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What's News

Business & Finance

◆ China's banking regulator is conducting a sweeping check on the borrowings of some of the country's top overseas deal makers, in an attempt to get a grip on runaway debt. A1

◆ Qatar Airways said it intends to buy as much as 10% of American Airlines as it seeks to push its way into the U.S. A1

◆ Berkshire Hathaway said it agreed to indirectly acquire a 38.39% stake in Home Capital as part of a rescue package. B5

◆ Apple's first Indian-made iPhones hit shelves in India with hopes that reduced prices will boost sales in the country. B1

◆ The ECB said it would build an instant-payment system that allows firms and citizens in the euro-zone to transfer money in seconds. B5

◆ Altice USA rose in its market debut, a day after it raised more money in its IPO than any other U.S.-listed telecom since 2000. B7

◆ The Wall Street Journal fired veteran foreign-affairs reporter Jay Solomon for violating the newspaper's ethical standards. B2

◆ Billionaire investor Warren Buffett encouraged investments in Israeli bonds at a lunch and dinner in New York. B5

◆ Nike agreed to sell some of its products directly to Amazon after formerly refusing to do so. B3

World-Wide

◆ Four people who were taken into custody for questioning about the attempted terrorist attack at Brussels' main train station were released. A3

◆ Several Saudi companies are finalizing plans with Turkish logistics companies to transport cargoes to Qatar. A4

◆ May will present plans for the future of EU citizens living in the U.K. after it leaves the bloc. A2

◆ Islamic State militants bombed the historic Nouri Grand Mosque in Mosul, Iraq's military said. A4

◆ Local governments in Mosul are looking to expel the families of Islamic State members, despite warnings from Iraq's leader. A4

◆ Trump's top advisers are trying to stabilize daily operations, but the administration is struggling to recruit new talent amid investigations. A5

◆ Saudi Arabia's new crown prince aimed to shift the kingdom's economy, but his plan has yet to make much progress. A4

◆ House Republicans are struggling to agree on a plan to fund the U.S. government for 2018. A5

◆ The U.K. government identified about 600 residential towers with the cladding that is suspected as a factor in the deadly tower fire in London. A3

CONTENTS Markets B8
Books A7-9 Off Duty WI-8
Business News B3 Opinion A10-11
Crossword A12 Technology B4
Heard on Street B8 U.S. News A5
Life & Arts A12 Weather A12
Mansion W9-14 World News A2-4

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Travel Rush Is On For End of Ramadan



PLACES TO GO: Passengers leave a ship in the port of Surabaya, Indonesia as people journeyed to their hometowns ahead of the Muslim festival of Eid al-Fitr, which marks the end of the Ramadan fasting month. Authorities said security has been tightened in preparation.

Beijing Probes Deal Makers

Borrowings by five big buyers of overseas assets in focus as China targets debt

grip on runaway debt.

The list covers some of the highest-flying private conglomerates in China, known for flamboyant owners, political connections and acquisitive appetites. One is Anbang Insurance Group Co., whose chairman, Wu Xiaohui, has been detained by investigators of economic crimes, according to people

familiar with the matter. Also

on the list is HNA Group Co., one of China's most aggressive overseas investors; Fosun International Ltd., whose chairman dubs himself as

China's Warren Buffett; and China's Warren Buffet; and Dalian Wanda Group, a property giant that recently has branched out into entertainment.

The fifth company on the

list is Rossoneri Sports Investment Management Changxing Ltd., which made headlines with its acquisition this year of Italian soccer powerhouse AC Milan.

The five are famed for bold international bets on big brand names, opaque structures and a dizzying amount of deal making. Excluding Rossoneri, they accounted for a whopping \$57 billion in overseas investment since the be-

Please see PROBE page A2

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Please see STAKE page A2

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Senate Releases Bill to Roll Back Obamacare

WASHINGTON—U.S. Senate Republican leaders released a health-care plan that would undo large parts of the Affordable Care Act, including its ex-

By Stephanie Armour,
Kristina Peterson
and Louise Radnofsky

pansion of the Medicaid program for the poor and disabled and a requirement that most Americans pay a penalty if they don't have insurance.

The release of the 142-page bill on Thursday, after its contents had been closely held by GOP leaders, marks the launch of a fast-moving process that Republicans hope will culminate in the passage of a new health law before Congress's August recess.

But several Senate Republicans have expressed concerns about the legislation, and even if the Senate does pass it late next week as GOP leaders hope, it would still have to be

approved by the House to become law.

The plan, whose development was overseen by Senate Majority Leader Mitch McConnell (R., Ky.), attempts to strike a balance between the demands of conservative GOP senators who want an aggressive repeal of the 2010 health law, known as Obamacare, and more centrist Republicans eager to retain some aspects of the law.

The bill relies on the 2010

law's current tax credits to provide subsidies to people who don't get health insurance on the job. But this legislation would tighten the income eligibility for the assistance, meaning fewer people would be able to get the subsidies. The credits would also be less robust than under the current law.

The Senate proposal would cap states' Medicaid funding from Washington for the first time in the program's history.

Instead, states would be given a choice of the formula used—"block grants" or "per capita caps"—to curb it under the bill. The phaseout of federal funding for the ACA's Medicaid expansion would happen more gradually than in a version of the bill approved by the House this year, but the Senate measure would ultimately make deeper cuts to the program.

Senate Republicans were

Please see HEALTH page A5

Warmbier's Loved Ones Bid Farewell



SOLEMN TASK: Mourners carry out the casket of Otto Warmbier in Wyoming, Ohio. Mr. Warmbier, 22, died Monday, six days after returning home in a coma from North Korea, where he had been held.

SAUDI SHAKE-UP AIMED TO LAUNCH MODERN ERA

Prince's elevation is a bet he can pull off financial, economic revamp

When Salman bin Abdulaziz became Saudi Arabia's king two years ago, the country's leadership appeared little different from how it had been for decades. The ruler and his designated successor were two of the coun-

By Summer Said in Dubai,
Justin Scheck in Riyadh
and Michael Amon in London

try founder's dozens of sons, a fractious fraternity that passed along power in an unbroken chain of conservative rule.

No longer. Modernity has wallop Saudi Arabia, one of the world's most ossified societies, and today it is struggling to maintain the economic and political power it built on giant crude-oil reserves.

On Wednesday, King Salman, 81, named his ambitious and confrontational 31-year-old son Mohammed bin Salman as his crown prince and successor, in a bid to supercharge an attempt by the country—and the monarchy—to secure its future. The move caps an overhaul rare in Saudi history that has deposed two crown princes and marks the ascent of the youngest ruling generation in the kingdom has seen.

The young prince is leading what amounts to a national turnaround effort, and his rapid ascent emphasizes the critical nature of that job.

Low oil prices and mounting demographic pressures are tearing at the kingdom's fragile

Please see SAUDI page A6

◆ Saudis search for path to higher oil prices..... B1

Congrats, Here's Your Fishing Prize! Now for the Polygraph

* * *

Because fishermen tell tall tales, tournaments are testing winners

BY JOHN CLARKE

Phil Heasley, a fisherman from Naples, Fla., motored out of Harbour Island Marina in Ocean City, Md., with a crew on a Tuesday in August 2016 before dawn on board his 68-foot boat, the Kallianassa. Seventy miles out into the Atlantic Ocean, just after 8:30 a.m., they baited hooks and let out some line as they trolled the waters moving around 5 knots.

All was quiet until they got a bite at 8:48 a.m. and the yell-

low fishing line quickly unspooled off the reel. Mr. Heasley fought the fish for 10 minutes, his rod bending to

the boat rails, before the crew gaffed and hauled it on board.

It was the fish of a lifetime—a 76.5-pound white marlin that won him the world's largest annual billfish tournament, the White Marlin Open, and \$2,818,662 in prize money. He swears it happened just like that.

Fishing is full of tall tales about the one that got away,

and polygraph tests, more common in police interrogation rooms than on marina docks,

are now used in high-stakes

fishing tournaments. Mr. Heasley, like many winners, was required to take the test.

Please see FISHY page A6

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Please see FISHY page A6

INSIDE



THE VACATION RENTAL REVOLUTION

OFF DUTY, WI

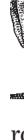
BUYING A HOME SIGHT UNSEEN

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WORLD NEWS

BRUSSELS BEAT | By Stephen Fidler

U.K. Mistakes Brexit Talks for Poker, or War



Friday marks a year since the British referendum vote to leave the European Union. The 12 months leading up to the start of negotiations this week haven't been auspicious.

Both sides have traded insults. "The hostile, almost juvenile, rhetoric from both London and Brussels has been deeply worrisome and needs to stop," said Tim Cullen, director of the Oxford University Program on Negotiation.

If Brussels has unhelpfully scaled up some of its demands, with officials suggesting privately that the U.K. might face a bill of €60 billion to €100 billion (\$111 billion) or more on departure, London seems to have forgotten some important rules of international negotiations. Among them: This isn't poker and it isn't war.



British Prime Minister Theresa May arriving at the EU summit that opened in Brussels on Thursday.

The EU has been much more explicit about its opening positions on the negotiations. The U.K. has been less so, perhaps because it is still working them out. But Prime Minister Theresa May has suggested another motive, saying she wouldn't give a "running commentary" on Brexit negotiations in order not to "reveal our hand prematurely" to the EU.

Simon Tilford, deputy director of the pro-EU Center for Economic Reform, says this approach misunderstands the nature of such negotiations. It isn't poker because you can't hide your cards.

"The British government cannot engage in bluff because the EU knows exactly what cards Britain holds, and they know they're not very good.

Britain can walk away, but the EU sees that as an empty threat," he said.

Ngaire Woods, dean of Oxford University's Blavatnik School of Government, says the U.K. has made other classic negotiating mistakes. The first was to imagine it is going into battle.

This approach encourages negotiators to obscure their real intentions so as to defeat their foes, perhaps with a last-minute deception along the lines of D-Day. "But Brexit is not D-Day," Ms. Woods argues in an article for Project Syndicate. The U.K. isn't trying to defeat enemies but to preserve a mutually beneficial relationship with nearby countries.

Another mistake has been to create unrealistic expectations about the outcome of

the negotiations, which risks sowing disillusionment when inevitably they aren't met. There is no chance, Ms. Woods says, that the U.K. will walk away with a bespoke trade agreement with the EU in the allotted two years of negotiations, as some British officials have suggested.

The U.K. has also erred, she says, by focusing exclusively on its own interests. Every specialist on negotiations advises that understanding the other parties' interests collectively and individually is essential for success.

The EU knows what the U.K. says it wants: Mrs. May repeated this week that Brexit "is about building a new, deep and special partnership with our European friends and neighbors." But exactly what

that means and what obligations Britain will be willing to accept to secure this partnership are still unknown.

In the past, British ministers have boasted that they see themselves in the driver's seat. Brexit minister David Davis, speaking in October, suggested Germany's desire for free trade in cars and access to the City of London's financial center were just two among many issues that gave the U.K. the upper hand in the talks.

"In many areas—not just the City, and not just as regards cars—the balance of negotiating advantage is incredibly heavily stacked our way," Mr. Davis told Parliament.

European officials don't see it that way, saying what gives

May Opens Topic Of EU Migrants

BRUSSELS—British Prime Minister Theresa May was set to lay out her proposals for the future of European Union migrants living in the U.K. after it leaves the bloc, kicking off potentially thorny discussions that will serve as an early measure of her ability to negotiate.

Over dinner Thursday with the leaders of the other 27 EU member states, Mrs. May was expected to present her plan for settling the future rights of the roughly three million citizens living in the U.K. from other countries in the bloc and the roughly one million British people living in the rest of the EU. The issue was one of the first to be addressed in talks that opened on Monday.

Some EU officials criticized

Mrs. May for taking time away from other issues, such as Europe's migration crisis, by speaking about plans for Britain's exit from the EU. They also said that negotiations wouldn't be handled by the leaders at the meeting but by the bloc's Brexit negotiator Michel Barnier.

After struggling to connect with voters before the U.K. general election, Mrs. May is seeking to rebuild her reputation. Right before the start of the summit, Mrs. May asked to have a 30-minute meeting ending in a "walk and talk" photo op with European Commission President Jean-Claude Juncker, two EU officials said. "She wants to be seen as engaging with the Europeans," one official said.

A No. 10 spokesman said the accounts were untrue.

—Jenny Gross
and Valentina Pop

the U.K. They don't take seriously, therefore, Mrs. May's suggestion that "no deal is better than a bad deal."

"The basic fact remains that the U.K. is in a weak position because of the disparity in size," Bruno Macaéas, a former Portuguese secretary for European affairs, told the Royal United Services Institute.

"What I hear from all sides in Brussels is that the EU has very few things it either needs or wants from the U.K."

The one issue sometimes mentioned, he said later, is for the U.K. to commit not to use tax and regulation aggressively to undercut the EU's competitiveness. Other than that, he said, when he asked Brussels-based bureaucrats what the EU wanted from Britain, "I just drew blank stares."

PROBE

Continued from Page One
ginning of 2015—15% of Chinese companies' total, according to Dealogic.

"They're all guys that have engaged in high-profile marquee international acquisitions," from soccer clubs to Hollywood businesses, said Bill Bowler, an equity-sales trader at Forsyth Barr Asia in Hong Kong. The regulator's move has already sent shock waves through Chinese markets and could rock the deals world.

Fosun and Anbang have relied on insurance units to build scale and pivot overseas. While neither name is well-known outside business circles, each boasts landmark assets. Fosun owns Cirque du Soleil and Club Méditerranée SA, while Anbang owns New York's Waldorf Astoria and Essex House hotels. Fosun bought 25% of the Hilton hotel group last year.

The investigation started on June 6, when officials at the China Banking Regulatory Commission held what were described as "urgent" conference calls, asking lenders to look over loans made to the five groups as well as the guarantees provided by banks to let them borrow overseas.

The goal, one of the people said, is to "examine those companies' leverage situations and risks." Banks are required to re-

structure Bank has grown increasingly cautious about exposure to HNA's international deals, according to a banker there.

Shenzhen-listed shares of Wanda Film Co., the entertainment unit of Wanda Group, which is controlled by billionaire Wang Jianlin, were suspended in the early afternoon Thursday after falling nearly 10%. In a statement, the company denied that banks had dumped Wanda's bonds.

Hong Kong-listed HNA Holding Group Co., a unit of HNA Group, fell about 6%, while Fosun International closed down 5.8%. Anbang has no listed entities.

HNA didn't have an immediate comment. Rossoneri couldn't be reached. A Fosun spokeswoman said operations are normal; she didn't elaborate. Anbang didn't immediately respond to a request for comment. Wanda declined to comment on the probe.

The probe into these companies' borrowing is part of a government campaign aimed at safeguarding China's financial system from systemic risk ahead of a major Communist Party reshuffle later this year.

A surprise of this is regulators' questioning of high-profile private tycoons, who in many cases have ties to the party elite and hold positions on top advisory bodies. But Chinese President Xi Jinping has appeared less enamored than past administrations with the country's "red capitalists."

Mr. Wu, who disappeared this month, was the biggest name to face investigators since the brief disappearance in 2015 of Fosun co-founder Guo Guangchang for what the company described as assistance with investigations.

Anbang has described Mr. Wu's absence as temporary.

The growth of businesses such as Fosun, Wanda, HNA and Anbang have appeared out of sync as China battles soaring debt levels and other economic challenges. Of particular concern to regulators has been a surge in capital outflows, which pressured the Chinese yuan to weaken and shook confidence in the government's economic management. Since late last year, authorities have restricted the ability of Chinese companies to invest overseas and erected more hurdles for individuals to take money out.

—Phred Dvorak and Julie Steinberg in Hong Kong and Chao Deng and Grace Zhu in Beijing contributed to this article.

port the results of their checks to the regulator, which then will assess whether lenders should cut down their exposure to the companies, the people said.

Liu Zhigang, an official at the banking regulator, declined to comment on the issue but said big companies are naturally a focus of the regulator when it comes to systemic risk, a phrase increasingly used by regulators.

Share prices of several listed units of the groups plunged Thursday on word that some banks have been selling the groups' bonds. Bank of China Ltd., for instance, began scaling back its holdings of Wanda-issued bonds in early June, tagging those bonds as "risky," according to a person familiar with the situation. China Con-

Emboldened South African Leader Faces New Pressure



GROWING CRITICISM: Opposition party leader Bantu Holomisa, center, speaks in Johannesburg after the country's top court ruled that lawmakers can cast secret ballots in a no-confidence vote on President Jacob Zuma. No date has been set for a vote.

STAKE

Continued from Page One

Foreign ownership stakes in U.S. airlines are relatively rare but not unprecedented. U.S. law allows foreigners to hold up to 25% of voting shares and 49% economic interest in a U.S. airline. British Airways once held a 25% stake in US Airways. British entrepreneur Richard Branson owned a large minority stake in Virgin America.

The move is even more unusual in that American is one of three U.S. carriers, also including Delta Air Lines Inc. and United Continental Holdings Inc., that have tried to block Qatar Airways and other Mideast rivals from expanding aggressively in the U.S. The American carriers say Qatar Airways, Emirates Airline and the U.A.E. to provide evidence of its charges. Qatar Airways' chief executive criticized Mr. Trump for seeming to take sides in the dispute.

American, based in Fort Worth, Texas, said it hadn't sought the investment and that it wouldn't affect its management or strategic direction. American said it also wouldn't stop the airline from pursuing its subsidy claim against the Persian Gulf carriers.

Shares of American were up 3.5% at \$50.12 in midday trading.

As of March and April filings, American had five shareholders above the 4.75% threshold including Warren Buffett's Berkshire Hathaway

Inc. which has a 10% stake. Mr. Buffett recently rewarded the U.S. industry's improving fortunes, also taking stakes in Delta, United and Southwest Airlines Co.

The disclosure comes as the nation of Qatar, a crucial U.S. ally in the Middle East and host of one of its main overseas military bases, is coping with an air blockade levied earlier this month by Saudi Arabia, the United Arab Emirates, Bahrain and Egypt. Those countries cut diplomatic and transport links to Qatar, accusing it of supporting Islamist groups and extremists in the region.

Doha denies that it supports extremists. President Donald Trump seemed to support the blockade on Twitter, though the State Department has since asked Saudi Arabia and the U.A.E. to provide evidence of its charges. Qatar Airways' chief executive criticized Mr. Trump for seeming to take sides in the dispute.

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—Nico Parasie contributed to this article.

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WORLD NEWS

Migrants Stream Back to French 'Jungle'

Hundreds take refuge in port town, long a gateway for refugees trying to reach U.K.

By NOEMIE BISSEBERE

CALAIS, France—Migrants are returning to the French side of the English Channel, saddling France's newly elected president with a humanitarian and diplomatic challenge that has long bedeviled the European Union.

Hundreds of migrants from Afghanistan, Syria, Iraq and Africa have taken refuge in wooded areas around the port town of Calais, which for decades has served as a gateway for refugees trying to reach the U.K. The seasonal flow defies efforts by the predecessor of President Emmanuel Macron to dismantle the notorious refugee camp known as the Jungle. Last year, Paris relocated thousands of refugees to other parts of France.

Their return is likely to exacerbate tensions along the channel just as Brexit negotiations get under way. Immigration to the U.K. of both documented and undocumented migrants was a major factor in Britain's vote last year to leave the economic bloc. Mr. Macron has said that in light of Brexit, France and the U.K. should renegotiate a 2003 border treaty that put the onus on France to secure the border.

Under that agreement, known as the Touquet accords,



Migrants this month gathered on a pile of loose dirt in Calais, France, near the site of the former refugee camp known as the Jungle.

PASCAL ROSSIGNOL/REUTERS

London provides some border agents and helps finance security walls and razor wire on the French side of the channel to keep migrants from entering the tunnel that carries trains and trucks under the waterway.

But France processes the vast majority of asylum claims made by those hoping to reach the U.K. French police also deploy in large numbers across the port to not only bar entrance to the tunnel, but also maintain public order in areas that are seasonally flooded with migrants.

On Tuesday, a truck driver

died in an accident after migrants placed tree trunks on the highway, police said. Migrants typically obstruct the roadways leading into the tunnel so they can clandestinely board the vehicles and sneak into the U.K. Nine Eritreans were detained by French police.

