dish was greeted like an old friend when it appeared on the menu at Bombay Bread Bar, the update on the old spot that Mr. Cardoz opened earlier this year in SoHo. Spiced with coriander as well as black pep-

per, the flavorful shrimp are also remarkably easy to prepare at home. Having perfected the recipe over a couple of decades, Mr. Cardoz offered a few tips. "Don't salt the shrimp until right before cooking, because salt pulls out moisture," he said. You want your pan or grill hot but not smoking. "If it's too hot, the shrimp will seize up and toughen. And if it's not hot enough, your seasonings will fall off," he said. Cooking the shrimp in their shells further ensures a tender, juicy result.

Served with a tomato-cucumber salad and a yogurt-lime sauce for dipping, the peel-and-eat shrimp make a convivial meal. "They're good for sharing," Mr. Cardoz said—though once you've tried one, you may not want to. —Kitty Greenwald

**Total Time** 25 minutes  
**Serves** 4

**2 tablespoons black peppercorns**  
**2 tablespoons coriander seeds**  
**7 tablespoons olive oil**  
**24 extra-large shrimp (about 2 pounds), preferably with heads, tails and shells**  
**2 cups thinly sliced cucumbers**  
**2 cups halved cherry tomatoes or diced heirloom tomatoes**  
**½ cup sliced sweet onion, such as Vidalia**  
**½ cup torn mint leaves**  
**Zest and juice of 1½ limes**

**Pinch of sugar**  
**Kosher salt**  
**½ cup whole-milk yogurt**

**1.** Use a spice grinder or mortar and pestle to grind peppercorns and coriander, separately, to a medium-fine powder. In a large bowl, stir together pepper and coriander with 2 tablespoons olive oil. Pat shrimp dry. Add shrimp to bowl and toss with seasonings until well coated. Cover bowl and refrigerate at least 20 minutes. (Shrimp can marinate up to 24 hours.)  
**2.** In a large bowl, toss together cucumbers, tomatoes, onions and mint. Season salad with ½ of the lime zest

and juice, 2 tablespoons oil, sugar and salt to taste.

**3.** In a small bowl, stir together yogurt and 1 tablespoon olive oil. Season with lime juice, lime zest and salt to taste.  
**4.** Heat a grill to medium-high or set a large cast-iron pan on stove over medium-high heat. Brush pan or grill with remaining oil. Season shrimp with a pinch of salt. When cooking surface is hot but not smoking, cook shrimp until opaque and curled into a "C," 2-3 minutes per side. Remove shrimp from heat and season with lime juice. Serve with tomato salad and yogurt sauce on the side.



**CROWD PLEASER** Built to share and also quick to prepare, this recipe works equally well for a dinner party or an easy weeknight supper.



### The Chef

Floyd Cardoz

### His Restaurants

The Bombay Bread Bar in New York City; the Bombay Canteen and O Pedro, both in Mumbai, India