About 30 migrants are discovered every day hiding in the back of a truck at border controls, said Gilles Debove, a police officer in Calais. "It's starting again."

The perennial problem has fueled support around Calais for the far-right National

Front. Half of the eight National Front candidates elected to Parliament last week—including party leader Marine Le Pen—will represent areas around Calais.

For more than a decade, migrants have taken advantage of the free movement within the EU to hopscotch across the region and reach their preferred destinations. The U.K. remains a magnet due to its looser labor rules, multicultural cities and the ability of many migrants to speak at least some English.

Farid Kahn, a 23-year-old from Afghanistan, arrived in

Calais a few weeks ago after transiting through Italy.

"I sold three homes in Afghanistan to pay for my journey to England," he says. "I speak English and studied computer science. I could get a job there."

Mr. Macron says the solution to stemming the flow of migrants is to reinforce the borders of countries at the edge of the EU, such as Greece and Italy. A staunch pro-European, he doesn't want to restrict travel between France and its European neighbors—a measure favored by Ms. Le Pen.

"Macron wants to let migrants into the country, but he does nothing to take care of them," says Emanuel Candas, 52, an employee at a mechanical contractor who works across the street from an area where meals are distributed by aid workers in Calais.

One way for Mr. Macron to relieve political pressure is to make it easier for migrants bottled up in Calais to leave France. The Touquet accords aren't part of Brexit negotiations, and Mr. Macron has pledged not to engage in separate bilateral talks with the U.K. that might undercut negotiators in Brussels. Still, the accords allow either of the signatories to withdraw unilaterally.

For now, French authorities continue to play cat-and-mouse. Migrant camps were dismantled in 2002 and 2009, but many more returned in subsequent years.

On a recent afternoon, a white truck carrying food for migrants parked near a canopy of trees. About 400 migrants emerged from hiding to stock up on supplies. Moments later, police came and chased them away.

Jimmy Sami, a 17-year-old from Eritrea, was back in Calais after fleeing the Hollande government's relocation program. He lived in the streets of Paris before returning to the port town in May to make another attempt at crossing the channel.

"I don't want to stay in France," Mr. Sami said.

Bats Lead List of Pandemic Suspects

By BETSY MCKAY

Where will the next pandemic come from? Hint: likely from bats.

Fighting emerging infectious diseases costs billions of dollars, as the AIDS pandemic and the recent Ebola epidemic in West Africa attest. So researchers from New York City-based nonprofit EcoHealth Alliance set out several years ago to try to pinpoint where and how future pandemics might erupt. Analyzing a database of wildlife species and viruses known to infect mammals and people, they calculated how many unknown viruses may be out there, who carries them and where they are likely to be.

Most new infectious diseases, such as HIV, Ebola and SARS, originate in animals and spill over into humans. If the viruses that cause them then start spreading from one person to another, they can cause outbreaks.

Predicting the next pandemic is more critical now than ever, said Peter Daszak, disease ecologist and president of EcoHealth Alliance. The rate at which new viruses are infecting people is increasing, a consequence in part of global travel and eco-

nomic development. "We travel the world in one day, and we take the viruses we pick up with us," Dr. Daszak said. "That's how viruses become pandemics."

Using a database of 2,805 mammal-virus connections, the researchers found that bats harbor nearly twice as many viruses that either threaten humans today or could threaten them in the future than the next mammal on the list—primates. Rodents came in third. Bats can infect people directly and by infecting other animals such as primates.

"If you think back over the last 20 years, we've had Ebola virus, SARS, MERS, Nipah virus, Hendra virus in Australia—these viruses are all carried by bats," said Dr. Daszak, who was senior author of the study and led the group doing the research.

Each of more than 1,200 bat species has on average 17.22 viruses likely to cause disease in people, he said. He said that 53 bat viruses have infected people, so most of the viruses are still unknown and have yet to strike, he said.

"There are literally thousands of potentially infectious viruses waiting to be discovered in bats," he said.

During a refurbishment of Grenfell Tower completed last year, contractors installed a widely used material on the exterior of the building. It consists of an aluminum shell and a flammable plastic filling.

The cladding material, called Reynobond PE and made by Arconic Inc., is marketed around the world. In the U.S., its use is generally limited to lower buildings because of fire-safety concerns.

U.K. Warns on High-Rise Fire Risk

By DENISE ROLAND AND WIKTOR SZARY

LONDON—The U.K. government warned that hundreds of high-rises across the country could be covered with the same cladding suspected of contributing to the quick spread of a fire that incinerated an apartment tower in London last week, killing at least 79 people.

The government on Thursday said it had identified about 600 publicly owned residential towers that had installed some form of cladding—an exterior facade often used to make a building more energy efficient or improve its outward appearance. Authorities are now testing the cladding on those buildings to determine how many used the same material as Grenfell Tower, the site of the disaster.

British Prime Minister Theresa May, in an appearance before Parliament on Thursday, said a number of buildings had already been found to contain "combustible" cladding.

A spokesman for the prime minister's office said that so far cladding samples from seven high-rise public-housing buildings in four local government areas have failed the inflammability tests. The tests are continuing and this number could rise, he said.

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The cladding material, called Reynobond PE and made by Arconic Inc., is marketed around the world. In the U.S., its use is generally limited to lower buildings because of fire-safety concerns.

U.K. officials have said the



The Grenfell Tower's exterior had cladding with flammable plastic.

ANDREW PARSONS/IMAGES/ZUMA PRESS

material didn't meet building standards for towers above 18 meters, or about 59 feet, tall.

But British building industry experts and the British company that supplied the material to Grenfell Tower contractors maintain that it is compliant with current building codes.

Arconic makes a similar product, Reynobond FR, using a fire-retardant filling. It wasn't used in the Grenfell Tower refurbishment.

The cladding has become a focus for authorities in the aftermath of the fire because video footage of the blaze appeared to show flames spreading fast up the building along its exterior. Recent fires in

France, Australia and the United Arab Emirates have involved quickly spreading flames along buildings' exterior cladding, as well, raising global concerns about such material.

It isn't clear if any of those fires involved the exact same

cladding as that covering the 24-story Grenfell Tower.

British authorities are conducting a criminal investigation into the fire.

British fire-service officials and others were now involved in a large-scale testing operation, soliciting samples of building materials from across Britain to test. Mrs. May suggested the U.K. would relocate residents in towers that were identified as containing flammable cladding. Such a move could involve relocating tens of thousands of residents.

"We cannot and won't ask people to live in unsafe homes," she told Parliament.

London Mayor Sadiq Khan called for the government specifically to rehouse residents affected. "There is now a huge amount of work to urgently do to ensure that it is safe for people to remain in properties affected. If not, the government must support people be-

ing rehoused immediately while cladding is being removed."

The U.K. Department for Communities and Local Government has said such cladding isn't compliant with building regulations, citing rules that say any insulation used in external wall construction for high-rise buildings should be of "limited combustibility." A spokesman repeated that position Thursday morning.

But others inside the industry have contested the government's interpretation of that rule. This week, CEP Architectural Facades Ltd., the company that supplied the cladding material, said Reynobond PE does comply with building regulations in England and Wales. CEP provided the cladding to a separate contractor, Harley Facades Ltd., which installed it as part of the refurbishment.

Harley Facades last week said it would be inappropriate to comment on any aspect of the fire or its causes in advance of the investigation and that it wasn't aware of any link between the fire and the exterior cladding to the tower.

A spokesman on Thursday declined to comment on whether Reynobond PE was compliant with building regulations.

Arconic couldn't be reached to comment.

Arnold Tarling, a chartered surveyor and fire-safety expert, said building regulations did allow for cladding to contain flammable substance, as long as it was "fully bonded" to a noncombustible material like aluminum, as is the case with Reynobond PE. He said cladding wasn't generally viewed as insulation but that, even if it were, then bonding aluminum sheets to both faces would make it compliant.

WORLD WATCH

THE PHILIPPINES

Neighbors Seek To Unify Terror Fight

Three Southeast Asian nations pushed for better counterterrorism coordination amid a battle between government troops and Islamic State-aligned militants in the southern Philippines.

Military and police chiefs and foreign ministers from the Philippines, Indonesia and Malaysia discussed boosting intelligence sharing and cutting off terrorism financing, part of efforts to block Islamic State's expansion into the Philippines and the wider region.

Officials also said they would review each other's terrorism

laws "with a view to enhancing legislation," consider the provision of specialized military and law enforcement training and seek ways to stem the movement of terrorists.

Philippine troops have been battling militants linked to Islamic State for a month in Marawi, a city of 200,000 on the predominantly Muslim island of Mindanao.

—Ben Otto

AFGHANISTAN

Car Bomb Kills 34 In Southern City

A car bomb killed 34 people in the southern city of Lashkar Gah, an Afghan official said, the

latest in a string of attacks in Helmand province where Taliban militants are closing in on the provincial capital.

The Taliban claimed responsibility for the bombing, which targeted a branch of the New Kabul Bank, said Omar Zwak, spokesman for the provincial governor. The group has carried out a number of attacks in the past targeting civilians and government employees in Kabul Bank branches.

In addition to the 34 killed, he said more than 60 people were wounded, most of them civilians.

The Taliban have expanded territory under their control in Helmand province.

—Habib Khan Totakil

FRANCE

Macron Says Assad Can Stay for Peace

President Emmanuel Macron said removing Syrian leader Bashar al-Assad from power shouldn't be a precondition for a peace deal in the war-torn nation, a shift in French policy after years of Paris calling for Mr. Assad to step aside.

Mr. Macron's comments mark his first major foreign-policy departure from the stance of his predecessor, François Hollande.

Mr. Macron, however, drew a "red line" against Mr. Assad using chemical weapons.

—Matthew Dalton

Likely Carriers

Wildlife ranked by their predicted likelihood of harboring the highest number of viruses likely to infect people.



Bats

17.22 viruses



Primates

e.g. monkeys, apes

9.67



Rodents

e.g. rats, mice

9.63



Carnivores

e.g. foxes, ferrets

5.39



Lagomorphs

e.g. rabbits

4.80



Even-toed ungulates

e.g. deer, cattle, antelopes

4.16

Notes: Figures include viruses not yet discovered and are corrected for biases in the data due to uneven reporting
Source: EcoHealth Alliance

THE WALL STREET JOURNAL.

WORLD NEWS

Iraqis Move To Punish ISIS Families

BY BEN KESLING
AND GHASSAN ADNAN

BAGHDAD—Local governments in northern Iraq are seeking to punish the families of Islamic State members, in defiance of warnings by the nation's leader that the policy will further fragment the country as it emerges from years of war.

The city council of Mosul passed an ordinance this week saying it would expel all families of those who had joined the extremist group, as a neighboring province said it would refuse to accept any of those forced to leave.

U.S.-backed Iraqi forces have battled for eight months to push Islamic State from Mosul, the militant group's last major stronghold in the country. Tensions have been high, as residents who have lived under three years of brutal occupation clamor for retribution, sometimes with public protests.

The federal government fears that large-scale retaliation could inflame resentments. Iraqi Prime Minister Haider al-Abadi, once criticized for being slow to address the issue, has said a family should not be punished for the crimes of just one person, citing verses from the Quran to support his position.

He has empowered federal forces—the only ones with any real power—to prevent such punishments, either through force or by refusing to take part in such efforts. A member of the National Security Service, the country's intelligence force, near Mosul said it has orders to prevent a deportation from Mosul.

Mr. Abadi has been in conversation with local lawmakers to try to forestall such measures and routinely mentions the issue in his weekly addresses to the nation. When protests hap-

pen, representatives of the federal government have been known to calm the situation.

During its 2014 blitz though vast swaths of the country, the Sunni radicals of Islamic State took over much of the three Sunni-majority provinces of Shiite-dominated Iraq—Anbar, Salahuddin and Nineveh, where Mosul is located. As Islamic State loses territory to Iraqi forces, families across the country who have been pushed out of their homes can end up in displaced person camps with no real prospects.

"Kicking out Daesh families is a key thing and a natural reaction by people to what they have been subject to by Daesh terrorists," Zuhair al-Jabouri, a Mosul district councilman, using the Arabic acronym for Islamic State, said following the Monday vote. The council which was exiled to nearby Erbil during Islamic State occupation, reformed in Mosul after much of the city was retaken.

While Mosul councilmen have said they hope the families will be sent to some sort of rehabilitation camp, the governor of neighboring Salahuddin province said Wednesday that he would refuse to accept any of those expelled.

"Let deported Daesh families go somewhere else," said Khalid al-Kazraji, a Salahuddin provincial council member. "We try to keep our province safe."

"A few days ago....thousands of people protested against the presence of Daesh families in Mosul and tried to attack such families and kick them out," said Mohamed Ibrahim, head of Nineveh provincial council's security committee. "We should deal with it quickly before things get out of control."

In Anbar, tribal authorities came together last year to expel



Men who fled fighting in western Mosul in March were separated from their families for investigation into possible links to ISIS.

such families from their homes in cities, and eventually the provincial government also supported the move, saying that leaving families in place could foster a cycle of revenge. At the time, the central government did little to prevent such actions.

Baghdad hasn't tried to resettle such families in their old homes, some of which have been destroyed.

In makeshift housing outside a village in Anbar, 65-year-old Ahmed Agool said he hasn't been allowed to return to his home in Khaldiya, where his house was destroyed during the military operation against Islamic State. "Everyone blames me because of my son who joined Daesh."

The man, who has lost everything, laments his son's decision to join Islamic State and the authorities' refusal to believe his disapproval of it.

"I denounced my son," he said. "I went to the court in Ramadi and the police office there and denounced my son because he joined Daesh." But that changed nothing, he said.

ISIS Bombs Mosque As Troops Close In

ERBIL, Iraq—Islamic State militants bombed the historic Nouri Grand Mosque in Mosul late Wednesday, Iraq's military said, destroying the site where Islamic State's leader first announced the creation of a self-declared caliphate straddling Iraq and Syria.

The destruction of the mosque came as Iraqi counter-terrorism forces approached within 50 meters of the structure, in a final push of an eight-month campaign to reclaim the last major urban territory controlled by Islamic State in the country.

The mosque had become a symbol of the militant group's control of huge swaths of the country in 2014. Its destruction comes nearly three years to the day Abu Bakr al-Baghdadi used the landmark to announce the creation of his so-called caliphate—a territory that has

shrunk significantly in recent months. Since October, Iraqi forces backed by U.S. advisers and air power have reclaimed nearly all of Mosul.

Iraq's military called the detonation of the ancient mosque "a historic crime."

Islamic State, in a statement posted online through its media arm, claimed the mosque had been destroyed by an American airstrike.

"As our Iraqi Security Force partners closed in on the al-Nuri mosque, ISIS destroyed one of Mosul and Iraq's great treasures," said Maj. Gen. Joseph Martin, commanding general of Combined Joint Forces Land Component Command-Operation Inherent Resolve.

"This is a crime against the people of Mosul and all of Iraq, and is an example of why this brutal organization must be annihilated," Gen. Martin said.

The structure sat in the small Old City district where the militants are putting up a fierce fight in a city that they have all but lost, but at one

point symbolized their startling strength.

In July 2014, Mr. Baghdadi ascended the imam's pulpit in the historic mosque and made his first public speech, declaring himself the leader of all Sunni Muslims. Built in the late 12th century on the western bank of the Tigris River, and once best known for its 150-foot leaning minaret, it quickly became a symbol of Islamic State's grip on Mosul.

His speech came less than one month after the extremist group's fighters swarmed Iraq's Sunni population centers, seizing about one-third of the country in a blitz that sent Iraqi forces into retreat and ceding control of Mosul, Iraq's second-largest city, to Islamic State.

The mosque's reclamation holds mostly symbolic value for Iraqi forces just starting to break the militants' fierce grip on western Mosul's Old City, a densely packed warren of narrow streets and alleys and brittle homes.

—Tamer El-Ghobashy

Fixing Kingdom's Economy Will Test Crown Prince

BY NICOLAS PARASIE

DUBAI—Now that he has secured his place as next in line to the Saudi throne, Mohammed bin Salman faces his next big test: overhauling the kingdom's ailing economy.

As deputy crown prince, Mohammed bin Salman last year championed a plan to transform the kingdom's oil-dependent economy by creating jobs, boosting the private sector and attracting foreign capital.

But more than a year later, the so-called Vision 2030 reform plan has made little headway. Saudi Arabia's revenues are still largely reliant on oil sales and with crude prices low, the kingdom has been forced to borrow heavily to shore up its finances.

The troubles bolster a perception that now-Crown Prince Mohammed has been fast to promise and slow to deliver. More important, they raise the prospect that the most unpopular economic reforms he has promoted could be reversed.

"The promulgation of the new vision went at supersonic speed," said Florence Eid-Oakden, chief economist at Arabia Monitor, a London-



Shops have closed in Riyadh. So far, Mohammed bin Salman's reform plan has made little headway.

based research and strategy firm. "The implementation is going more slowly."

The crown prince's push for reform has come up hard against the bureaucratic and legal obstacles that have long made Saudi Arabia a difficult place to do business. In the World Bank's Doing Business Index, Saudi Arabia ranks 94

out of 190 economies. For ease in starting a business, the kingdom ranks 147, trailing Gulf neighbors Qatar and the United Arab Emirates.

There also remain pockets of resistance to reform among members of the royal family, the religious establishment, the business elite and the civil service, analysts say.

Not all members of the Allegiance Council, which has the final say over the issue of succession in the Saudi royal family, voted in favor of Prince Mohammed's promotion. This suggests there are still some in the royal family who aren't fully behind him.

Still, some analysts say the crown prince is better posi-

tioned to push ahead with reform now that he is next in line to the Saudi throne, supplanting his more-cautious cousin Mohammed bin Nayef. He can consolidate domestic power and more effectively counter opposition to the 2030 plan, these people say, and eventually redirect and revitalize the region's biggest economy.

"The change in succession cements the prospects of the successful implementation of Vision 2030," said Giyas Gokkent, an economist at the Institute of International Finance, a Washington, D.C.-based trade group representing global financial institutions.

Just hours before Mohammed bin Salman's promotion was announced Wednesday, index provider MSCI Inc. said that it would consider classifying the kingdom as an emerging market as early as next year, a move that could draw billions of dollars to the economy.

During his recent visit to Saudi Arabia, U.S. President Donald Trump also provided a vote of confidence. He was accompanied by a large delegation of prominent business leaders eager to explore op-

portunities in the kingdom and betting that its economic liberalization will prove profitable.

Banks such as J.P. Morgan Chase & Co. play a key role in advising and financing Vision 2030 reforms, such as the listing of Saudi National Oil Co., or Aramco, a state asset that the new crown prince has previously valued at \$2 trillion. Citigroup Inc. recently obtained a much-coveted banking license. General Electric Co. and other companies have pledged to invest billions of dollars in the Saudi economy.

"It is a market where you more likely than not want to be present," said Sjoerd Leenart, head of J.P. Morgan for the Middle East, Africa and Turkey. But he added: "Those looking for the quick buck will not succeed."

While the Saudi government is on track with some of its 2030 targets such as reducing the fiscal budget, it lags behind in others.

The \$200 billion program to privatize state entities, airports and utilities has moved slowly. Even the Aramco IPO is facing delays because of its complexity, though Saudi officials say it will still take place in 2018 as scheduled.

Saudi Firms Tap Turks for Qatar Cargo

BY YELIZ CANDEMIR

ISTANBUL—Several Saudi companies are completing plans with Turkish logistics companies to transport goods to Qatar, according to Turkish businessmen, an arrangement that illustrates how profits are being made even as diplomatic relations in the region remain tense.

Turkish companies have been a major beneficiary of the break in diplomatic—and some commercial—relations that Saudi Arabia, Bahrain, the United Arab Emirates and Egypt have made with Qatar in protest at what Riyadh has claimed is Doha's "financing, adopting and sheltering extremists."

Teksan Lojistik, one of Tur-

key's largest logistics companies, says its orders have jumped 110% since the political crisis erupted June 5. General manager Serdar Aydin said clients booking shipments are mainly Turkish companies selling to Qatar firms, but that he is also negotiating with several large Saudi companies that are trying to honor contracts with Qatari clients but that have found themselves blocked from sales or deliveries by Riyadh's embargo on Doha.