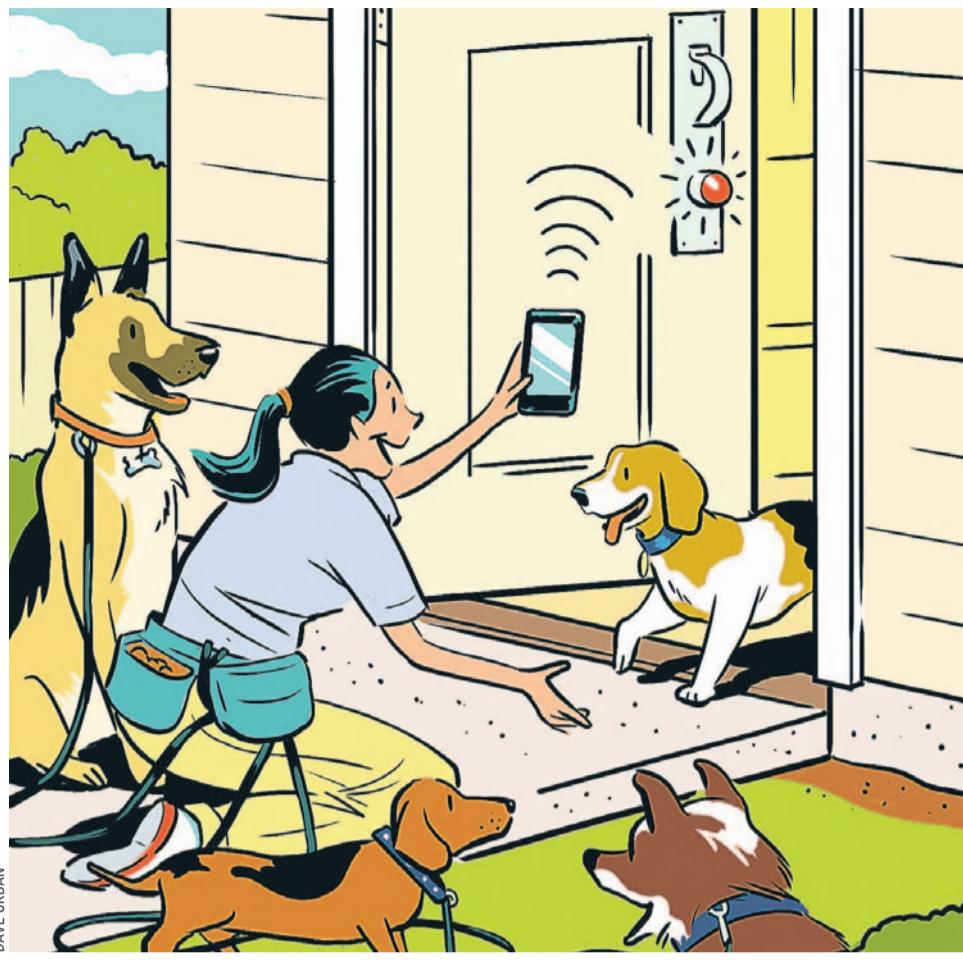
### What He's Known

For Cooking regional-Indian food with creativity and finesse for over three decades. Winning the third season of 'Top Chef Masters.'

CLOCKWISE FROM TOP: ALANNA HALE; TRICK DOG; DANDELYAN; LITTLE RED DOOR (INSET)

DAVID MALOSH FOR THE WALL STREET JOURNAL; FOOD STYLING BY BARRETT WASHBURN; PROP STYLING BY AYESHA PATEL; ILLUSTRATION BY MATTHEW COOK

# GEAR & GADGETS



DAVE URBAN

## Is It Smart to Install a Smart Lock?

While metal keys have secured our homes for centuries, the digital alternatives are triggering insecurities

**YES** **THE FRONT DOOR:** It keeps bad people out, it lets good people in. It protects, it welcomes, but if you've ever been away from home and had to race back to unlock it for a needy guest, dog walker or handyman, you know that traditional security comes with occasional irritations.

With a smart lock, you're never in that bind—no more keys to copy or annoying key exchanges to organize. Smart locks replace standard locks with an electronic device, often battery-powered, that can be accessed using a phone app, digital keypad or even fingerprint sensors. Using a smartphone, you can turn the lock via Bluetooth if you're nearby, or remotely over a secure network if you're not. Smart locks can notify you each time your door is opened, log entries, and communicate with home security systems. You can easily grant access to delivery men; to double-check the lock from bed, just roll over and tap your phone.

But smart locks are more than convenient, they're also secure. Should someone start tampering with your front door, it'll alert you. You'll know immediately if, say, someone tries to enter an incorrect code multiple times or attempts to get in with an expired access on the app.

If you own a large home with multiple entry points, installing smart locks on each main door lets you impressively se-

cure all doors with a simple swipe or a vocal command to Alexa (or Siri or Google Assistant). If you're away on vacation, you can also check, via an app or online interface, the status of all your home's locks and then quickly turn your attention back to a seaside cocktail.

Combined with a modern security system, smart locks may even improve your home's value in the eyes of insurance adjusters and real-estate agents. Advanced smart locks start around \$150 (rising to upward of \$700 with extras like fingerprint scanning), but many insurance companies offer incentive discounts to homeowners who install them, or rewards for customers who adopt "self-monitored theft protection devices," as Glen Greenberg, Liberty Mutual's director of public relations, put it.

If you worry about the power going out or your phone dying after a marathon texting session, there are workarounds. Virtually all smart locks come with backups: a key or emergency mode that will still let you in. Ceding control to a smartphone can make things seem difficult or even terrifying in a power outage or other crisis, but rest assured that smart-lock designers have thought of this. They seem to have thought of everything.

**NO** **AS THEY SAY,** "If it ain't broke, don't fix it." Modern key locks date back about 200 years and as intelligent as smart locks may be, letting computers "improve" something so simple can introduce the risk of failure at your home's critical entry point.

As with anything electronic, smart locks can falter at the worst time if the power source dies. What's more, relying on your smartphone as the "key" adds a techy new wrinkle if you're not tech-savvy. Remember that time you couldn't get your phone to sync with those Bluetooth headphones no matter what you tried? Now imagine a similar mystery stranding you outside your home at 1 a.m.