He said that his company is negotiating the delivery of 50 to 60 tons of Saudi products, and the main issue delaying Saudi transhipments is a lack of capacity on boats or cargo planes. "We are having a prob-

lem to find space in flights to deliver goods," Mr. Aydin said.

Cargo space is completely full for all orders to Qatar right now, according to Mr. Aydin and officials from other Turkey-based logistics companies. He said capacity should open up next week, after the religious Eid holiday.

Turkish Economy Minister Nihat Zeybekci said that 105 Turkish cargo planes have so far delivered goods to Qatar, while public-service advertisements have appeared on social media explaining the Turkish words for basic goods, such as milk, for Arabic-speaking Qataris.

As Turkey's diplomatic relations with Europe soured, its attention to the Gulf has



Port workers unloaded a container ship in Doha, Qatar, last week.

grown, both as a destination for Turkish exports and as a source of foreign direct investment.

Mr. Erdogan this year made a pitch for a free-trade pact between Turkey and the GCC, as many major Turkish compa-

nies do a roaring business across the Gulf.

Turkey's trade volume with Qatar hit \$710 million last year, and trade with Saudi Arabia was \$5 billion, according to data from the Turkish Statistics Institute.

U.S. NEWS

Sticking Points Slow GOP Budget Efforts

House Republicans are struggling to agree on a plan to fund the federal government for 2018, a critical task that they must tackle before moving ahead with ambitions for a tax overhaul.

By **Kate Davidson, Kristina Peterson and Richard Rubin**

Defense hawks want to boost military spending above levels imposed by spending curbs six years ago. But many Republicans aren't willing to support the higher spending absent spending cuts elsewhere, as they are trying to balance the federal budget over the next decade without raising taxes.

The debate has delayed GOP efforts to move forward with a budget resolution—which Republican lawmakers plan to use as a tool to advance their tax plan—as well as spending bills needed to keep the gov-

ernment running once its current funding expires Oct. 1.

Time isn't on their side: Congress leaves for a weeklong recess for the Fourth of July and will be out for five weeks starting July 28, leaving little room on the legislative calendar.

"The sticking points are all good sticking points," said Rep. Jim Renacci (R., Ohio), a member of the budget committee, who said the panel is trying to come up with a budget as quickly as possible. "You have people who want to spend more on defense. You've got people who want to curtail spending....In the end, we've got to do a little bit of both."

Some Republicans want to see military spending boosted to \$640 billion, well above current law's limit of \$549 billion for fiscal year 2018. They argue that the spending caps are harming national security and should be lifted, especially in a time of heightened geopolitical risk.

"What we've done to our

defense is nearly criminal, and our ability to defend ourselves has absolutely been impacted," said Rep. Chris Stewart (R., Utah), a former Air Force pilot who supports the \$640 billion level for defense spending.

Most Republicans, however, wouldn't support increased military spending without corresponding cuts to other parts of the budget. The problem is that Republicans have spent years slimming down non-defense discretionary spending, leaving less to trim at this point. Many of them balked at cuts that President Donald Trump's budget proposed to popular programs and agencies, such as the National Institutes of Health, the Centers for Disease Control and Prevention, and regional economic development programs.

"While there is obviously waste and duplication, there are a lot of important things the federal government does, from defense, food safety, medical re-



A budget resolution is needed to keep the government running once its current funding expires Oct. 1.

search, lots of things," said Rep. Frank Lucas (R., Okla.).

Democrats have said they are willing to boost defense spending, but not without an increase in nonmilitary spending, as well. "We have to have a responsible budget," said Sen. Ben Cardin (D., Md.)

"I don't think you can just say

add one and cut the other."

The House Budget Committee is aiming to mark up the budget resolution as early as next week.

House Republicans said they were presented five options for how to proceed with the spending bills and a budget resolution this year at a meeting with GOP leadership Wednesday. But

there was no consensus on the best path forward.

Most House Republicans say they will ultimately have to deliberate with Democrats, who will have leverage in both chambers, since House Republicans rarely have enough votes to pass spending bills with just GOP votes.

HEALTH

Continued from Page One largely tight-lipped as they emerged from a closed-doors meeting that lasted nearly 90 minutes as Mr. McConnell briefed them on the bill's contents.

Although Senate GOP leaders praised the initial draft of the bill, they quickly noted that the text was subject to change before a vote expected next week. With 52 Republican senators and no Democrats expected to support the legislation, Mr. McConnell can lose no more than two GOP votes for the bill to pass under a special process tied to the budget.

"Right now we've got members who are going to be interested in seeing it, digesting it, and then looking to see if there are things we can do to refine it, make it more acceptable to more members in our conference to get to 50 [votes]," said Sen. John Thune (R., S.D.).

In particular, the tax credits and phaseout of the Medicaid expansion are likely to come under scrutiny, and Republicans may seek to dial their levels up or down, Mr. Thune said.

"Right now the challenge is: how do we get to 50?" he said.

If the Senate splits 50-50,



Senate Majority leader Mitch McConnell leaves the chamber after announcing the release of the GOP health-care bill on Thursday.

Vice President Mike Pence, a Republican, would break the tie. The challenge for GOP leaders is that both conservative and centrist Republican senators have expressed reservations about parts of the bill,

leaving Mr. McConnell little room to maneuver.

After briefing Senate Republicans, Mr. McConnell headed to the Senate floor, where he said the bill represented the outcome of long,

Health-Care Law Fares Better in Poll

More Americans approve of the Affordable Care Act than the House Republican bill to repeal and replace it, but many still want Congress to find some way to fix former President Barack Obama's signature health-care law, a new Wall Street Journal/NBC News poll finds.

Asked how they viewed the 2010 health law widely known as Obamacare, 41% of respondents said it was a good idea, and 38% said it was a bad idea, according to the poll, which was released just as Senate Republicans unveiled their own version of a health-care overhaul.

The GOP health-care bill passed by the House in May was resoundingly panned in the poll: Just 16% said the House repeal-and-replace bill was a good idea. That is even less popular than the 23% approval it drew in a poll taken shortly after the bill was passed.

Some 48% viewed the House GOP bill as a bad idea, including 41% who strongly believed so.

Senate Republicans have been drafting their own version of legislation to repeal and replace Obamacare, with plans to bring it to a vote as early as next week.

The Obama-backed law grew more popular this year as President Donald Trump and the Republican-led Congress began talks to repeal it. In January, the Journal/NBC News poll found that more people viewed the law as a good idea rather than a bad one, the first such finding since the law was passed.

The share viewing the law as a good idea has slipped slightly, from 45% in January to 41% in the new survey. Some 38% think Obamacare is a bad idea, the least negative rating since the law passed. As for what should happen next, 38% said Congress and Mr. Trump should continue their efforts to repeal and replace Obamacare.

The Journal/NBC poll was conducted June 17-20 and included 900 adults. The margin of error was plus or minus 3.27 percentage points.

—Janet Hook

closed-door negotiations among the 52 Senate Republicans.

"I'm pleased that we were able to arrive at a draft that incorporates input from so many different members, who

represent so many different constituents, who are facing so many different challenges," Mr. McConnell said.

Senate Democrats criticized the bill for curbing Medicaid funding while repealing taxes

Trump Says Obama Team Failed to Block Hacking

By **REBECCA BALLHAUS**

WASHINGTON—President Donald Trump on Thursday morning issued a series of Twitter missives blaming Democrats and the Obama administration for not doing enough to protect against Russian hacking efforts in the 2016 election.

While the Capitol was consumed Thursday morning with Senate Republicans' health-care bill, Mr. Trump seized on testimony by former Department of Homeland Security Secretary Jeh Johnson before a House committee the day before to defend himself in the continuing probe of Russian interference in the 2016 vote and alleged collusion by his associates.

Mr. Johnson and current DHS officials testified that Russia had interfered in the U.S. election to boost Mr. Trump and hurt Democrat Hillary Clinton.

Mr. Johnson, asked whether he had seen evidence that Mr. Trump or his campaign had colluded with Russia, said he hadn't "beyond what has been out there open-source, and not beyond anything that I'm sure this committee has already seen and heard before, directly from the intelligence community."

That statement, Mr. Trump wrote on Twitter, made Mr. Johnson the "latest top intelligence official to state that there was no grand scheme

between Trump and Russia."

"By the way, if Russia was working so hard on the 2016 Election, it all took place during the Obama Admin. Why didn't they stop them?" he added.

Mr. Johnson testified on Wednesday that the Obama administration had initially sought to avoid making announcements about Russian interference efforts in order not to give the appearance it was taking sides in the election.

President launches Twitter barrage against Democrats over Russia probe.

When the administration did publicly address the efforts, in October, Mr. Johnson said the news was pushed "below the fold" by another story that day: the release of "Access Hollywood" tapes that revealed Mr. Trump making lewd comments some decades ago.

On Thursday Mr. Trump also criticized the Democratic National Committee, asking why the organization declined to turn over its server to the FBI and turned down the Department of Homeland Security's offer to help safeguard against cyberattacks.

"It's all a big Dem HOAX," he wrote. "It's all a big Dem scam and excuse for losing the election!"

It isn't usual for victims of a breach to turn over logs and other data rather than the physical server.

On Wednesday Mr. Johnson testified that the DNC, which had a trove of emails stolen and published on WikiLeaks, and several states rejected DHS's offer of assistance last summer. Mr. Johnson said he was told by his staff that the DNC didn't think it needed DHS's assistance at the time.

A spokeswoman for the DNC wrote in a statement Wednesday: "The DNC was contacted by DHS months after the DNC worked closely with the FBI to remedy the intrusion. The DNC then provided DHS with detailed information about the intrusion. The DNC has been in regular contact with the FBI for many months and the FBI confirmed the DNC has provided all the information it needed to make its assessment."

The tweets came after Mr. Trump spoke for more than an hour at a campaign rally in Cedar Rapids, Iowa, touching on a range of subjects but staying away from the Russia matter. Mr. Trump's lawyers and top advisers have urged him not to tweet or speak about Russian hacking efforts while the Justice

—Byron Tau contributed to this article.

WHITE HOUSE Visas for Seasonal Workers Boosted

The Department of Homeland Security said it would make more visas available for seasonal summer workers, responding to complaints from businesses and members of Congress about a significant shortfall.

By law, the number of H-2B visas is capped at 66,000, divided between the summer and winter seasons. This year, the allotment was exhausted in March. The visas, which are for temporary, nonagricultural jobs, are used in tourism and other industries.

In past years, Congress has exempted returning workers from the cap, enabling many additional foreigners to participate in the program, but lawmakers didn't renew that exception for this year. Instead, in May Congress gave DHS authority to add

additional visas if Secretary John Kelly found businesses that were at risk without them.

"The Secretary did not make this decision lightly and is exercising his authority in an effort to help businesses around the country at risk of failing," spokesman Dave Lapan said Wednesday.

He added that Congress was "passing the buck" by not clearly legislating how many visas should be issued and said Mr. Kelly "expects that this one-time occurrence is an anomaly."

—Laura Meckler

NEW MEXICO

Deaths Spur Rethink Of Treasure Hunt

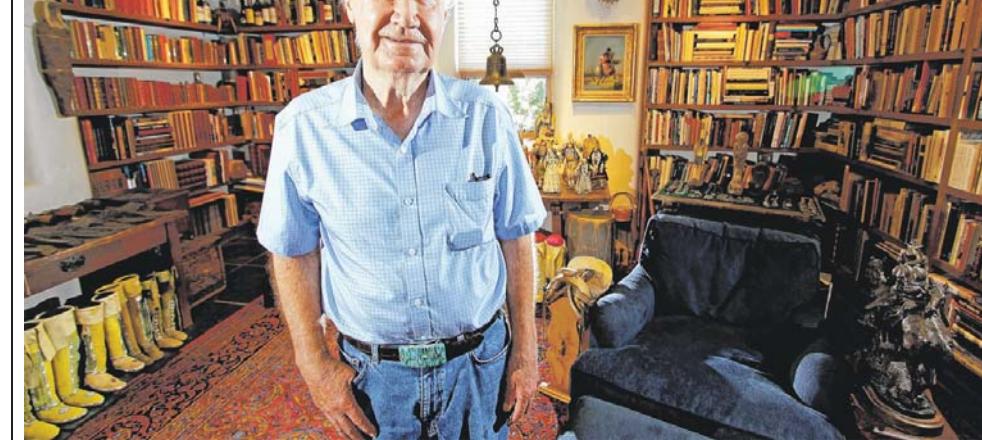
An eccentric millionaire, who claims to have hidden gold and gems in the mountains of northern New Mexico, is considering calling off the legendary treasure

hunt after a man died recently looking for the bounty.

Antiques dealer Forrest Fenn, whose treasure hunt has drawn thousands to the Rocky Mountains north of Santa Fe, said the death of Paris Wallace, a Colorado pastor, has compelled him to re-examine the popular search. "I am thinking about several options, including stopping the search," he said. "I have consulted several friends who are helping me decide."

Sometime in mid-June, Mr. Wallace set out from his home in Grand Junction, Colo., and headed for New Mexico—hoping, like so many others before him, to find the chest of gold that Mr. Fenn had supposedly hidden there. On Sunday, two rafters discovered what police believe was the body of Mr. Wallace, 52 years old, floating in the Rio Grande, not far from the rugged area where he was searching.

—Dan Frosch and Covey E. Son



Forrest Fenn, shown in 2014, claims to have hidden gold and gems in the mountains of New Mexico.

IN DEPTH

SAUDI

Continued from Page One

social contract, making change even more urgent and political unity at the top a greater priority. Mohammed bin Salman is spearheading a plan to take the state oil company public in 2018 in what could be the world's biggest public offering and to invest proceeds in a fund to diversify the country's economy.

The change of power has profound implications for Saudi Arabia's political and economic future, for global oil markets and for allies inside and outside the Middle East. It casts into retirement the erstwhile crown prince, Mohammed bin Nayef, King Salman's nephew and a longtime antiterror official who had close ties with U.S. diplomats. It empowers a largely untested prince who may become even more powerful than his father, as dissenting factions have been edged out and power is now consolidated in King Salman's line.

"There hasn't been such a powerful central player since King Abdulaziz," said Steffen Hertog, a London School of Economics professor who studies Saudi Arabian politics. King Abdulaziz, the father of King Salman, founded the kingdom.

The Saudi royal family is increasingly squeezed by perceived threats in the Middle East, most of all the rise of its rival Iran after the end of Western sanctions linked to its nuclear program. Mohammed bin Salman is leading a costly war against Iranian-supported rebels in Yemen who toppled a Saudi-backed government and has inserted Saudi Arabia into the Syrian civil war, backing opponents of Iranian ally President Bashar al-Assad. Saudi Arabia has led a jarring diplomatic freeze-out of its onetime ally Qatar, over the tiny emirate's budding ties to Iran.

The young prince's overtaking of his older cousin has long been viewed as inevitable in some royal circles, according to people familiar with the matter. The timing of the move was cemented by the need to unify the kingdom's leaders behind the economic overhaul and foreign-policy moves, according to one of the people.

"It is a highly calculated move to make Saudi Arabia as stable as possible," the person said. "You need this clarity when you have a big ambitious reform plan you want to achieve."

One catalyst for the timing of Wednesday's shuffle: Mohammed bin Nayef's stance on Qatar. According to two people familiar with the matter, he wanted to resolve the dispute through diplomatic channels, while Mohammed bin Salman wanted to take a harsher stance. Mohammed bin Salman won the argument, and, on June 5, Saudi Arabia announced an economic blockade of Qatar.

The succession overhaul that was announced by royal decree—hours after the dawn meal that precedes the daily fast in the Muslim holy month

of Ramadan—was expected by some, but the timing may have been accelerated by the Qatar issue, according to one of the people familiar with the matter.

In the aftermath of the dispute between Mohammed bin Salman and his cousin, Saudi Arabia's Allegiance Council, which comprises 34 members of the royal family representing each lineage of Abdulaziz's sons, met in Mecca this week, said a person familiar with the matter. The council advises the king on matters of succession, but its decisions aren't binding. Its vote in favor of the leadership shuffle, however, showed there is a consensus within the family about Mohammed bin Salman's promotion.

Indicating a belief that urgent action was necessary, 31 members voted to oust the crown prince and promote Mohammed bin Salman, this person said.

In Washington, a senior administration official said the Trump administration knew the change was likely but didn't know this move would happen today. "Why now? What's behind it? Nobody knows," this person said.

Promoting a prince with a more aggressive line on foreign disputes is a change for the country. Its neighbors now see it taking "much more assertive, insistent domineering" approach to foreign policy, said Chas Freeman, who served as U.S. ambassador to Saudi Arabia under President George H.W. Bush. "Some of the neighbors regard it as a drive for Saudi hegemony in the region," he said.

The Saudi royals are increasingly squeezed by perceived threats in the Middle East.

The new heir apparent is likely to become the youngest ruler of Saudi Arabia since King Abdulaziz. He has taken a truculent approach to dealing with regional rivalries. In private meetings, he reminds visitors that his nation spends some \$60 billion a year on weapons, giving him the "upper hand" over surrounding nations.

Mohammed bin Salman will face economic changes that have gained urgency with the oil-price rout. A drop to less than \$45 a barrel, down over 60% since 2014, has ushered in a destabilizing period of austerity measures in a kingdom where oil money provided almost 80% of government revenue and underpinned a cozy lifestyle for the Saudi middle class.

The kingdom has a growing population of young people who can't find good jobs, with an unemployment rate over 28% in 2016 for people aged between 20 and 29.

Domestically, Mohammed bin Salman has significant support within the swelling ranks of young, foreign-educated Saudis who want more economic opportunity and



King Salman, left, with son Mohammed bin Salman in 2016 in Hafar al-Batin in Saudi Arabia's north.

BALKIS PRESS/SIPA USA/ASSOCIATED PRESS

fewer social restrictions. Since the kingdom's founding, the royal family's alliance with religious hard-liners has kept in place severe strictures. Women aren't allowed to drive and must get permission from relatives to travel abroad or marry.

Many young people want to lift such barriers, and Mohammed bin Salman has said he wants to increase the number of women in the workplace. In a country where 45% of the population of 32 million is under 25, that may be a key to economic growth.

"Mohammed bin Salman needs young people to help him succeed—and young people need him," said Ahmed Al-Ibrahim, 40, a Saudi business consultant. "He is ambitious, he has a vision and he delivers. He will push for the separation of mosque and politics."

Last year, the monarchy stripped the country's religious police of its powers to arrest and instructed its members to behave kindly toward suspected offenders. In a country where cinemas are banned, there is now a government body with the task of promoting entertainment. Government officials often hint the country's ban on women's driving will soon be lifted.

Before his father became king in January of 2015, Mohammed bin Salman had a relatively low profile in Saudi Arabia. But he had spent years at his father's side while the future king held a series of government positions.

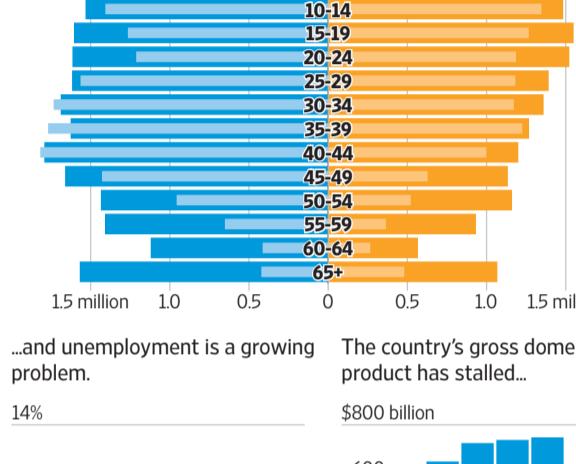
Tall, youthful and bearish, Mohammed bin Salman punctuates his enthusiastic discourses on politics and power with a tic in which he extends his neck and lifts his chin.

Since rising in power, he has driven his underlings hard. "It's always 'right now,'" when he's pushing an initiative, said one high-ranking official. The prince has demanded the IPO of Saudi Arabian Oil Co., or Saudi Aramco, happen quickly, said people familiar with the matter, and in the view of some officials, he rushed some economic reforms, leading to backlash among citizens.