Jay Sofer, owner of Lock-busters, one of New York City's largest locksmith companies, believes that, while current smart locks rarely malfunction, they aren't terribly secure. "The number-one way for people to break into a home is through prying with something like a crowbar," Mr. Sofer said. "The current batch of smart locks are mostly just simple deadbolts that don't use the best grade of metal like you'd get on a Medeco or Multifunction lock."

Putting in a smart lock isn't easy, either. You're not just screwing in a key cylinder, you're installing a complex electronic de-

vice, which can add an extra \$200 to the cost if you're not equipped to undertake the work yourself. Before you even think about installing a smart lock, you first need to know what kind of lock you have: Do you have a standard deadbolt or a mortise? Do you even know what a mortise lock is?

The versatility that some smart locks offer (the Schlage Sense, for instance, can be accessed via phone app, code or key) opens your home up to a new breed of hackers and cyber-lock pickers. Smart locks use secure, private networks, as opposed to standard Wi-Fi networks, so interlopers can't easily hijack their way in. But the locks aren't foolproof and might even offer talented programmers an inviting challenge.

Finally, it's unlikely installing a smart lock will let you ditch keys altogether. Since you'll probably still need a set for everything from your car to your office, your bike lock to your storage shed, not to mention your tech-threatened in-laws, these essential pieces of sharktoothed metal will remain the standard for a long time. Many smart-lock advocates still carry backup keys, negating the convenience of going smart.

Much like many "revolutionary" devices throughout the home, smart locks are in many ways a novelty. And your old-school key locks ain't broke yet.

—Joshua Fruhlinger

### DOORS TO THE FUTURE / THE BEST SMART LOCKS AT EVERY PRICE

**Most Affordable** Crafted by Swiss designer Yves Behar, the August Smart Lock is a simple, elegant and affordable home device that gives you access to your home via smartphone, and features location awareness that locks or unlocks the door as you come and go. From \$149, [august.com](http://august.com)



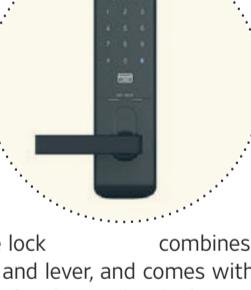
**Most Versatile** This universal device lets you use a smartphone, digital code or key cylinder to open the front door. The Schlage Sense also integrates with smart home systems, so you can say, "Alexa, unlock the front door" when your hands are full of groceries. \$229, [schlage.com](http://schlage.com)



**Latest Features** Though relatively late to the game, the Nest x Yale Lock is a handsome yet simple design. It addresses many concerns about smart locks, offering a clever means of entry if the battery dies and alerts you when someone tries to tamper with the lock. \$279, [nest.com](http://nest.com)

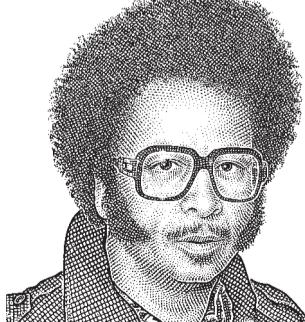


**Best Mortise Lock** Many condos use complex-but-reliable mortise locks that integrate a deadbolt and latch. The Igloo-Home smart mortise lock combines those with a keypad and lever, and comes with hotel-like access fobs for those who don't want to use the app. \$499, [igloohome.co](http://igloohome.co)



POP THE QUESTION

### Delayed Obsolescence / We asked three nerdy notables: What's an outdated piece of tech you're not willing to give up yet?



**Boots Riley, Director of 'Sorry to Bother You'** "The iPod Classic. Whether it's a script, lyrics or something else, I spend a lot of time writing while listening to music with my headphones plugged in. I could use my phone to play music, but then I'd get distracted by calls and texts, or think, 'Oh, maybe I should research this,' and look it up. A few people noticed I had the Classic and were like

"I'll get you an iPod Touch, but I need to be away from the internet when I'm writing. The iPod Classic isn't even necessarily good but I like to feel like I can have and hold my music. What if we all have our music on the cloud and somehow, 30 years from now, it just goes away? Even if the music is digital, the iPod makes it physical and that's comforting."



four buttons no one can quite understand but I've taken the time to actually learn the functions—doesn't sound like much, but believe me it's taken an effort. I could get a smartwatch but I don't think things being easy is the key to a good life. So I occasionally go out of my way to make things difficult on myself. That includes keeping hold of this watch."