After Salman became king in 2015 upon the death of his older brother Abdullah, another

Saudi Dilemma

Saudi Arabia's population is young and growing rapidly...



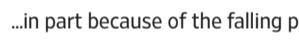
...and unemployment is a growing problem.



The country's gross domestic product has stalled...



...in part because of the falling price of oil.



\$150 a barrel

125

100

75

50

25

0

2000 10 2010 12 14 16

Sources: United Nations (population estimates); Jadwa Investment (unemployment, GDP); WSJ Market Data Group (oil).

brother, Muqrin bin Abdulaziz, was appointed crown prince. Mohammed bin Salman was appointed defense minister and chairman of the country's Council for Economic and Development Affairs, putting him at the head of military and economic matters. The king's young son monopolized the limelight, becoming the face of the kingdom's ambitious economic overhauls and its war to oust Iranian proxies from Yemen.

Crown prince Muqrin bin Abdulaziz resigned in April 2015, making room for Mohammed bin Nayef, a nephew of King Salman's, to become crown prince,

and Mohammed bin Salman to become deputy crown prince. That structure was a major shift, as for the first time it named a successor to the throne who would be of the younger generation. It was also the first time a sitting crown prince had been replaced.

But Mohammed bin Nayef was also quickly eclipsed by the young Mohammed bin Salman, who announced an economic-overhaul plan called Vision 2030 in 2016. To deal with the impact of low oil prices on the kingdom's finances, he announced new austerity measures including cuts to public-employee sal-

aries and reduced energy and water subsidies. The cuts were made even more necessary by the expensive war in Yemen against Houthi rebels.

As his cousin's public profile rose, Prince Mohammed bin Nayef spent a long stretch of 2016 on vacation in remote Algeria, and, until September of last year, kept a relatively low profile even when in Riyadh, reinforcing the view that his power was waning.

Mohammed bin Salman's profile meanwhile continued to rise. In January 2016, he announced he planned to take a minority stake in Saudi Aramco public. That plan raised concerns among some within the company about losing control of the source of most of Saudi Arabia's income.

Consumers also griped about some of the subsidy cuts, and business owners had problems with overhaul measures including some designed to increase Saudi employment. Early this year, the prince met with 10 business leaders who complained that few Saudi companies grew last year, while many lost money.

Private sector growth was sluggish, they said, and suffered from declining purchasing power of consumers. They said rising fuel costs—the result of subsidy cuts—were hurting them, according to a meeting document the Journal reviewed.

Mohammed bin Salman also ran into political challenges with austerity measures aimed at curbing government spending. Late last year, he instituted cuts to government employees' allowances and bonuses. They proved unpopular, and in April King Salman reversed them as part of a series of decrees that also put two of his other sons in elevated positions, including U.S. ambassador.

Known to be intrigued by Wall Street and eager to do deals abroad, he faces the challenge of pulling off the IPO of Saudi Aramco, a complex deal that he has said could value the company at \$2 trillion—although inside the company, some officials said that is likely to be less than \$1.5 trillion. Mohammed bin Salman has cultivated relationships with bankers and international business figures, seeking advice on how to bring investment into Saudi Arabia and looking for ways to invest the country's money in industries other than oil.

The demands of the prince's new job stand in contrast to the traditional court process that put him in the role. At their Mecca meeting, all but three of the members of the Allegiance Council endorsed the shuffle, according to one official familiar with the vote.

In a ceremony broadcast on Saudi television, Mohammed bin Nayef formally acceded to his younger cousin, saying, "I pledge allegiance to you. I am content."

And he told his cousin, "God help you. Now I will rest, and you, God help you."

—Maria Abi-Habib,
Margherita Stancati and Carol
E. Lee contributed to this
article.

FISHY

Continued from Page One

Other methods include verification by a biologist and surveillance to catch cheaters who in the past have employed creative tactics, including loading fish with weights, switching a catch with a larger fish in waiting, and tail trimming to allow larger fish to win a small-length category. Some states, such as Texas and Alabama, have passed laws to combat fish-tournament fraud.

Polygraph tests aren't perfect, but they help deter cheating, say organizers of the White Marlin Open, which draws more than 300 boats and 2,000 anglers who pay \$1,000 each year to compete. Polygraph tests are required for its winners of amounts greater than \$50,000.

In the case of the Maryland marlin, all four men on board the Kallianassa were administered polygraph tests.

One day after boating the multimillion-dollar fish, Mr. Heasley and his captain, David Morris, took turns sitting before a polygrapher in a second-floor room in an Ocean City hotel. Then came the questions:

"Did you commit any tournament violations Tuesday?"

"Did you commit any tournament violations on your vessel?"



Phil Heasley, center left, and team at the 2016 White Marlin Open in Ocean City, Md.

"Did you commit any tournament violations?"

Mr. Heasley wiggled his toes and bounced his legs, according to court depositions. "I'm not a stationary person—I'm fidgety," he said. His captain was nervous, hung over, and complained of claustrophobia, according to the deposition. Both answered "no" to the questions. Neither passed the test.

"For the first time in my life, my integrity and honesty have been challenged, not because of any allegation of wrongdoing, but because of polygraph tests," Mr. Heasley said in a written statement this week. "The toll that these events have had and continue to have on my family and my crew is massive and harrowing."

Capt. Morris said, also in a written statement this week: "I am a fisherman, it's who I am. My word is my reputation, it follows you in this business. My crew and I are honorable fisherman, nothing will ever change that, not skewed polygraphs nor distorted and fabricated timelines. My crew and I stand by our word and our reputation."

Mr. Heasley's lawyer said Mr. Heasley and his crew abided by all of the tournament rules and regulations.

Mr. Heasley said he was hung over after drinking 15 beers the night before, according to court documents, took another polygraph test. All three failed.

According to the test results, Mr. Heasley and the two mates were deceptive about whether or not they violated any tournament rules.

In addition to the failed polygraphs, the tournament record showed signs of misconduct, according to event organizers. The record was initially marked down with a catch time of 8:15 a.m. That time was crossed out and changed to 9:05 a.m. before Mr. Heasley submitted it to officials. Tournament rules prohibit fishing before 8:30 a.m.

After his second failed polygraph test, tournament officials announced Mr. Heasley was in violation of the rules and wouldn't receive the prize money.

The matter moved to federal court in Baltimore, with contest organizers asking to redistribute the \$2.8 million first prize to 13 competitors who won other categories during the tournament.

After a two-week trial, the judge ruled on June 14 that Mr. Heasley and his crew failed the required test and, according to tournament rules, wouldn't receive the winnings.

The judge also found Mr. Heasley and the Kallianassa crew violated the tournament's time ruling. "Specifically, one of whom said he

BOOKS

'We have gold because we cannot trust governments.' —Herbert Hoover

Goodbye, Yellow Brick Road

Gold shaped America's monetary policy—and Americans' fantasies of wealth—for nearly four centuries

One Nation Under Gold

By James Ledbetter

Liveright, 380 pages, \$28.95

BY JAMES GRANT

IT'S NO WORK at all to make modern money. Since the start of the 2008 financial crisis, the world's central bankers have materialized the equivalent of \$12.25 trillion. Just tap, tap on a computer keypad.

"One Nation Under Gold" is a brief against the kind of money you have to dig out of the ground. And you do have to dig. The value of all the gold that's ever been mined (and which mostly still exists in the form of baubles, coins and ingots), according to the World Gold Council, is a mere \$7.4 trillion.

Gold anchored the various metallic monetary systems that existed from the 18th century to 1971. They were imperfect, all right, just as James Ledbetter bends over backward to demonstrate. The question is whether the gold standard was any more imperfect than the system in place today.

That system features monetary oversight by former university economics faculty—the Ph.D. standard, let's call it. The ex-professors buy bonds with money they whistle into existence ("quantitative easing"), tinker with interest rates, and give speeches about their intentions to buy bonds and tinker with interest rates ("forward guidance").

You wonder how the Ph.D. standard came to eclipse a system whose very name, "gold standard," is a byword for excellence. Addressing a national television audience on Sunday evening, Aug. 15, 1971, President Richard Nixon announced the temporary suspension of the dollar's convertibility into gold. No more would foreign governments enjoy the right to trade in their greenbacks for bullion at the then standard rate of \$35 to the ounce. (Americans had long since relinquished that right; indeed, as Nixon spoke, they could not legally own gold.) Roughly a half-century later, the temporary suspension is beginning to look permanent.

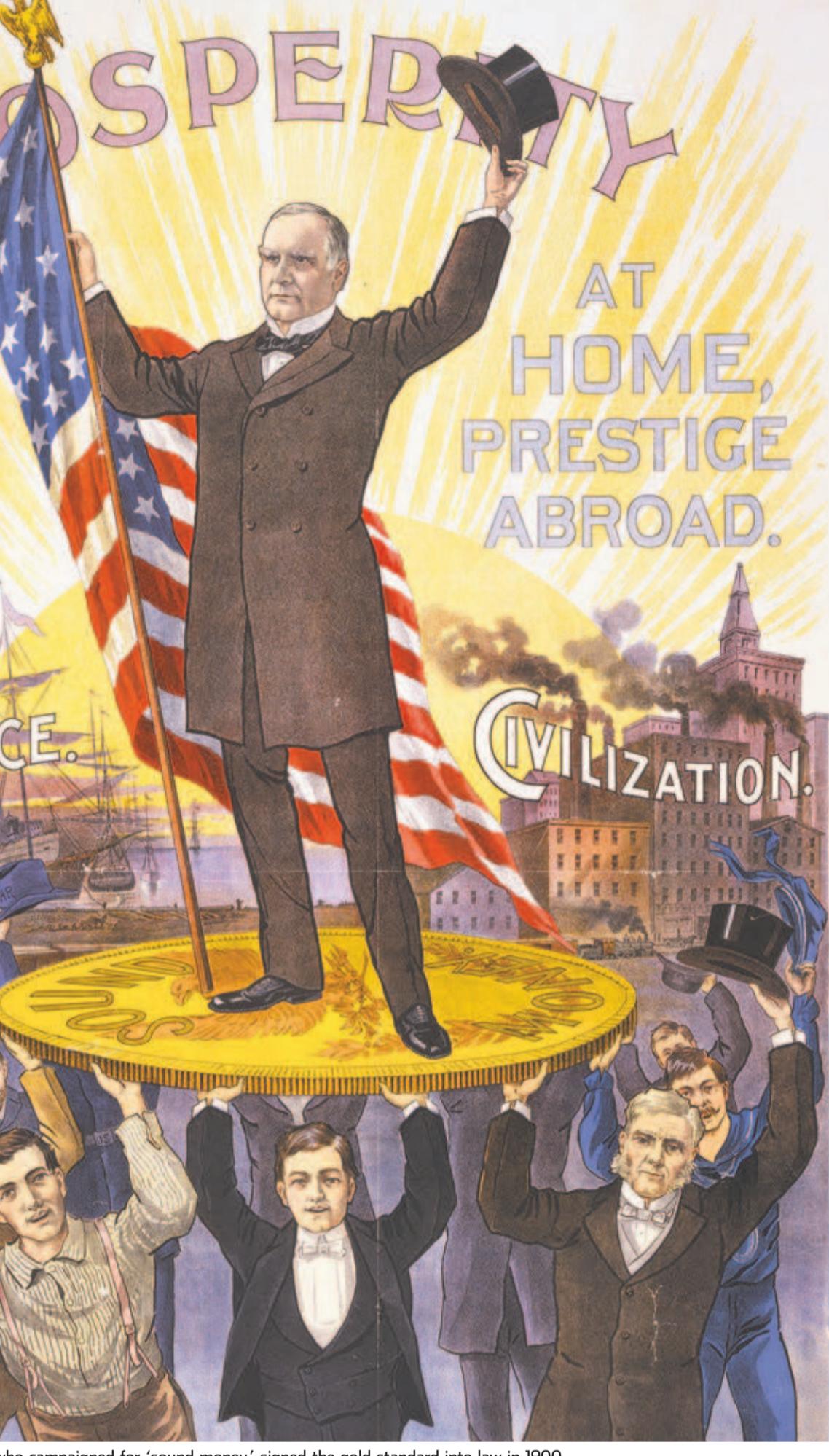
Up until the Nixon edict, paper money, under the law, was a kind of derivative. It derived its value from the metal into which it was convertible. Today's dollar is inconverible. To be sure, you can exchange Federal Reserve notes for gold coins or bit-coins to your heart's desire, but the rate of exchange is whatever the market will bear. Under a gold standard, fixedness was the great monetary virtue. Nowadays, adaptability is the beau ideal. As George Gilder observes, money has been transformed from a measuring rod into a magic wand. Anyway, the Hamiltons or Lincolns or Grants in your wallet owe their value to the government's fiat, not to its gold.

Mr. Ledbetter's book is a chronicle of the American people's fascination with gold. He is mystified and bemused by it. He rolls his eyes at the gold rushes and the gold-centered orthodoxies of yesteryear. Whatever were our forebears thinking?

His well-spun narrative spans the better part of four centuries. He takes us from gold mining in North Carolina during the administration of John Adams to the Founders' monetary protocols, which defined the dollar as a weight of gold or silver; from the California Gold Rush to the late-19th-century politics of inflation, featuring William Jennings Bryan and his unsuccessful campaign to inflate the gold dollar by substituting abundant silver; from the formation of the Federal Reserve in 1913—the dollar was still as good as gold—to the shockingly improvisational dollar policies of the New Deal. One fine day, Mr. Ledbetter relates, FDR raised the gold price by 21 cents because it seemed to the president that three times seven was a lucky number.

Next comes the patchwork gold regime of the 1950s and 1960s, the system known by the place at which it was conceived, Bretton Woods (N.H.). No more was gold the gyroscope, or flywheel, of the international monetary system, as Lewis E. Lehrman has written. Now the metal sat inert in vaults. Central banks might demand the right to convert their dollars into gold, and vice versa, but few exercised the option.

Mr. Ledbetter breaks some historical news by uncovering the existence of Operation Goldfinger, a se-



1896 Republican William McKinley, who campaigned for 'sound money,' signed the gold standard into law in 1900.

cret government project in the time of Lyndon Johnson to extract gold from "seawater, meteorites, even plants." By the late 1960s, America's foreign liabilities were growing much faster than the gold available to satisfy them. For better or worse, the run on finite American gold continued, and Nixon cut the cord.

On, now, to the great inflation of the 1970s, along with the rise of the goldbugs, the cranks (Mr. Ledbetter's interpretation) or visionaries (as others might style them) who predicted the collapse of the dollar and the rise of double-digit inflation in the Jimmy Carter years. In the mid-1970s, as Mr. Ledbetter recounts, the long fight to restore the right of American citizens to own gold—a right that FDR's administration had extinguished in 1933—was finally won. The author concludes his story with a survey of the contemporary rear-guard movement to expose the failings of today's monetary nostrums and reinstitute a gold dollar.

As if to clinch the case against gold—and, necessarily, the case for the modern-day status quo—Mr. Ledbetter writes: "Of forty economists teaching at America's most prestigious universities—including many who've advised or worked in Republican administrations—exactly zero responded favorably to a gold-standard question asked in 2012."

Perhaps so, but "zero" or thereabouts likewise describes the number of established economists who in 2005, '06 and '07 anticipated the coming of the biggest financial event of their professional lives. The economists mean no harm. But if, in unison, they arrive at the conclusion that tomorrow is Monday, a prudent person would check the calendar.

Mr. Ledbetter makes a great deal of today's gold-standard advocates, more, I think, than those lonely idealists who claim for themselves (or ourselves, as I am one of them). The price of gold peaked as long ago as 2011 (at \$1,900, versus \$1,250 today), while so-called cryptocurrencies such as bitcoin have emerged as the favorite alternative to government-issued money. It's not so obvious that, as Mr. Ledbetter puts it, "we cannot get enough of the metal." On the contrary, to judge by ultralow interest rates and sky-high stock prices, we cannot—for now—get enough of our celebrity central bankers.

The gold standard was a hard task master, all right. You couldn't devalue your way out of trouble. You couldn't run up a big domestic budget deficit. The central bank of a gold-standard country (if there was a central bank) was charged with preserving the convertibility of the currency and, in a pinch, serving as lender of last resort to needy commercial banks. Growth, employment and price stability took their own

course. And if, in a financial panic or a business-cycle downturn, gold fled the country, it was the duty of the central bank to establish a rate of interest that called the metal home. In the throes of a crisis, interest rates would likely go up, not down.

The modern sensibility quakes at the rigor of such a system. Our forebears embraced it. Countries observed the gold standard because it was progressive, effective, civilized. It anchored prices over the long term (with many a bump in the short term). It promoted balance in international accounts and discipline in domestic ones. Great thinkers—Adam Smith,

panics under monetary systems both metallic and paper. Which is to say that we earthlings will never achieve financial perfection. It seems that the trouble (or, at least, one trouble) with money is credit and that the trouble with credit is people.

The gold standard, perhaps above all, was a political institution. It flourished in the age of classical liberalism. It was the financial counterpart to the philosophy of limited government. The Ph.D. standard is likewise a political institution. It is the financial counterpart to the philosophy of statism. The policy that some banks are too big to fail—that they must be treated almost as wards of the state to prevent their failure—is a hallmark of the modern age. The policy—indeed, the law—that the stockholders of a bank are themselves responsible for the solvency of the institution in which they hold a fractional interest was a hallmark of the gold-standard era.

Mr. Ledbetter is on a mission to set the historical record straight and head off an unprogressive movement away from paper money. He writes: "To avoid gold's false paths, we need to argue with the past, to test the assumptions that are too often and too casually passed uncritically."

I expect that before very long we will be arguing with our immediate past—demanding to know why the public debt has doubled since 2007, second-guessing our collective belief in the mazy doctrines of "quantitative easing" and "forward guidance," and tuning in to watch congressional hearings into the causes of some future stock-market crash. Mr. Ledbetter has told some good stories. He hasn't made his case.

Mr. Grant is the editor of Grant's Interest Rate Observer.

BOOKS

'The quintessential Japanese balance . . . : to surrender all of yourself to an illusion, and yet . . . to know all the while that it is an illusion.' —Pico Iyer

FICTION CHRONICLE: SAM SACKS



IN TOMOYUKI Hoshino's novel "**ME**" (*Akashic*, 239 pages, \$15.95), a disenchanted electronics megastore clerk named Hitoshi swipes a stranger's cell phone at a McDonald's and then tricks the man's mother into wiring money into his bank account. But the joke is on him. Soon after, the old woman turns up at Hitoshi's apartment calling him Daiki, refusing to believe that he isn't her son and pestering him about getting married. A sobering thought for other would-be scammers: What if the fake identity you made up was the one you got stuck with?

Stranger still, when Hitoshi goes to his own childhood home he's nearly chased off the property. There he finds a young man who strongly resembles him living in his room and going by his name. When the two meet—again at a McDonald's—Hitoshi comes to a realization: Their experiences match so closely that they might as well be the same person. He is a ME. And there are countless others like him.

Part existential fable, part "Night of the Living Dead," Mr. Hoshino's inventive novel, accessibly translated by Charles De Wolf, paints a nightmare vision of Japan's rootless millennials, who work grinding dead-end jobs that leave them little time for family or individual passions. "The image of a sardine floated across my mind," Hitoshi thinks as he considers his doppelgängers. "Though I seemed to be swimming freely in the sea, I was merely moving my body in relation to the other fish around me. There was no sardine leader deciding in which direction we would swim. We merely conformed to the fluctuations of the school, expanding or shrinking, drifting off to the side or surging ahead into the distance."

At first Hitoshi and his fellow MEs are happy to band together against an uncaring world. But the camaraderie doesn't last, since every time one reveals a character flaw the others take it as an indictment of themselves. As the MEs' failures and weaknesses become intolerably magnified onto the "living but useless rabble" they're gripped by a suicidal impulse that unleashes a crazed murder spree. The frenetic, knife-wielding finale reaches its climax in—a McDonald's, of course. None of them can think of any place else to eat.