**Jamie Bartlett, Author of 'The People Vs Tech'**

"I still wear a Casio wristwatch—the identical model I had when I was 15. I bought one because without a watch to tell time I had to check my phone and it would suck me in. So I needed a basic timepiece. Casios are semi-disposable—you can buy them for \$10—but they're close to being indestructible. It has



about half of the pack in my refrigerator. Ephemeral media continues to fascinate me, not so much because it's obsolete as because the ubiquity of current technology has changed the nature of ephemerality. I'll never fully stop using film, just as I don't think I'll ever fully stop writing in paper notebooks."

—Edited from interviews by Paul Schrot & Matthew Kitchen

## GEAR &amp; GADGETS



**FOREST FRIENDLY**  
The giant Ascent gets up to 27 mpg, among the best in its class.

RUMBLE SEAT / DAN NEIL



## 2019 Subaru Ascent: A Bigger, Better Family SUV

I WAS OPENLY hostile to the idea of Subaru building an extra-large family SUV, now called the Ascent. Of course there were sales to be had and profits to be made, but where does it end? Finally, Senator Subaru, have you no shame?

At the macro level, the Subaru brand has always been pitched as resisting mainstream mentalities—a lighter touch, a smarter choice, generally cooler, definitely younger. The Ascent (\$31,995 base MSRP, \$42,920, as tested) is none of those things. At a glance it ap-

pears just the latest in an endless stream of three-row SUVs cashing in on the trend.

But that is what makes Ascent so subversive. It only looks like a Buick. Underneath it's a Subaru.

It didn't have to be. Subaru could have farmed out its American three-row SUV project to any number of large-animal breeders with assets in the Midwest, including Toyota, Honda or Ford. It could have been a joint venture/badge job, like the Subaru BRZ and Toyota 86. There was a business case.

All the recent crop of mid-sized to large SUVs are pretty much the same—built to the penny, drive like a bus, ugly as sin. Ford, Toyota, Nissan. They all sell pretty well. People don't seem to care what badge you slap on the nose.

Instead, Subaru chose to build the Ascent itself in the Land of the Rising Sun, Lafayette, Ind. And in an interesting way, too: by putting a jumbo body on the company's imitable small-car mechanicals. Turn on your X-ray specs, look beyond the bad-haircut styling, and

you will see, way down deep, Subaru's faithful 2.4-liter turbocharged flat-four engine, a CVT transmission and Subie's all-wheel drive hardware ("Symmetrical" AWD by virtue of a 50/50 mechanical torque split). Also known as the franchise.

I don't want to get bogged down in the details, but for a host of reasons Subaru's AWD architecture is the best of its kind, functionally superior to on-demand all-wheel drive systems, also known as slip-and-grip systems. Such systems are strongly front-biased and often pretty weak on snow and ice surfaces, especially starting off, especially on an incline. A slick patch under a front and rear wheel can immobilize cars so equipped.

Subaru's AWD is always splitting torque front/rear, unless conditions call for more. A multi-plate clutch-pack—not a power-sapping viscous coupling—moves the torque for and aft, deftly and quickly. The new, computer-enhanced version of Symmetrical AWD is even more sure-footed (though it isn't symmetrical anymore).

Many Subaru owners will never draw on their cars' broader capacities. They could certainly get along with a less able system. But it's also worth noting the through-line between the brand's save-the-day

robustness and emotional indexes such as being among the highest in owner loyalty and highest residual value of any mass-market brand. Subaru's sales in the Snow Belt and Canada testify, say Amen.

So the Ascent brings these considerable competitive advantages to the full-size SUV segment, along with its 8.7-inch ground clearance and a grille shaped like an Apple power port. The question is, can it get out of its own way? There is a reason why so many key competitors retain V6 engines. Is it reasonable to expect the Subie's smallish turbo four to push around the Ascent's big square butt?

But horsepower and torque are agnostic. These elements care not where they come from as long as they arrive in sufficient numbers. The Ascent's turbo'd and direct-injected flat four pulls like a hero: 260 hp at 5,600 rpm and class-leading 277 lb-ft between 2,000-4,800 rpm, a nice fat torque band. The Ascent hurls its uninteresting shape to 60 mph in under 8 seconds (the CVT transmission simulates upshifts of conventional automatic, which is weird but harmless, I guess).

With the trailering package the Ascent is rated for up to 5,000 pounds towing so you can bring along your liberal guilt.

Go ahead, try to explain to Summer in the Whole Foods parking lot why you're driving a zeppelin. The Ascent is bluntly and unapologetically humongous: 196.8 inches nose to tail, 76 inches wide and 71.6 inches tall, including roof rails. Its total interior volume is a whopping 153.5 cubic feet, offering seven- or eight-person seating options, and up to 86 cubic feet of cargo capacity behind the first-row seats. If it helps with Summer, the Ascent's fuel economy is among the best in class, up to 27 mpg on the EPA's highway.

Beyond the running gear, the Ascent is among the most cunning efforts to separate parents from their wallets I've seen in a long time. It's like one big rolling focus group. There are cubbies and USB ports and cupholders galore, 19 in all. Standard equipment includes the EyeSight Driver Assist Technology package with lane-departure warning and forward collision/emergency braking. There are four trim levels; the tester was a Limited, with the optional multimedia navigation, Harman Kardon



### 2019 SUBARU ASCENT LIMITED

**Base Price** \$38,995

**Price, as Tested** \$42,920

**Powertrain** Turbocharged direct-injection 2.4-liter flat four with variable valve timing; continuously variable transmission; permanent all-wheel drive

**Power/Torque** 260 hp 5,600 rpm/277 lb-ft @ 2,000-4,800 rpm

**Length/Width/Height/Wheelbase** 196.8/76.0/71.6/113.8 inches

**Ground Clearance** 8.7 inches

**Curb Weight** 4,499 pounds

**0-60 mph** Less than 8 seconds

**EPA Fuel Economy** 20/26 mpg, city/highway

**Cargo Capacity** 17.6/47.5/86.5 cubic feet (behind 3rd/2nd/1st row)

## The Mark of a Good Book Group

Great minds read alike. These novel online clubs help busy adults debate new works on digital platforms they already enjoy

AS ATTENDANCE at her Chicago book club began to dwindle due to vexing scheduling issues, Hannah Rau, 24, craved a better way to sate her reading addiction. The devourer of young adult and coming-of-age novels wanted more than her group's sporadic get-togethers could deliver. And she found it online. "The ability to have book clubs available on my smartphone or tablet when I am on the go is great," said Ms. Rau, who is now a member of four.

Whether through websites, newsletters, apps or social media, millions of readers like Ms. Rau are organizing online to discuss and analyze best-selling texts. Online clubs defy the restraints of time and geography, accommodating voracious bookworms when and where they're most comfortable.

"These clubs are helping readers break out of their existing social bubbles," said Alisha Ramos, who founded Girls Night In ([girlsnightinclub.com](http://girlsnightinclub.com)), a book-club newsletter that now reaches 75,000 readers. GNI conversations unfold mainly on Instagram, but the discussion has evolved beyond the web's bounds to

include monthly in-person events in 10 cities, from Austin to Toronto.

Indianapolis Colts quarterback Andrew Luck forged his eponymous online book club ([andrewluckbookclub.com](http://andrewluckbookclub.com)) to "build a team of readers of all levels." Every month, Mr. Luck picks two popular works—one for "rookies," another for "veterans"—and spurs readers to post reactions on social media tagged #ALBookClub so they're more easily searchable. Between games, Mr. Luck also hosts a podcast where he chats with best-selling authors including John Green and Phil Knight.

Podcast listeners can also download Anne Bogel's audio book club "What Should I Read Next?" ([modernmrsdarcy.com](http://modernmrsdarcy.com)) on which the host invites authors to discuss topics like summer reads and gateway books for Netflix lovers. On Facebook, the show's more-than-50,000 followers interact with the Ms. Bogel, guests and other listeners.

Elsewhere on Facebook, the group #spiveyclub, founded by health and wellness tastemaker Ashley Spivey, emboldens members to review their latest reads and suggest new books. Along with posting

opinions and generally respectful rejoinders, members coordinate book swaps and Secret Santa-like exchanges through the mail.

One of the books #spiveyclub recently discussed was the "The Wedding Date" by first-time author Jasmine Guillory. Ms. Guillory chimed in and answered questions about her novel with clubs via Skype, adding that she's met many friends that way. "It's fun to see who's reading the book," she said.

On Instagram, Reese Witherspoon created the exceedingly popular @reesesbookclubxhellosunshine, which has amassed more than 568,000 Instagram followers. Each month, she singles out a new novel, posts photos, and leads bustling discussions using hashtags.

Similarly, actress Emma Watson updates her Goodreads community, "Our Shared Shelf," with a new pick every two months. Focused on feminist works, her cohort has exploded to more than 215,000 members.

Her jump into countless book clubs has whetted Ms. Rau's reading appetite. Now if only there were online clubs to offer tips on building more shelves. —Haley Velasco