Japan's laureate of youthful disaffection is Haruki Murakami, who rose to fame in the 1980s, particularly

Young Urban Japanese Singles



ALAMY

with the novel "Norwegian Wood" (1987), by depicting a postwar protest generation that looked for definition in serial love affairs and Western popular culture. Mr. Murakami's 1980 story "A Slow Boat to China," about the childhood memories of a lonely and provincial Tokyo man, provides the inspiration for Hideo Furukawa's novella "**Slow Boat**" (*Pushkin*, 124 pages, \$13.95). Mr. Furukawa updates the tale to Christmas Eve 2002, when a nameless narrator wanders Tokyo accessing his own fragmented memories.

These center on a sequence of heartbreaks. The narrator recalls his first short-lived relationship in summer camp, the girlfriend he lost as a university student because his train stalled on the way to meet her at the airport and the beautiful chef who worked in his café until a catastrophe drove him out of business. A mood of gloomy, wisecracking rebellion against the "idiotic world" pervades the writing. The narrator can't stand Tokyo but never manages to leave. Like Mr. Murakami's outcasts, he thinks "the Japanese language is

nothing but lies" and invents private forms of communication. He and his summer camp crush converse exclusively in movie dialogue.

Translator David Boyd brings the slight and endearing story into riffing, confessional English. "If this was a kabuki play," the narrator says when things with his second girlfriend start to heat up, "this would be the place where the wooden clappers get faster and faster." Most of the time, though, he's at a standstill. "Hope . . . I still have hope. That I'm getting out of here. But I have no idea where I am—no idea where I'm going—and isn't that the same as having no way out?"

But Japanese fiction isn't all alienation and haunted laughter. Hiromi Kawakami's "**The Nakano Thrift Shop**" (*Europa*, 229 pages, \$16) takes up the genre of "slice-of-life" storytelling that has found popularity in manga graphic novels. These books follow their characters across quotidian days in school or the workplace, charting their friendships and love affairs and generally arriving at some affirmative lesson

about the richness of human connections. Ms. Kawakami's gentle, humorous novel, in an unassuming translation by Allison Markin Powell, provides the same consolations.

Three novels about millennials disconnected from society, from one another and from hope.

It takes place in a Tokyo antique store run by the keen-eyed Mr. Nakano, who excels at turning a profit by buying and selling trinkets. As his earnest young shopkeeper Hitomi deals with his idiosyncratic customers (the most colorful is a gentlemanly Yakuza gangster), she falls for her coworker Takeo, a painfully introverted young man with an artistic nature. At times Takeo seems to want nothing more than companionship; at other times he's blunderingly intimate. Early on he has to make amends after

sketching a portrait of Hitomi in the same pose and state of undress as Goya's *Naked Maja*. The book's setting, with its rare, delicate objects and back-and-forth bartering, provides a fitting background to their halting courtship.

There's a feline quality to their relationship that readers of forthright temperament may find maddening. Remarkably little happens. The two conduct much of their relationship through text messages and awkward eye contact during work hours. When Takeo punishes Hitomi with a silent treatment after some minor lapse, Mr. Nakano's sister, the young woman's mentor, explains, "What has happened, my dear Hitomi, is that you have stepped on his tail." Tails are routinely bruised. There's a lot of sulking.

But gradually Ms. Kawakami transforms the relationship from childlike curiosity and sexual desire to deeper forms of love and appreciation. The eccentricities of the side characters add to the quiet charm of the couple's maturation. And there's not a McDonald's in sight.

Putrefaction of the Spirit

where there is corruption, bodies sold or condemned to slaughter.

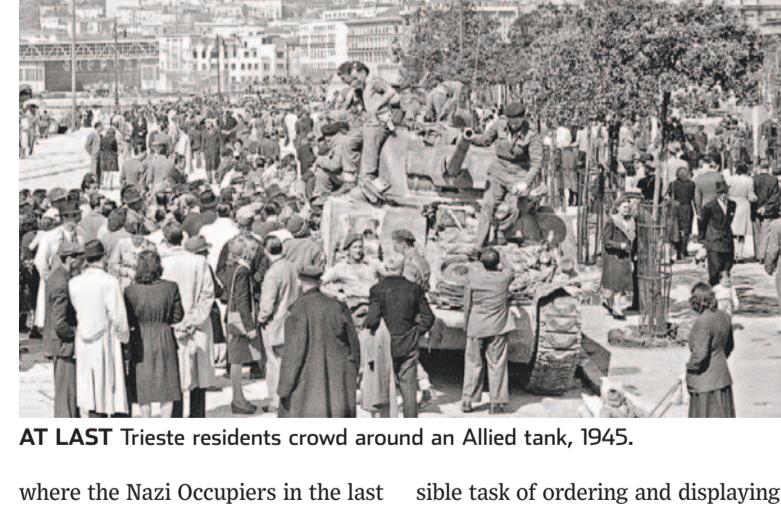
Readers of Claudio Magris's "Danube," a marvelous travel book and meditation on the culture and history of Central and Southeast Europe, know that he is a discursive, demanding but richly enjoyable writer. The same qualities are evident in "Blameless," ably translated from the Italian by Anne Milano Appel. "Blameless" is a novel, but in no way a conventional one, for there is no plot as such, no coherent narrative, and innumerable digressions. Characters flit in and out, and only

he is a half-crazy and disreputable collector of just about everything, scribbling notes and instructions on stray pieces of paper.

Only toward the end of his life does he become more than an eccentric magpie. The transformation is the result of his investigation of the "Risiera," a disused rice factory

stored his finds and was killed when a fire consumed it—but much of the novel comes to us in his words, relating his memories and rambling thoughts.

The other main character is a young woman, Luisa, charged with the organization of the Museum and faced with the onerous, near-impos-



GETTY IMAGES

AT LAST Trieste residents crowd around an Allied tank, 1945.

the main ones are fictional. It's set mostly in Trieste, Mr. Magris's home city.

Trieste was once part of the Republic of Venice, then of the Habsburg Empire of Austria-Hungary, then (from 1866) of the new Kingdom of Italy, and in 1945 was disputed between Italy and Yugoslavia before finally (perhaps) becoming Italian again. The seed for the novel was planted in Mr. Magris's mind by a Triestine professor who devoted his life to collecting weapons and all sorts of military material in order to build a War Museum, in the hope that exhibiting these "instruments of death" could lead the way to peace. The unnamed principal character of "Blameless" has the same idea, but

where the Nazi Occupiers in the last years of the war imprisoned Jews (and other undesirables), torturing and murdering some, dispatching others north to death camps in what is now Poland. The collector searches for names written on the prison walls: not the names of the victims, for these were documented by the mad bureaucracy, but of those who had betrayed or informed on the doomed prisoners. In the early pages of the book we learn of this collector's death—he was sleeping in a coffin in the hangar where he

known or suspected—about what her own mother had done, or might have done—in the last terrible year. Had she perhaps been a "despicable informer" too?

If the theme of the novel is the horror of war, a horror which is metaphysical as well as fleshly—the horror of reeking flesh and desperate lust—it's also the case that even the collector senses that his museum will alter nothing, no matter with what skill and devotion Luisa sets it in order. Who's right, who's wrong, in Trieste in 1945—well, later there will be a time for forgetting. "The Resistance is a complex business and those who resisted multiply all the more as the years go by." That's how it is in war, and in post-war. Truth is slippery as mercury.

"Blameless," as the title suggests, is slippery too, slippery because it searches for truth, and the truth depends first on the angle from which you approach it and won't in any case stay still. It's hard to get a grip on this complex novel, and this is how it must be, because understanding depends on perspective, and perspective is as hard to keep steady as the waves that break on the harbor wall. The prose gallops but demands that you read it slowly and thoughtfully, the author's intelligence being resistant to summary. Reading "Blameless" is worth the effort, but it would be foolish to pretend that the effort demanded is not considerable, or that the reader won't sometimes feel trapped in a maze, where the center can't be reached and the way out is choked.

Mr. Massie's most recent book is the novel "*End Games in Bordeaux*."

BOOKS

'Raise your glass in the air for the man from Clare who invented the submarine!' —'The Ballad of John Philip Holland'

A Man Down Below

Going Deep

By Lawrence Goldstone

Pegasus, 378 pages, \$27.95

BY PAUL KENNEDY

THERE ARE very few wars in history that begin, dramatically, with a brand-new weapon displaying its transformative power, but one such case occurred in the southern North Sea in September 1914, when three large cruisers of the Royal Navy were torpedoed and swiftly sunk by a diminutive German U-boat, the U-9. At that moment, the age of the attack submarine was born, and the struggle for naval supremacy for a great part of both World War I and World War II was defined. The U-boat—shorthand for “Unterseeboot”—had come of age.

It is appropriate, then, that the historian Lawrence Goldstone begins “Going Deep” with a dramatic re-telling of the U-9’s exploit. It should be said immediately that his chronicle doesn’t present the whole history of submarine warfare but rather the story of the efforts of various American inventors and entrepreneurs—above all, an Irish-born engineer named John Philip Holland—to create a power-driven, human-directed and sub-marine vessel that could stalk and then, with its torpedoes, obliterate even the most powerful of surface warships. In the formative years of its development—from the Civil War to World War I—the story is chiefly an American one, though not completely, which is perhaps, despite the book’s many merits, a partial weakness of Mr. Goldstone’s presentation.

The librarian shelving “Going Deep” might pause before finding its exact location. It does indeed concern itself with technological innovation—and there are some intriguing illustrations to help the reader along: One of them, for instance, shows an electric taxi moving through New York streets in 1899, one of the many enterprises of Isaac Rice, whose interest in batteries and electrical systems would feed into his submarine research. The book also includes a large amount of detail about the U.S. Navy’s budgetary and ship-construction concerns as it entered the modern, post-Civil War decades. But “Going Deep” can also be seen, plausibly, as a study in American business history. As such, it fits in line with Mr. Goldstone’s earlier studies, notably “Birdmen: The Wright Brothers, Glenn Curtiss, and the Battle to Control the Skies” (2014) and “Drive! Henry Ford, George Selden, and the Race to Invent the Auto Age” (2016). The publisher’s



GETTY IMAGES

JOHN PHILIP HOLLAND Father of the modern submarine.

blurb calls these works, appropriately, “innovation histories.”

More specifically, “Going Deep” is a story of late-19th-century American competitive capitalism, of winners and losers in the struggle to win congressional support and Navy Department authorizations for another fabulous and disruptive—and, if one got it right, hugely profitable—new technology. To the winner in this race went all, or nearly all, the spoils. Unlike the automobile, where the consumer would decide the outcome, but just like early aircraft development, the submarine depended upon government contracts, domestic and foreign. Thus Mr. Goldstone’s narrative also sheds light on America’s early military-industrial complex, which often involved dubious if not outright illegal actions, bribery, political corruption, exaggerated “yellow press” claims and bankrupted enterprises.

The book is strongest in its detail of technological invention, as Holland and the other designers struggled to overcome the many challenges of early submarine development. How do you design fan vanes—the movable fins or “wings” on the boat’s side—so that they will allow you to control oblique diving and also ensure that the craft will rise back to the surface? How do you keep the vessel stable when the center of gravity can shift so easily, not least when a torpedo is fired? How do you release the fatal battery and engine fumes from a self-contained cylinder (for that’s what a submarine is) 60 feet under the surface? Finding the answers to these questions and others involved sea trials and, along the way, the loss of many brave men.

Mr. Goldstone has a shrewd eye and a lively pen. He wryly labels some supposed naval experts overseeing the production of an early design “notably inexpert” and “more inflexible for their ignorance.” While he doesn’t curiously employ the vast unpublished archives of the U.S. Navy (now in the National Archives), he makes ready use of memoir literature and quotes from the contemporary American press, which had an enormous appetite for any sign that Holland and his designer rivals were producing a Jules Verne-like wonder-weapon of the deep.

Among many fine vignettes is the story of Teddy Roosevelt’s prescient interest in the submarine, including his taking an underwater trip in a prototype across Long Island Sound in August 1905. At this, as may be imagined, the newspapers went wild.

“Going Deep” ends in 1914. By that time, the U.S. Navy was on its way to possessing some submarines—vessels equipped with torpedoes that were therefore capable, in theory, of sinking an enemy’s warships or his merchant

marine, although in fact these boats were aimed at only coastal defense. And by 1914 American industry could boast of a nascent submarine-building capacity, especially in the form of the Electric Boat Co., which was to survive the capriciousness of the Navy Department’s “on-off” love affair with the submarine until World War II finally proved its undoubted power.

But these successes, limited though they were, were not John Philip Holland’s. He had played a major role—really, the greatest role—in developing the early submarine, grasping that it could transform naval warfare. He had grappled with and overcome most of the daunting technological obstacles in the way of making his vision a reality. Mr. Goldstone is surely right to give him such prominence. But eventually Holland was shunted aside by more

How an Irish-American engineer developed a Jules Verne-like wonder-weapon of the deep.

ruthless entrepreneurs, dabbled by business partners and denied Navy contracts. He passed away on Aug. 12, 1914, just as World War I was beginning. By then, feeling beaten and having retired, he was a quiet churchman and amateur historian. This part of Mr. Goldstone’s story is not a happy one.

For a book that is about the advent of the attack submarine, “Going Deep” is too America-centric in both its story and sources. In the decades before 1914, inventing submarines was, like inventing aircraft, something that involved a frenzied international competition, and on many occasions American designs were not the best. One yearns here for a comparative look, as Katherine Epstein offered in “Torpedo: Inventing the Military-Industrial Complex in the United States and Great Britain” (2014).

And since Mr. Goldstone’s story opens with the stunning wartime success of the U-9, one yearns more for even a brief explanation of why the most formidable submarine navy in both world wars was Germany’s, not America’s. Even the best of the nationally focused “innovation histories,” and this is one of them, would look better if they gave the reader an international perspective.

Mr. Kennedy, a professor of history at Yale, is the author of “The Rise and Fall of the Great Powers.” He is currently writing a book on sea power and World War II.

Reminders to Never Forget

Hell’s Traces

By Victor Ripp

Farrar, Straus & Giroux, 206 pages, \$25

BY DIANE COLE

ALEXANDRE AND VICTOR Ripp were ordinary Jewish boys from Russian families, similar in age and physical appearance, living in Paris in the early 1940s. But any further resemblances between the two cousins can never be known: In July 1942, at the age of three, Alexandre was rounded up with his grandmother and soon after was murdered at Auschwitz. By then, Victor and his family had managed a narrow escape from France, leaving just weeks after Germany’s invasion in the spring of 1940.

Why was it Victor—now living in suburban New Jersey—who survived and not Alexandre?

That’s the unbearable question that has always haunted Mr. Ripp. It gnawed with particular ferocity after he attended an exhibit several years ago at Berlin’s Jewish Museum that included material about his mother’s well-to-do family, which possessed the combination of foresight, financial assets and connections to uproot themselves after Hitler’s rise to power. Ultimately, every member of the Kahan family—more than 30 people—found their way to safety. Many went to Palestine; others decamped for France before being forced to seek refuge yet again, in time landing in America. Their journey was fraught. But they lived.

By contrast, the vast majority of Mr. Ripp’s father’s family, including 10 others besides Alexandre, were rounded up, shipped off in cattle cars and exterminated. Rather than being commemo-

rated in a museum exhibit as the Kahans were, they don’t even have graves.

For Mr. Ripp, this stark disparity stung—and generated ruminations about the nature of remembrance, the role of public memorials and, ultimately, an itinerary that would take him to 35 different Holocaust memorials in Germany, France, Poland, Belarus, Austria and Hungary. At least some of these, he hoped, “would also spark to life the story about the different destinies of the Kahans and the Rips.”

A man who fled the Nazis as a boy takes a somber tour of Europe’s Holocaust memorials.

In “Hell’s Traces: One Murder, Two Families, Thirty-Five Holocaust Memorials” Mr. Ripp intersperses his journeys to these memorials with the stories and fates of the two sides of his family. He also does a good deal of reporting, talking to architects, designers, Jewish community leaders, local guides and European friends about the way these memorials honor—or in some cases, deny—the Holocaust.

The author finds that the most effective memorials are not necessarily the most celebrated ones. For instance, he has reservations about Germany’s *Stolpersteine*, or stumbling stones. These cobblestone-sized memorials are embedded in the pavement outside the last known residences of Hitler’s victims and inscribed with their names and dates of birth and death. But Mr. Ripp doesn’t like the notion of stumbling over a life: “I like memorials to be set off by fences or announced by

signs or otherwise conspicuously marked,” he writes.

One of the most stirring memorials Mr. Ripp visits is situated in the Berlin neighborhood that was once called Jewish Switzerland because of the preponderance of Jews who lived there, including Albert Einstein and

struction of the Jewish inhabitants.”

Thus the succession of plaques ends with a pictogram of a char-blackened face, redolent of the death camps and their crematoriums. To some this may sound tasteless, but the impact was striking. “When we first put up the signs, some people took them to be

Jews who from the XIV century lived on the land of Grodno.” That’s all it says. There is no reference to the Holocaust, the more than 44,000 Grodno Jews who were thrown into extermination camps, or the cemetery. To Mr. Ripp, the vague wording “seemed . . . only to repeat the willed ignorance it should have avoided apologizing for.”

Such moments are chilling, but as the book goes on, Mr. Ripp’s mission begins to seem tedious, perhaps even to himself. For instance, despite being annoyed by the prevalence of stumble stones, he also complains when not enough visitors are present or pay attention at particular memorials. “If no one notices a Holocaust memorial, does it still have significance?” An excellent question, to be sure, but Mr. Ripp seems unhappy either way.

Eventually he finds the resonance he has sought all along, in a memorial set in a Parisian playground in the neighborhood where Alexandre once lived. A glass tablet features an etching of two hands reaching for each other with the inscription, in Mr. Ripp’s translation: “Numbered among those who lived in Paris in the Sixteenth Arrondissement, there were fifteen so young that they had not reached an age when they would have attended school. As you pass by, read their names, your memory is their only grave.” Among those names is Alexandre’s. Here, at last, Mr. Ripp can finally glimpse the boy Alexandre was—and conjure the grown man he never had the chance to become. With this act of memory and imagination, Mr. Ripp transforms his cousin from a ghostly memory to a vivid presence whose loss he—and his readers—can more fully grasp.

Ms. Cole is the author of the memoir “After Great Pain: A New Life Emerges.”



GETTY IMAGES

WALL OF NAMES A Holocaust memorial in Paris’s Marais neighborhood.

Erich Fromm. Mounted on 80 lamp posts over several blocks are two-sided plaques that tell the step-by-step story of the laws passed to marginalize, persecute and, ultimately, annihilate the Jews. One side of each plaque shows a pictogram (swim trunks, for instance), with the other side displaying the text of the Nazi-era law banning Jews from yet another ordinary activity (in this case, the dictate that Jews could no longer use Berlin pools). As the memorial’s designers Renata Stih and Frieder Schnock explain to the author, the point was to “make visible the conditions which led in an insidiously logical way to the de-

new government rules,” Ms. Stih recounted. “Apparently these people believed that it was perfectly reasonable for Nazi policies to be put back into practice. Finally we had to attach a small disk to each sign to tell people that they were looking at art.”

In Grodno, the birthplace of the author’s father and Alexandre’s father, Mr. Ripp finds what he calls an “anti-Holocaust memorial”: a sports stadium built, in 1950, on the grounds of Grodno’s old Jewish cemetery. It wasn’t until 2003, when human remains were uprooted during stadium repairs, that an easy-to-miss plaque went up, reading: “In memory of those

OPINION

REVIEW & OUTLOOK

Change in the House of Saud

S

King Salman broke with decades of tradition with his royal decree that ousted his nephew, security czar Mohammed bin Nayef, in favor of Salman's son, Mohammed bin Salman. The Saudi crown has typically passed from one octogenarian or septuagenarian brother to another, so the rise of the 31-year-old son as heir designate is a monumental development.

This is all the more remarkable given the young leader's reformist inclinations. The Saudis face a triple challenge in falling oil prices, a youth demographic bulge and Iranian imperialism. The Crown Prince believes the answer is an assertive foreign policy that unites Sunni Arab states against Tehran, combined with domestic reform that weans the Kingdom off oil.

This regional vision took shape soon after King Salman ascended the throne in 2015. As Defense Minister (a portfolio he will retain), the Crown Prince emerged as the architect of the Saudi-led military campaign to oust the Iranian-backed Houthi rebels from Yemen.

The Yemen operation has been long and hard, but it has largely succeeded in cutting off Iranian supplies to the Houthis and boosted the confidence of Arab states. Mohammed bin Salman has also spearheaded efforts to diplomatically isolate Qatar over its two-faced policy of cooperating with the West while funding Islamist groups like Hamas.

Last year the Crown Prince launched Vision 2030, a reform program to diversify the Saudi

economy and expand the role of private enterprise. The heart of the plan is to boost the private share of the economy to 65% by 2030 from about 40%, and reduce the government's dependence on oil for revenues, now at 70%.

That's a tall order in a Kingdom that has historically offered its citizens oil-funded, cradle-to-grave welfare in exchange for little say in politics. Many Saudis have grown up to expect high-paying government jobs that are increasingly hard to subsidize with oil at under \$50 a barrel. Unleashing the private economy will also require liberating Saudi women to enter the work force—the right to drive would be a start—and that has already triggered clashes with the Wahhabi clerical establishment.

Earlier this year the government was forced to reverse a pay cut for state employees. Yet Mohammed bin Salman has made progress in other areas. A plan to offer public shares in the state-run oil company, Aramco, is moving ahead. Concerts are performed and movie theaters are opening for the first time in the Kingdom, allowing young Saudis access to entertainment and social interaction that their peers nearly everywhere else take for granted.

His appointment as Crown Prince will strengthen his hand by putting to rest competing claims to the throne from more conservative corners of the House of Saud with its 7,000 princes. A moderate and prosperous Saudi Arabia would bolster stability across the Arab world and is squarely in the U.S. national interest. Washington should support and encourage the young prince as he pursues change.

Mohammed bin Salman wants to transform the hidebound Kingdom.

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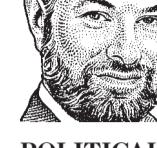
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Beware Europe's Quiet Election



POLITICAL ECONOMICS
By Joseph C. Sternberg

By the time Germans go to the polls for a national election in September, Europe will have endured more than a year of electoral turmoil. Most observers expect the German vote to come as a relief. In contrast to votes in

Britain, Italy, the Netherlands, France, Britain again and maybe also Italy again, Germany will be staid and stable, both voting the "correct" way and not giving anyone reason to worry that it will do anything else.

There's one problem: Germany's election is too stable.

Chancellor Angela Merkel, cruising toward re-election for her fourth term, is easily Europe's most boring center-right politician. She's dialed back her one genuinely controversial decision—to throw open Germany's doors to more than a million Middle Eastern migrants in 2015—without entirely repudiating it.

It's unfair to accuse her of complacency, and she'll offer some modest tax cuts and other kitchen-table policies to woo middle-class voters rather than merely resting on her laurels. But everyone knows her main selling point will be continuity at home and abroad.

Contrast that with Theresa May, who despite her "strong and stable" tag line attempted a wholesale makeover of Britain's Conservative Party and then failed; François Fillon, who ran for France's Republican presidential nomination on the strength of a Thatcherite program; or Mark Rutte in the Netherlands, who kept his seat by embracing what Europe's mainstream thinks are controversial views on assimilation of immigrants. They weren't all right or successful, but at least they tried to respond to the public's demand for more ideas from the political class.

The German left is equally soporific. The center-left Social Democratic Party (SPD) has rallied behind a 61-year-old man who spent the past 22 years in Brussels. Martin Schulz is no Gerhard Schröder, and he criticizes many of the labor-market reforms that Mr. Schröder implemented as SPD Chancellor in the early 2000s.

But Mr. Schulz is no Jeremy Corbyn either. His economic platform, in contrast to Mr. Corbyn's industrial nationalizations and redistributive taxation, is a few relatively modest tax hikes and more money for schools and roads. The flashiest pledge is an expansion of government-pension spending that is no more or less unaffordable than the mainstream center-left approach anywhere.

Germans might not see anything wrong with this. Politics here has often

been fierce in the postwar period but never radical. You wouldn't expect either the center-right CDU or the center-left SPD to embrace a leader like Donald Trump or Mr. Corbyn.

Germans briefly flirted with the far-right Alternative for Germany (AfD) and neo-Communist die Linke (Left), but polls suggest voters already have come home to the two major parties, well before the curfew of the September election.

The drawback is that this creates an almost entirely content-free election when voters everywhere else are anxious to debate serious issues. Germany should be ripe for a better campaign than it's getting. Headline economic data are strong, with growth hitting 1.9% last year (it's good for Europe), unemployment at 4.2%, and a record fiscal surplus of €54 billion (\$60.17 billion).

Markets will applaud German stability—until German voters start demanding more from their politicians.

But those numbers mask serious problems. Growth of inflation-adjusted earnings shows signs of slowing as inflation picks up. Unemployment is low because millions of people have been pushed into underemployment.

Germany's mainstream parties are committing malpractice by not tackling these matters head-on now, in this election, when the global economy is providing a growth tailwind. They'll regret not doing so if the economy falters under protectionist pressure from America or new bouts of Brexit-induced uncertainty—to name only two threats—and voters turn again to more exciting fringe candidates for new ideas.

For now the task of providing some excitement falls to the plucky Free Democratic Party (FDP), the party of entrepreneurship and a smaller state. After an electoral downturn in 2013 the party is waging a comeback under charismatic leader Christian Lindner. He made his name in 2015 with a viral YouTube video excoriating an SPD member of a state parliament for mocking entrepreneurs like Mr. Lindner. The best outcome in September might be that Mrs. Merkel is forced to form a coalition with a revived FDP, and Mr. Lindner pulls her grudgingly toward tax reform and deregulation.

Someone sane has to start doing politics, because experience everywhere has shown that if mainstream politicians don't do it, eventually voters will turn to fringe parties that will. Germany shouldn't assume it's immune to this trend. It might merely be late to the uprising.

LETTERS TO THE EDITOR

Radio Liberty Persian Service: Mixed Reviews

Sohrab Ahmari's June 12 commentary, "In Iran, Radio Liberty Doesn't Live Up to Its Name," asserts that the Persian service of Radio Free Europe/Radio Liberty parrots the editorial line of Iranian state media.

While we will acknowledge any individual story that falls short of our editorial standards, as any news organization should, the suggestion that Radio Farda somehow mirrors the Iranian press is ludicrous.

The government and its supporters make clear their view of Farda by blocking it on the internet, jamming its radio broadcasts, threatening Farda's staff members outside Iran and harassing their relatives inside the country.

Meanwhile, Farda's audience in Iran finds it such an important alternative to state media that they use circumvention software to reach Farda despite government blockages. By such techniques, Iranians view Farda's internet site millions of times a month. They also use Farda's social-network platforms as a means to discuss events in the country free of government control.

Farda's goal is to provide its large Iranian audience with honest journalism. The commitment of its audience

Mr. Ahmari is right on the mark. I was director of Radio Liberty when the Berlin Wall came down and the U.S.S.R. collapsed, arguably the most successful period in the radio's history. Later I was a Republican member of the Broadcasting Board of Governors (2010-12), leaving that position when it became evident to me that U.S. international broadcasting was hopelessly lost, operating without a strategy and increasingly detached—indeed, often antithetical—to U.S. interests.

When I was nominated to the board, several senators asked me to undertake an investigation into the Voice of America's Persian News Network (PNN), which was widely seen as having gone off track. I presented my findings to the first meeting of the board after my confirmation by the Senate.

The PNN was a complete mess: operating without serious supervision, staffed haphazardly and perhaps penetrated at different places by Iran's intelligence services. I recommended its complete overhaul, but little happened given that most of PNN's employees enjoyed civil-service status. I understand that little has changed today.

It's not just the PNN or Farda, which are the tip of the iceberg. Unless U.S. international broadcasting can be completely rethought, we are probably better off closing it down and starting over. This three-quarters-of-a-billion-dollar enterprise is vital, but now it isn't serving American interests. President Trump should shake up this enterprise.

S. ENDERS WIMBUSH

Washington, Va.

Blame the One in Charge For Any Russian Interference

Regarding David Satter's "From Russia With Chaos" (op-ed, June 14): The Democrats' hysterics about an alleged Russian interference with the most recent election overlaps the border between funny and sad. If there was Russian involvement, wasn't that a failure of the Obama administration? Wasn't the previous administration in charge of national security?

Russia (including the former U.S.S.R.) has been involved with American politics since the 1930s. Remember Alger Hiss and Harry Dexter White, who were highly placed in FDR's administration while acting as agents for the U.S.S.R.? Once again Democrats are attempting to blame Republicans for their own failures.

RICHARD A. YOUNG

Greenwich, Conn.

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

OPINION

India's Problem With Renewable Energy

By Rupert Darwall

Indian Prime Minister Narendra Modi's visit to Washington next week could prove to be his most important summit since Donald Trump became president. There is bound to be some friction, for instance over changes to America's H-1B visa program for skilled workers. But the two democracies have many interests in common, the most significant being energy.

The U.S. and India were the biggest losers from the Paris climate accord. The U.S. decision to pull out should embolden India to do the same, and the two could cooperate on building the clean-coal energy infrastructure that India needs to grow its economy.

Switching to wind and solar risks locking the country in permanent inferiority to China.

At the 2009 Copenhagen climate conference, China and India together sank Western attempts to agree on a comprehensive climate treaty. But Xi Jinping's accession in 2012 saw a sea change in Chinese policy and a new openness to multilateral approaches. This was seized on by the Obama administration, which negotiated the November 2014 U.S.-China climate deal that paved the way for the 2015 Paris accord.

When it comes to energy policy, China and India have divergent in-

terests. China has many features of development maturity. While China's per capita electricity consumption of 3,927 kWh in 2014 is lower than Western Europe's, it is similar to countries such as Hungary and Poland.

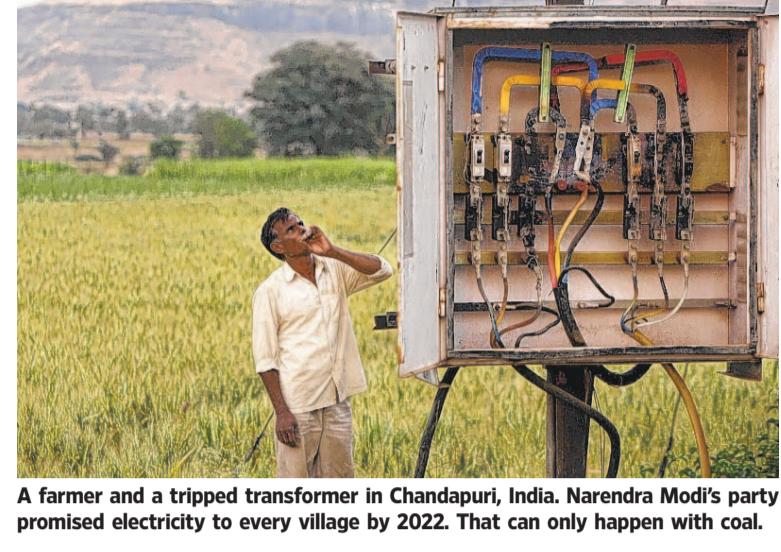
As the world's largest producer of solar photovoltaic panels, and with the ambition and means to achieve the same in wind power, China has a mercantilist interest in promoting renewable energy while remaining heavily dependent on coal.

India is in a different place. At 804 kWh, its per capita electricity consumption is little more than 20% of China's. Even after two years of declining coal consumption, China's increase in coal usage over the past 10 years exceeded India's total consumption in 2016.

China can afford the rich man's illusion of cheap renewable energy. It runs large trade surpluses and has \$3 trillion in foreign-currency reserves. India has sizeable current-account deficits and reserves of \$380 billion.

In the 2014 elections, the Bharatiya Janata Party came to power promising to bring electricity to every village by 2022. Mr. Modi and his ministers know they can only deliver this promise with coal. According to India's Nationally Determined Contribution under the Paris Agreement, coal accounted for 60.8% of India's installed capacity and "will continue to dominate power generation in future."

From 2006 to 2016, Indian coal consumption increased by 88%, in 2015 overtaking the U.S. to become the world's second-largest coal market. New Delhi plans to replace coal-



GETTY IMAGES

A farmer and a tripped transformer in Chandrapur, India. Narendra Modi's party promised electricity to every village by 2022. That can only happen with coal.

fired power stations that are more than 25 years old with modern, supercritical plants. That should boost power-station thermal efficiency by nearly 70%, thereby lowering emissions. India's energy minister, Piyush Goyal, calculates that modernizing India's coal generation will have a far greater impact on reducing emissions than the Paris accord's emphasis on renewable energy.

Meeting with U.S. Energy Secretary Rick Perry at the Clean Energy Ministerial meeting in Beijing earlier this month, India's science and technology minister, Harsh Vardhan, commented that there had hardly been any mention of climate change. "They are pushing for clean coal," he said of the Americans.

Under the Obama administration, there had not been much interest. "Since you have taken interest," Mr.

Vardhan said to Mr. Perry, "we can collaborate on the development of clean-coal technology."

The fly in the ointment is India's ambitious plans for wind and solar energy. Unlike cellular technology, which enables developing nations to leapfrog fixed-wire telephony, wind and solar energy are intermittent and therefore not reliable substitutes for dependable coal-generated power.

As Mr. Perry has noted, a reliable and resilient electric system is essential for public health, economic growth and job creation. The high fixed costs and zero marginal costs of wind and solar mean wholesale electricity prices trend towards zero, while their intermittency means gas, coal and nuclear plants operate less efficiently. But in the end the same amount of thermal-generating capacity is still needed, multiplying the in-

vestment required to fully electrify the Indian subcontinent.

Currently India's leading electric companies, such as NTPC and Tata Power, generate the healthy profits necessary to build out the Indian grid. But this won't last, if Germany's example is anything to go by. In the seven years from December 2007, three German utilities saw the destruction of €68.9 billion (\$76.77 billion) in shareholder value.

Wholesale electricity prices in India are already plunging. Over the past nine years, thermal-generating capacity utilization has fallen to 60% from 79%. Germany can tolerate this kind of value destruction because it has a working grid. Young, fast-growing economies like India's can't.

Much of the blame for the renewables push rests on international development agencies. The World Bank's 2016 Climate Action Plan promotes renewable energy as essential to stabilizing the climate, but it doesn't mention the damaging impact of intermittency on the long-term health of the grid.

Putting more wind and solar energy on India's grid will push up costs and retard Indians' access to cheap, reliable power. Ultimately it risks locking India in permanent economic inferiority to China. That outcome isn't in the interests of India or America. Whatever Mr. Modi says about India's continued participation in the Paris agreement, as a political leader he has something in common with Mr. Trump: He will put his country's interests first.

Mr. Darwall is the author of *"The Age of Global Warming: A History"* (Quartet, 2013).

This Is Not Your Father's Saudi Arabia

By Karen Elliott House

The appointment of Mohammed bin Salman, 31, as Saudi Arabia's next king will accelerate his radical reform and further solidify the U.S.-Saudi partnership. King Salman's long-anticipated decision to name his son crown prince almost certainly is intended to present a unified face to the kingdom's adversaries, especially Iran—and to bolster U.S. support for a more assertive Riyadh.

The royal decree removing Crown Prince Mohammed bin Nayef, 57, was said to be supported by 31 of the 34 members of the Kingdom's Allegiance Council, surviving sons and grandsons of Saudi Arabia's founder. The former crown prince immediately pledged his loyalty to the new one, who knelt in front of his cousin in a public show of respect.

This announcement concludes a long struggle within the ruling family. Many royals had opposed Mo-

hammed bin Salman precisely because they feared his father, now 81, intended to establish his own lineal monarchy at the expense of other family branches. The king won their support by amending the law of succession so that after the last of the founder's sons is king—that will almost certainly be Salman—the king and crown prince can't be from the same branch.

The new crown prince had assiduously wooed President Trump to counterbalance support for Mohammed bin Nayef among the U.S. defense and intelligence establishments. Mr. Trump's strong support of Riyadh during his recent visit, coupled with growing Saudi-Iran tensions, seems to have moved King Salman to act. The new crown prince may be clearing the way for action against Qatar, which he has accused of supporting Iran and regional terrorist groups.

Because Mohammed bin Salman has already been setting policy al-

most single-handedly, his elevation isn't likely to lead to any sharp changes at home, where he is pressuring an ambitious agenda to wean the Kingdom off declining oil revenues and create a private-sector led economy.

The new crown prince, 31, promises economic revival and a more assertive world role. Can he deliver?

His reform plan, known as Vision 2030, is revolutionary. Out with government dependence; in with self-reliance. Out with antimodernist Wahabi dogma and in with moderation. "Our vision is a strong, thriving and stable Saudi Arabia . . . with Islam as its constitution and moderation as its method," he said in unveiling the plan a year ago.

Even though the promised reforms have barely begun, they have sparked strong opposition as Saudi citizens feel the pocketbook impact of reduced subsidies for energy, water and electricity. Economic growth has nearly stopped as government cuts spending to ease huge budget deficits. The impact is particularly large because 80% of Saudi household income comes from government, which employs 6 in 10 Saudi workers.

All this has led many Saudis to take a wait-and-see attitude toward reform. Many assumed that should King Salman die and Mohammed bin Nayef accede, the new king would fire his young cousin. That uncertainty is gone. Mohammed bin Salman may even be able to persuade his father to step aside, so as to guarantee the crown prince's accession. Power dies with a monarch, so the royal family could band together at Salman's death to deny his son the throne.

With the succession settled, Saudi citizens are more likely to buckle

down and accept painful change. The U.S. should welcome this clarity and do all it can to support reform inside Saudi Arabia as the best way to enhance both stability and human rights. The Trump administration also should welcome the prospect of working with a Saudi leader who seems to have bet his role in the royal family on partnership with the U.S. and assertive opposition to Iran.

Now both countries need a workable strategy to confront Tehran, which is gaining power in the region at the expense of both Riyadh and Washington. Saudi Arabia under Mohammed bin Salman has gone on the offense at home and in the region after generations of cautious defense. It's one thing to go from defense to offense, far harder actually to score.

Ms. House, a former publisher of *The Wall Street Journal*, is the author of *"On Saudi Arabia: Its People, Past, Religion, Fault Lines—and Future"* (Knopf, 2012).

The Republicans Make a Narrow Escape

By Karl Rove

Before Tuesday's special election in Georgia's Sixth Congressional District, many journalists were ready to declare a victory by Democrat Jon Ossoff proof the GOP is doomed to lose its congressional majorities next year. Flipping the seat would have shown definitively the Trump presidency is a kiss of death for Republican candidates. But Republican Karen Handel won, by 3.8 points, blowing these story lines into oblivion.

It was history's most expensive House race: Mr. Ossoff had at least \$31.2 million spent on his behalf to \$22.7 million for Ms. Handel. These will grow when more campaign-finance reports come in.

The Democrats didn't spend their money well. While Mr. Ossoff won 48.1% to Ms. Handel's 19.8% in the April 19 open primary, he received the same percentage Tuesday. Meanwhile, Ms. Handel won more votes than did the 11 GOP candidates combined two months ago.

It would be understandable if Re-

publicans took this victory—the fourth in as many special congressional elections this year—as an opportunity to celebrate. But the GOP has important lessons to internalize too.

First, the ground game matters immensely. With multiple Republican hopefuls keeping the party apparatus neutral, only Democrats mounted an effective get-out-the-vote effort in April. But in June's one-on-one race, the GOP dusted off its old GOTV manuals, deployed organizers and did the basic work of canvassing and phoning to persuade and turn out voters.

Democrats increased Mr. Ossoff's vote by more than 32,000 over his April showing. Yet the GOP rallied some 96,000 more votes for Ms. Handel by focusing on Republicans who didn't vote in April and were unlikely to vote in June without special attention.

The Congressional Leadership Fund spent \$1 million on the ground game and digital ads targeted 100,000 such voters. People who didn't vote in April made up at least 22% of Tuesday's turnout.

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Tuesday's results prove it's possible to make these contests about more than Donald Trump. Ms. Handel won 51.9% while data from one conservative super PAC suggested only 38% of voters approved of Mr. Trump. Enough swing voters apparently don't believe every Republican candidate is responsible for everything the president says and does.

Anger at Mr. Trump alone won't attract the swing voters Democrats need to take Congress. Plus, Mr. Trump isn't inexorably destined to become less popular. His approval ratings could rise if he enacts reform legislation.

Democrats must offer an attractive agenda to draw suburban voters while maintaining the outrage of their party's left wing. The Georgia election shows how difficult that is, even with virtually unlimited campaign cash.

In open seats, the GOP needs to field candidates with records of getting things done in government, business or the military. Ms. Handel

was an awkward candidate, but her record as Fulton County board chairman and Georgia secretary of state proved her effectiveness in office. This provided a strong contrast with Mr. Ossoff's exaggerated résumé.

Karen Handel ekes out a special-election victory and upsets the Democratic narrative for 2018.

Republicans would do well to encourage congressmen not to retire. Incumbency alone doesn't guarantee victory, but independent and unaligned voters are often swayed by it.

Passing ambitious legislation on the economy, tax reform, health care and defense could boost the incumbency advantage further. The fewer retirements, the more the party can focus limited resources on races truly at risk.

Finally, Democrats have done better at building the networks to generate massive small-dollar contributions over the internet for special elections, but it's unclear how transferable that strength will be to the general election. Similarly, House Republicans have more resources at their party committee and super PACs, but it isn't clear that will be sufficient to re-elect the GOP House majority.

After escaping defeat Tuesday, many Republicans felt not just relieved but exhilarated. It's fine to take a moment to be happy at Tuesday's outcome, but it was still a hard race in what should be a safe GOP district. The 2018 midterm elections won't be pretty for Republicans, but the election Tuesday showed they don't have to be a catastrophe.

Mr. Rove helped organize the political-action committee American Crossroads and is the author of *"The Triumph of William McKinley"* (Simon & Schuster, 2015).

Daniel Day-Lewis Calls It a Day

By Matthew Hennessey

Some actors you wouldn't mind seeing less of. If they retired you wouldn't miss them. Not Daniel Day-Lewis.

The 60-year-old British star announced this week he will no longer appear in films. Known for staying in character during production—even between takes and at lunch—Mr. Day-Lewis has always been legendary.

"My Beautiful Laundrette," in which he played a gay, right-wing punk, and "A Room with a View," in which he played an Edwardian nerd with a Pince-nez, were released in New York on the same day in 1986. Together they announced the arrival of a major new talent.

While playing Hamlet at the National Theatre in London in 1989, he

inhabited the character so thoroughly that he took the actor playing the king's ghost to be an apparition of his own dead father, the poet Cecil Day-Lewis. A spooked Daniel Day-Lewis collapsed backstage. It wasn't a stunt. He left and never returned to the play—or to the stage.

No one had ever seen, and no one had ever given, a performance like the one Mr. Day-Lewis gave as the Irish writer Christy Brown in "My Left Foot." Brown, who had severe cerebral palsy, couldn't walk or use his arms. Mr. Day-Lewis insisted on being carried on set and having meals fed to him. One reviewer said it was so raw and truthful, it felt impolite to stare.

This isn't the first time Mr. Day-Lewis has quit the business. Frequent sabbaticals have seen him pursue avocations from painting to

furniture making. Unconfirmed reports had him apprenticed to an Italian cobbler in the 1990s. He says without these sidelines he'd have nothing to give to his roles.

Mr. Day-Lewis once promised himself never to work unless he needed to. "There's something ludicrous about acting all the time," he told the *New Yorker* in 1992.

Isn't there also something ludicrous about walking away from your gifts? I hope Daniel Day-Lewis changes his mind. He's always been one of those actors you wanted to see more of, not less. Maybe a few years away will restore his passion. If not, the movies will be poorer for his absence. There's never been an actor quite like him.

Mr. Hennessey is an associate editorial features editor at the *Journal*.

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THE WALL STREET JOURNAL.

Friday - Sunday, June 23 - 25, 2017 | B1

Yen vs. Dollar 111.3390 ▼ 0.04%

Hang Seng 25674.53 ▼ 0.08%

Gold 1249.50 ▲ 0.49%

WTI crude 43.10 ▲ 1.34%

10-Year JGB yield 0.055%

10-Year Treasury yield 2.153%

Foxconn Considers Plants in U.S.

By YOKO KUBOTA

TAIPEI—Taiwan's **Foxconn Technology Group**, which assembles Apple Inc.'s iPhones in China, is looking at seven states in the American heartland where it would invest \$10 billion or more to manufacture flat-panel screens and related equipment.

"Over the years, manufacturing of consumer goods has shifted out of the U.S.," Terry Gou, the chairman of the company formally known as **Hon Hai Precision Industry Co.**, told reporters after the company's annual shareholders meeting Thursday. "We will bring our advanced technology there to revive American manufacturing."

Foxconn's U.S. ambition, which Mr. Gou flagged in Jan-

uary, comes amid a flurry of U.S. investments announced by Asian companies as President Donald Trump seeks to stimulate American manufacturing.

South Korea's **Samsung Electronics Co.** is in talks to invest about \$300 million to expand its U.S. production facilities, a move that could generate about 500 jobs, according to people familiar with the matter. Japan's biggest auto maker, **Toyota Motor Corp.**, said earlier this year it plans to invest \$10 billion in the U.S. over the next five years, while Chinese textile producer **Keer Group Co.** has said it is planning to expand its existing capacity in South Carolina.

In his remarks, Mr. Gou said Foxconn is considering roughly five states for potential investments, but a com-

pany executive later clarified that to say that seven states are candidates: Illinois, Indiana, Michigan, Ohio, Pennsylvania, Texas and Wisconsin. Foxconn will work together with **Sharp Corp.**, the Japanese

electronics maker acquired by Foxconn last year, on the U.S. plants, he said.

Foxconn also plans to build supply chains and introduce automation technologies to its U.S. operations, Mr. Gou said.

Mr. Gou said he has met with three state governors, without specifying which ones. Governors from Michigan, Ohio and Wisconsin have visited Japan to meet Mr. Gou, people familiar with the matter said. A Foxconn spokesman declined to comment.

In January, Mr. Gou said he hoped to invest \$7 billion in the U.S. The investment could create 30,000 to 50,000 jobs in the U.S., he has said.

In the shareholders meeting, Mr. Gou also said Foxconn hasn't given up on its efforts to buy **Toshiba Corp.**'s mem-

ory-chip unit, which the Japanese electronics maker is seeking to sell for some \$20 billion. A day earlier, Toshiba said it had chosen as its preferred bidder a consortium that includes a Japan-backed investment fund and a state-owned bank. "We still have a chance," Mr. Gou said.

Tai Jeng-wu, Sharp's chief executive and a Foxconn senior executive, criticized the Japanese government's approach as protectionist. Japan's industry minister on Wednesday had hailed the Toshiba announcement, saying the government-backed bid met conditions he had set for preventing technology leakage and keeping jobs at home.

◆ Samsung weighs expansion in South Carolina B2



Foxconn Chairman Terry Gou

New Push To Warn Pilots on Hacking

By ANDY PASZTOR

LE BOURGET, France—Escalating concerns about cyber threats are prompting the aviation industry to devise an unlikely new safeguard: real-time warnings to pilots about potential hacking attempts.

Work to develop such systems, which have prompted disagreements between some in the industry, are part of separate efforts by France's **Thales SA**, **Raytheon Co.** and other companies to expand cyber protections for aircraft. **Airbus SE** and **Boeing Co.** support the pilot-alerting goal, reflecting a desire to try new things as global threats intensify and evolve.

But interviews at the Paris Air Show showed there isn't an industrywide consensus on the concept, a version of which is under development and could start to be tested on some commercial aircraft by late 2018. Large suppliers such as **Honeywell International Inc.** and **Rockwell Collins Inc.**—which provide cockpit equipment for many airliners—are skeptical about the need for such proposed capabilities.

The debate isn't likely to affect cybersecurity systems on today's airliners or even those built in the next few years, though it could have an impact on how the digital cores of future models will be protected.

Proponents of alerting see advanced systems on aircraft as being able to identify attempted or successful cyberintrusions, with the data feeding into artificial intelligence features powerful and adaptable enough to automatically respond to the hazard.

"The conventional ways by which we've protected ourselves in cyber may need to change" as threats evolve, said Greg Hyslop, Boeing's chief technology officer.

Allan McArtor, chairman of the Airbus unit that operates in the U.S., Canada and Latin America, also sees a need for greater industry sophistication in battling potential cyber threats. "We haven't been able to make a very convincing argument" to the public about why aircraft are safe from outside intrusion, he said. What is missing, he added, is "a convincing cyberthreat architecture that allows us to be aware of attacks" when they take place, including warnings going directly to the cockpit.

The push for new approaches generally tracks recommendations from an earlier

Please see CYBER page B2

◆ Boeing outsells rivals at Paris Air Show B3

Also-Ran Apple Bears Down on India Market



Apple's small share of the Indian smartphone market reflects the company's relatively late arrival and prices well above the average.

The introduction of Indian-made iPhones marks a renewed push to build a presence

prices will boost sales in the sprawling country where Apple has just 3% of the smartphone market.

The Cupertino, Calif., company is considering opening flagship stores in India's megacities and is helping hundreds of third-party resellers open new shops at an unprecedented pace. It also has set up development centers to build apps for Indian customers and enhance local mapping capabilities.

While Apple's strategy typically is to sell high-price handsets to telecom carriers, its effort in India reflects the realities of an emerging market where wages are low, cellular speeds are sluggish, and

consumers mostly buy phones from small, unaffiliated shops. The company also must overcome weak brand awareness and its relatively late arrival in a market where Samsung Electronics Co. has a head start.

"It's not a push for premium—it's a push to sell an Apple device by any means necessary," said Lauren Guenveur, an analyst with market research firm Kantar Worldpanel.

India, already the world's second-largest mobile market after China, is expected to add more mobile subscribers—310 million—than any other country in the four years through 2020, according to estimates

from GSMA, a global association of mobile-service providers. Apple wants to make sure all the growth doesn't go to Samsung and rising Chinese competitors such as Xiaomi Corp. and Lenovo Group Ltd.

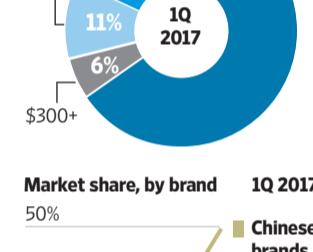
There is "a lot of headroom [in India] in our mind, and so we are working very hard to realize that opportunity," Chief Executive Tim Cook said on a call with investors in October.

Samsung, which holds 27% of India's smartphone market, said this month it was doubling its capacity in India with a \$760 million investment in its smartphone and refrigerator factory outside India's capital.

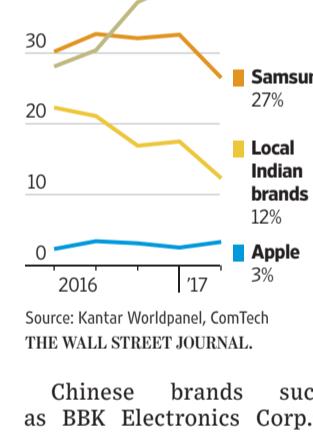
Tough Territory

With the iPhone SE selling for about \$325, Apple may face obstacles as it expands in India.

Share of smartphone sales by price



Market share, by brand



Source: Kantar Worldpanel, ComTech

THE WALL STREET JOURNAL

HEARD ON THE STREET | By Jacky Wong

Goodbye for Now to China's Big Deal Makers



China's top deal makers are at the epicenter of a shake-up. The seismic waves

will ripple afar. China's banking regulator has asked the country's lenders to investigate loans extended to a group of companies that have aggressively invested overseas, according to The Wall Street Journal. The firms in question include **Anbang Insurance**, **HNA Group**, **Fosun International** and **Wanda Group**, which together have spent tens of billions of dollars in recent years to snap up assets around the globe.

Companies directly related already have felt the pain. A cinema unit of Wanda, which also owns **AMC Entertainment**, fell 10% Thursday. Shares of Hong Kong-listed Fosun In-

ternational, owner of Club Méditerranée and Cirque du Soleil, were down about 6%.

The news came a week after the chairman of Anbang was detained by a special investigative unit looking at economic crimes.

Anbang has risen from obscurity to become an insurer with assets approaching \$300 billion, including New York's Waldorf Astoria hotel. It has grown so

big partly by issuing short-dated high-yielding financial products to raise money.

All of these companies have loaded up debt, sometimes using obscure financing to fund overseas ambitions.

Beijing is legitimately worried about their increasing risks and intricate web with the banks. A clampdown could send shock waves through China's financial system.

The impact would be felt outside China, too. Deals that

Please see HEARD page B2



Anbang has loaded up debt, and its assets approach \$300 billion.

Saudi Arabia Searches For Path to Higher Oil

BY SUMMER SAID
AND MICHAEL AMON

Saudi Arabia is searching for ways to shake crude-oil prices out of a slump that threatens its new crown prince's economic-transformation plan, Persian Gulf oil officials say, but the kingdom has few good options.

Mohammed bin Salman, elevated to crown prince of Saudi Arabia this week, needs oil prices to rise from current levels of \$45 a barrel to carry out plans to kick-start the kingdom's economy, largely through a partial public listing of its state oil company, known as **Saudi Aramco**.

The Saudis are targeting \$60 a barrel to help the initial public offering generate tens of billions of dollars, which would be plowed into developing new technology and industrial sectors in Saudi Arabia.

Members of the Organization

of the Petroleum Exporting Countries have held informal talks in recent days about how to halt a nearly month-long skid in oil prices, which have fallen more than 16% since late May. OPEC, along with big producers like Russia that aren't members of the 14-nation cartel, is already withholding almost 2% of the world's oil supply, but some OPEC members say more needs to be done to bring production in line with demand.

Prince Mohammed is known for taking aggressive action on several fronts, prosecuting a war in Yemen, leading the diplomatic freeze against Qatar, and green-lighting Saudi participation in OPEC's production cuts.

But the Saudis have less leverage over other OPEC members because of the Aramco IPO, said Jim Krane, a fellow who studies Middle East energy.

Please see OPEC page B2

INDEX TO BUSINESSES

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

A	Didi Chuxing Technology	P	Parsley Energy
Adidas	B3		B8
Adobe Systems	B8		
Airbnb	W1		
Airbus	B1		
Altice	B7		
Altice USA	B7		
Amazon.com	B3		
AMC Entertainment	B1		
American Airlines Group	A1		
Anbang Insurance	A1,B1		
Anheuser-Busch InBev			
ANL Technologies	B4		
Apple	B1		
B			
Banca Popolare di Vicenza	B8		
Banco Popular Español			
BC Partners	B7		
Berkshire Hathaway	B5		
Boeing	B1		
BP	A6		
C			
Caterpillar	B2		
Club Méditerranée	B1		
D			
Dalian Wanda Group	A1		
Development Corp. for Israel	B5		
Diageo	A1		
Diamondback Energy	B8		
E			
Duolingo	W1		
F - G			
EP Energy	B8		
Etsy	B8		
Fosun International	A1,B1		
Foxconn Technology Group	B1		
GrabTaxi Holdings	B4		
H			
HNA Group	A1,B1		
Home Capital Group	B5		
Honeywell International			
Hon Hai Precision Industry	B1		
I - K			
Intesa Sanpaolo	B8		
Keer Group	B1		
L			
LG Electronics	B2		
Lyft	B4		
M			
Microsoft	B8		
N			
Nike	B3		
NuTonomy	B4		
O			
Oracle	B8		
Wanda Group	B1		

INDEX TO PEOPLE

B	K	S	T
Buffett, Warren	B5	Mounir, Ihssane	B3
C		Kaplan, Robert	B5
Candas, Emanuel	A3	Liu, Zhiqing	A2
G - H		Mallya, Vijay	A1
Gou, Terry	B1,B2	McArthur, Allan	B1
Guo, Guangchang	A2	Menezes, Ivan	A1
Hibben, Alan	B5		

HEARD

Continued from the prior page
are yet to be completed now
have an added level of uncertainty.

Singapore logistics firm CWT Ltd., pending a \$1 billion takeover from HNA, fell 5.3% Thursday to a level not seen since the deal announcement. HNA is still in the process of buying a 25% stake in Old Mutual's U.S. asset-management unit and a majority stake in Trump-backer Anthony Scaramucci's hedge fund Skybridge.

Another worry is if these companies need to sell some of their assets if Beijing really turns the taps off. HNA

is Deutsche Bank's largest shareholder with a nearly 10% stake. It also owns around one-quarter of Hilton Worldwide Holdings. Both deals were accomplished with highly engineered financial structures, the kind that may make regulators antsy.

More broadly, the "China bid," which has kept global deal-making humming, will take an even longer breather than previously thought. Companies in the U.S. and Europe looking to sell themselves may now have a harder time finding a good price if these acquisitive companies are withdrawing themselves from their buying spree.

China's financial plumbing problems could flush assets down the drain.

separated from cabin-entertainment data with a physical gap between their respective power grids. In the event a warning comes to the cockpit, he maintained, aviators aren't cybersecurity experts so "what could the pilots do about it anyway?"

These different assessments of the industry's cyber vulnerabilities—and what leaders should do combat future attacks—partly reflects the uncertain nature of threats. Industry officials agree there hasn't been a single verified instance of safety systems being breached on a large commercial jetliner. But at the same time, experts' warnings are getting louder about the dangers of hackers finding a vulnerability in aviation protections.

Raytheon, which over the past decade has bulked up its cybersecurity business to more than \$1 billion a year in revenue, hopes to start designing what could be a cyber warning system intended for cockpits in both commercial jets and military aircraft. The challenge is "how do you remediate existing systems and build in that resiliency going forward," according to David Wajsgras, president of the company's intelligence, information and services unit.

Raytheon, a provider of air-traffic control hardware and applications, is starting with the more modest goal of establishing a system to identify false or spoofed sensor readings from engines, flight computers or other operating elements. But ultimately, it envisions sending some type of automated message to warn pilots if their aircraft is believed to be under cyberattack.

Continued from the prior page
U.S. government-backed study group. The group of experts also concluded that airline vulnerabilities extend to maintenance operations that can allow outsiders to gain unauthorized access to aircraft systems.

In September, the Federal Aviation Administration's top technical advisory group adopted language seeking to ensure that cybersecurity protections would be incorporated into all future industry standards—affecting everything from aircraft design to flight operations to maintenance practices.

Thales decided years ago that it wasn't sufficient to merely devise elaborate protections. "We must have some real-time capabilities to detect and respond" if an intrusion is under way, said Thomas Hutin, one of the company's top cybersecurity officials. He wouldn't disclose which airline signed up to participate in the testing phase, but the goal is to send a real-time alert and have crew members react based on "a very detailed set of procedures" that they were trained to use.

Carl Esposito, president of Honeywell's Electronics Solutions Business unit, sees no need for such drills, pointing to the extraordinary rigor and care avionics suppliers use in writing code. Existing safety systems are effectively impenetrable from the outside, he said, because of "encryption, security keys and end-to-end verification" of users already embedded in the software. Flight-control applications are

BUSINESS & FINANCE



The electronics maker is seeking to shift some production of oven ranges made in Mexico to a plant in Newberry, S.C.

Samsung Weighs U.S. Deal

South Korean firm is in talks to invest \$300 million at plant Caterpillar is leaving

BY TIMOTHY W. MARTIN

SEOUL—Samsung Electronics Co. is in late-stage discussions to invest about \$300 million to expand its U.S. production facilities at a factory soon to be vacated by Caterpillar Inc., according to people familiar with the matter, with an announcement expected as early as next week.

The facility that Samsung is considering is in Newberry, S.C., a town located about 240 kilometers northwest of the port of Charleston, the people said, with plans to shift over some production of oven ranges now made in Mexico. The investment could generate about 500 jobs, and though

the start date is unclear, production would likely begin next year, the people said.

Samsung could eventually increase U.S. manufacturing of refrigerators, washers, dryers and other home appliances, the people said. Final details over incentives and other matters are still being determined in talks between Samsung and South Carolina officials, the people said. Though unlikely, it is still possible for either party to walk away from the discussions, the people said.

The timing of the announcement could still change, the people said. South Korea's newly elected president, Moon Jae-in, is scheduled to meet U.S. President Donald Trump for the first time next week in Washington.

A Samsung spokeswoman declined to comment.

Samsung's interest in a U.S. factory was influenced by the election of Mr. Trump, who

vowed on the campaign trail to bring more manufacturing jobs back into the country, The Wall Street Journal reported in March.

Mr. Trump's focus on manufacturing brought promises from Asian billionaires such as SoftBank Group's Masayoshi Son and Foxconn Technology's Terry Gou. Foxconn, an assembler of iPhones, said Thursday it was considering seven states in the American heartland where it would invest \$10 billion or more in factories.

Samsung rival LG Electronics Inc. said in February it planned to build a washing-machine factory in Tennessee.

Samsung had previously said that it started reviewing U.S. options in the early fall last year, meaning before Mr. Trump's victory in November. At least five states were under consideration at the time, the Journal reported.

In recent weeks, state offi-

cials from South Carolina and Alabama traveled to South Korea to pitch their sites and incentive packages to Samsung, with the Newberry facility emerging as the leader, the people said. The two states had courted Samsung officials for months, including in talks at a Republican Governors Association event this spring, two of the people said.

The South Korean electronics company, the world's largest manufacturer of smartphones, memory chips and televisions, had told state officials that it preferred moving into a pre-existing facility, rather than building a new billion-dollar factory, according to people familiar with discussions.

Caterpillar said last year that it would close the Newberry facility, a packaging plant for electric generators, with 325 jobs, and eventually shift those positions to other U.S. locations.

Journal Reporter Fired Over Ethics

BY LUKAS I. ALPERT

The Wall Street Journal fired veteran foreign-affairs reporter Jay Solomon for violating the paper's ethical standards, stemming from his dealings with an aviation tycoon whom he had cultivated as a source.

The connections between Mr. Solomon and Farhad Azima, a Kansas City, Mo.-based businessman, were reported Wednesday by the Associated Press, which discovered them as part of an investigation into Mr. Azima's broader dealings.

The AP reported that Mr. Azima has done secret work for the U.S. government and has won lucrative government contracts.

The AP reported it obtained emails and text messages between the two men that it said showed Mr. Azima had offered Mr. Solomon a 10% stake in a

company he was trying to create. The AP said it had also seen a document that listed an apparent stake in the company, Denx LLC, in Mr. Solomon's name.

In a statement, the Journal said: "We are dismayed by the actions and poor judgment of Jay Solomon. The allegations raised by this reporting are serious. While our own investigation continues, we have concluded that Mr. Solomon violated his ethical obligations as a reporter, as well as our standards."

"He has not been forthcoming with us about his actions or his reporting practices, and he has forfeited our trust," the statement continued. "Mr. Solomon is no longer employed by The Wall Street Journal."

The AP said it wasn't clear if Mr. Solomon had ever received any money or accepted the stake in the company.

Lawyers for Mr. Azima, an American citizen who was born in Iran, told the AP the messages had been stolen by hackers.

Mr. Solomon couldn't be reached for comment. In a statement to the AP, he said, "I clearly made mistakes in my reporting and entered into a

like I was involved in some seriously troubling activities. I apologize to my bosses and colleagues at the Journal, who were nothing but great to me."

Mr. Solomon had worked for the Journal for more than two decades covering international diplomacy and topics such as nuclear-weapons proliferation and counterterrorism.

He wrote "The Iran Wars: Spy Games, Bank Battles, and the Secret Deals That Reshaped the Middle East," a book published by Random House in 2016.

The AP quoted two other Denx officials saying Mr. Solomon discussed proposed deals with Mr. Azima while he was developing the aviation magazine as a source for his Journal reporting. They said Mr. Solomon withdrew from the venture "shortly after business efforts began."

OPEC

Continued from the prior page
energy and geopolitical issues at Rice University's Baker Institute. Other OPEC members are unlikely to slash production further unless they see Saudi Arabia taking on a large share of the burden because any new cuts would be seen as a push to support the Aramco IPO.

"It's almost kind of put them on the back foot," Mr. Krane said of the Saudi oil strategy.

It is a particularly difficult time for Saudi Arabia to attempt a bigger production cut. The kingdom still burns crude oil to produce electricity and it needs even more crude in the summer, when air-conditioning use soars.

And some OPEC delegates say bold action could be counterproductive.

U.S. oil producers took advantage of a price spike last year after OPEC announced its cuts, and increased production. The resulting flood of new crude oil has convinced some investors that OPEC's actions aren't enough to rebalance the market.

"There are doubts if this

whole cut initiative was effective," said an OPEC national delegate close to the Saudis.

Another OPEC delegate said Prince Mohammed is likely to be less involved in Saudi oil policy now that he has expanded responsibilities as crown prince, acting as the country's day-to-day leader. As deputy crown prince, he was often involved in the kingdom's oil strategy, especially before he appointed his own choice, Khalid al-Falih, in 2016 to succeed Saudi oil minister Ali al-Naimi.

"It is a totally different approach from that seen during the last days of Naimi," the delegate said.

Saudi Arabia has time to wait for oil prices to rise, with the IPO not scheduled until 2018. Publicly, Saudi Arabia, its allies and OPEC are preaching patience.

On Thursday, OPEC issued a news release touting its members' compliance with their pledges to cut production. "The oil market is moving in the right direction," the news release said.



OPEC worries center on two members exempted from the obligation to cut output: Libya and Nigeria. Here, an oil terminal in Libya.

ESAM OMAR/REUTERS

Mr. Falih told an Arabic newspaper in London that Libya and Nigerian production wouldn't stop OPEC's efforts to drain down the global oil oversupply by the end of 2017. The United Arab Emirates' oil minister, Suhail bin Mohammed al-Mazrouei, said OPEC wasn't planning any new action soon.

Privately, OPEC members' worries are centered on two members who were exempted from the obligation to cut output: Libya and Nigeria. Both had their oil industries disrupted by civil strife, but their production has come roaring back in recent months.

OPEC members say no consensus has emerged about Nigeria and Libya, which would both likely object to limits.

"Curbing production has always been a difficult task in OPEC," Bijan Zanganeh, Iran's oil minister, told state media this week, confirming the OPEC talks.

In lieu of new cuts, Saudi Arabia has pursued other courses to help prices. Mr. Falih has highlighted the kingdom's reduced exports to the U.S., where the summer driving season usually sends demand higher. The kingdom has also cut exports to Asia.

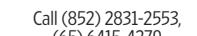
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Businesses For Sale.

BUSINESS NEWS

Former Factory for Humvees to Make Electric Vehicles With Chinese Backing



BECKY MALEWITZ/ASSOCIATED PRESS

Humvee maker **AM General** is selling its light-vehicle assembly plant in Indiana to a China-backed company aiming to make electric cars, an abrupt shift for a factory that once built hulking Hummer H2 SUVs for General Motors Co.

SF Motors, a company backed by **Sokon Industry**

Group and operating out of San Francisco, will acquire the factory and is committing to preserve 430 jobs and invest \$30 million in upgrades. The purchase price was \$110 million, according to public filings.

Most of the employees working in the AM General facility in South Bend have been building

wagons for **Daimler AG's** Mercedes-Benz and custom vehicles for buyers with special needs, and are largely represented by the United Auto Workers union.

The deal was announced Thursday, but the terms weren't released. It is expected to close in the fourth quarter, but needs to receive Chinese and U.S. regula-

tory approvals.

AM General said it will continue to center on its core operation of supplying military vehicles for the defense industry. Those products, including the iconic Humvee, are built near the light-vehicle assembly plant and AM General has typically preserved a strict separation of the two busi-

ness units.

SF follows Michigan-based Rivian Automotive in buying an old automotive factory with the intention of converting it into an EV factory. Rivian recently bought Mitsubishi Motors Corp.'s Normal, Ill., facility that was closed last year.

—John D. Stoll

Nike to Sell Some Items Directly To Amazon.com

By SARA GERMANO AND LAURA STEVENS

Nike Inc. has agreed to sell some of its products directly to **Amazon.com** Inc., a person familiar with the matter said, a concession by the sneaker giant that it can no longer afford to ignore the online retailing behemoth.

While Nike sells its shoes and sportswear through department stores and specialty retailers, it has refused to sell directly to Amazon, fearing it would undermine its brand. But with traffic to traditional stores on the decline and chains like Sports Authority disappearing, Nike has been ramping up efforts to sell directly to consumers, especially its own e-commerce efforts.

Both of Nike's biggest rivals, **Adidas AG** and **Under Armour Inc.**, sell some of their products directly to Amazon, which has been working to add fashion brands and apparel to its inventory.

News of the Amazon deal punished shares of retailers,

with Foot Locker Inc. falling 5% and Finish Line Inc. down 4%. Shares of Nike gained 2%.

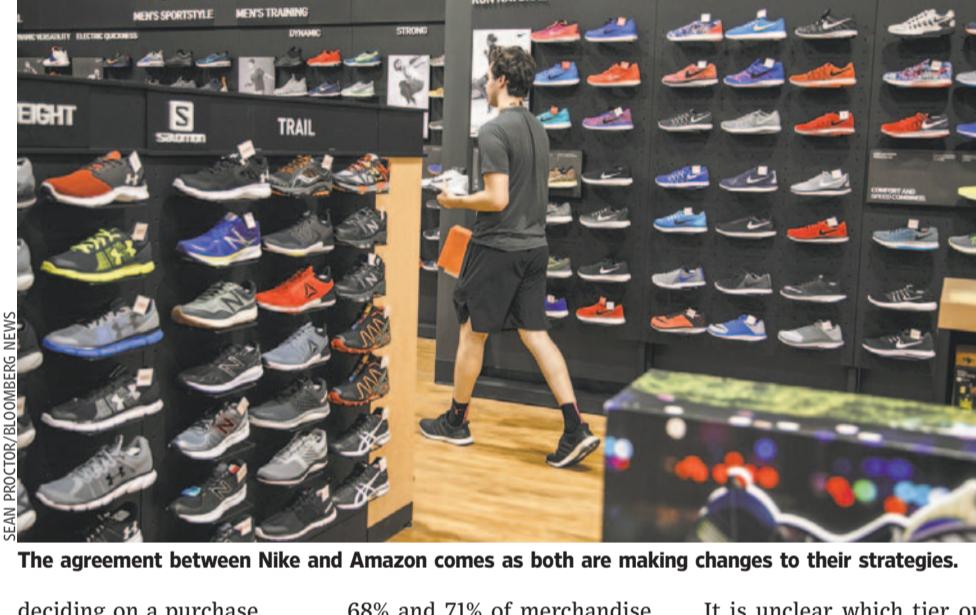
Nike executives have been in talks with Amazon for weeks about cracking down on counterfeit products and the proliferation of unauthorized third-party sales on the site, this person said. The two companies have reached an agreement where Nike would provide some products directly to Amazon in exchange for Amazon policing counterfeit and third-party sales, this person said.

Nike and Amazon declined to comment, as did Foot Locker and Finish Line.

It wasn't immediately clear when Nike would begin shipping products to Amazon. Last week, Amazon began notifying third-party sellers that they have until July 13 to stop selling certain Nike products.

The agreement between the two companies comes as both are making changes to their strategies. Amazon on Tuesday launched Prime Wardrobe, a service that lets customers try on apparel at home before

SEAN PROCTOR/BLOOMBERG NEWS



The agreement between Nike and Amazon comes as both are making changes to their strategies.

deciding on a purchase.

Last week, Nike announced plans to eliminate more than 1,000 jobs, or about 2% of its workforce, and scale back the number of sneakers and sportswear it makes. Nike sales have declined in recent months as the sportswear industry grows more competitive.

The changes at Nike, along with the new partnership with Amazon, raise questions about how established retailers will be affected. Foot Locker and Finish Line each identify Nike as their largest vendor in securities filings, accounting for

68% and 71% of merchandise purchased last year, respectively.

"While this certainly wouldn't impact trends overnight, we do think such a development would represent another headwind for a sector that can't catch a break lately," said Charles Grom, an analyst at Gordon Haskett Research, saying department stores face the biggest risk.

Nike makes and distributes products along different tiers, so retailers like Foot Locker receive a different assortment than that offered at Kohl's or Macy's.

It is unclear which tier or tiers of products will be offered to Amazon.

Nearly three-quarters of Nike's sales, or \$22.6 billion, came from wholesale partnerships for the year ended May 2016, though the company has put greater emphasis on selling more directly to consumers.

The company has launched new sales apps and opened new flagship stores, and is enticing customers to buy popular products like self-lacing shoes by making them available through Nike's sales channels first.

BUSINESS WATCH

TESLA

Auto Firm Explores Production in China

Tesla Inc. said it is exploring with government officials in Shanghai the possibility of opening a manufacturing facility to build electric vehicles for the Chinese market.

The auto maker reiterated Thursday it plans to define its production plans for China by the end of the year. China, the world's largest market for new-car sales and a big consumer of luxury vehicles, is an important market for Tesla, especially as the government pushes for more electric vehicles.

Tesla didn't mention a local joint-venture partner. China requires foreign auto makers to operate factories with local partners, though officials have signaled a willingness to relax such requirements. In May, Tesla Chief Executive Elon Musk, who had recently visited China, cryptically suggested such rule changes would be "good timing."

By making cars in China, Tesla could cut the prices of its vehicles by one-third by reducing shipping costs and avoiding import duties, Mr. Musk previously has said.

—Tim Higgins

DIAGEO

Spirits Maker Agrees To Buy Tequila Brand

Diageo PLC agreed to buy upscale tequila brand Casamigos for \$700 million, part of a larger push by the spirits company to increase its exposure to the tequila market.

The world's largest spirits

maker will pay the amount up-front to acquire Casamigos, co-founded by actor George Clooney, and said it would also pay a potential \$300 million over 10 years linked to performance.

Tequila is among the fastest-growing spirits in the world right now, with volumes increasing 5.3% last year, compared with the 0.04% growth seen by the broader spirits industry, accord-

ing to industry tracker IWSR.

Casamigos, which was founded in 2013, sold 120,000 cases last year, mainly in the U.S. The brand is expected to hit 170,000 cases this year. Its other co-founders are Rande Gerber and real-estate tycoon Mike Meldman.

The Casamigos deal is Diageo's first since 2015.

—Saabira Chaudhuri

IMAGINATION TECHNOLOGIES

Apple Supplier Puts Itself Up for Sale

Imagination Technologies Group PLC, a small U.K. technology company that has been one of Apple Inc.'s important suppliers, said it has put itself up for sale after receiving a number of takeover approaches.

Imagination's stock rose 16% in London Thursday. In April, Imagination said Apple would stop using the chip designer's technology in its devices, sending shares tumbling more than 70%. Imagination said at the time that Apple was working on its own designs for graphic processing units, the technology Imagination supplied to the iPhone maker. GPUs power videos and other animations on smartphones, computers and other gadgets.

Imagination said it has "decided to initiate a formal sale process for the group and is engaged in preliminary discussions with potential bidders." The firm didn't provide details.

The company also said it has received proposals about buying two of its non-graphics businesses, which it put on the block in May.

—Rory Gallivan



MARK SCHIEFELBEIN/ASSOCIATED PRESS

A Tesla Model X on display in Beijing earlier this year. Tesla is weighing production plans in China.

Beijing Quashes Political Videos

Chinese regulators ordered three popular internet platforms to stop streaming political videos on Thursday, expanding the crackdown on online political dialogue as China prepares for an important political handover.

By Liza Lin in Shanghai and Alyssa Abkowitz in Beijing

The websites of Weibo Corp., Phoenix New Media Ltd. and ACFUN had streamed political videos that weren't in line with government regulations and promoted talk shows containing negative viewpoints, the State Administration of Press Publication, Radio, Film and Television of the People's Republic of China said in an online statement.

The agency didn't elaborate on how the content violated regulations. Weibo, Phoenix New Media and ACFUN spokesmen couldn't immediately be reached for comment.

Weibo runs China's popular Twitter-like platform, while Phoenix New Media's ifeng.com broadcasts short news and entertainment clips. ACFUN is a video-sharing site popular among China's youth.

The shutdown comes two weeks after China's cyberspace administration ordered some entertainment accounts on WeChat and Weibo to be shuttered for political content, and three weeks after the implementation of China's sweeping cybersecurity law, which took effect June 1.

Part of the law requires online news and information services to help strengthen control over online content. The move also comes in advance of a party congress at the end of the year that will name China's leaders for the next five years.

Weibo shares were down more than 11% in premarket trading for its Nasdaq-listed shares.

—Lilian Lin in Beijing contributed to this article.

Boeing Tops Sellers at Paris Show

By ROBERT WALL

LE BOURGET, France—**Boeing Co.** beat **Airbus SE** in the annual jetliner-orders bonanza at the Paris Air Show, but both came out winners in one crucial way: Demand for both plane makers' most-popular single-aisle jets remains buoyant.

Overall orders for planes have slowed recently after a yearslong run of supercharged growth fanned by fast-growing budget carriers and cash-rich Mideast buyers. Those buyers have stayed away from bigger jets, making the so-called narrow-body, or single-aisle, market the key to the industry's medium-term health.

At the end of the show, Boeing claimed \$75 billion in deals for 571 new planes. Airbus said it secured \$42 billion in deals for 144 firm orders, along with 202 other looser commitments for planes. That was better than many analysts had expected.

The orders and commitments secured by Boeing, the world's No. 1 plane maker, were fueled by its launch of a new narrow-body model, the 737 Max 10. Boeing got 16 customers to sign up to the new plane, including **United Continental Holdings Inc.** It leaves the Paris show with 361 deals for the new plane.

"There is a very strong, robust market for the single-aisle" aircraft, said Boeing's new chief plane salesman, Ihssane Mounir, at his first big event since taking the job.

Boeing said 214 of the deals for the new plane were order conversions from other models. Mr. Mounir said the conversions were partly a reflection of buyers' wanting to move quickly to acquire the new aircraft.

Rival Airbus lagged behind with 286 single-aisle deals.

TECHNOLOGY

WSJ.com/Tech



Uber has said it is investing more than \$1 billion in India, boosting mapping capabilities, hiring more engineers and training drivers.

New Risks for Uber in Asia

Turmoil at top of ride-share firm is potential distraction that could benefit Grab and Ola

In tumult after the resignation of co-founder and Chief Executive Travis Kalanick, a potentially distracted **Uber Technologies Inc.** risks losing ground in its multibillion-dollar battles with Asia's ride-sharing giants.

By Newley Purnell in New Delhi, Liza Lin in Shanghai and Dan Strumpf in Hong Kong

Following its retreat last year from China, where it sold its business after a costly battle with homegrown rival **Didi Chuxing Technology Co.**, Uber said it was sharpening its focus on India and Southeast Asia. But investors and analysts say the San Francisco company's worries at home may hand the initiative to fast-growing startups capitalizing on a home-field advantage, local knowledge and good relationships with regulators.

Mr. Kalanick's force of personality was critical in turning Uber into a company valued at

nearly \$70 billion, said investors at Beijing-based **Magic Stone Alternative Investments**, an Uber investor since 2015. His resignation could detract from its Asia efforts and open the door to rivals, they said.

"The business in which Uber is engaged is an all-out battle, a constant daily battle against city regulators, against taxicab unions," said Ben Harburg, managing partner at the firm. "Travis, while he had many flaws, greatly personified this warrior ethos and was able to execute on this vision and grow the company at such a pace and such a valuation."

His departure follows hard on Uber's firing of its Asia president, Eric Alexander.

While ride-sharing companies typically don't disclose rides per day, data from mobile app analytics firm App Annie shows Singapore-based **GrabTaxi Holdings Pte.**, known as Grab, led Uber in all Southeast Asian markets except Singapore by another measure, cumulative downloads, for the 12 months ending in May. Uber did win in India, slipping ahead of Bangalore-based **ANI Technologies Pvt.**'s Ola.

"Uber is losing the race in

Asia," said Rushabh Doshi, a Singapore-based analyst at researcher Canalys. "In the two largest markets here, India and Indonesia, Uber is under serious attack by Ola and Grab, respectively."

In addition to having local connections, Asia's ride-sharing companies are more agile, can adapt quickly to domestic rules and are ensuring better service to keep driver retention high, he said.

An Uber spokesman declined to say whether its strategy may change in the region following Mr. Kalanick's departure.

In India, where the rise of the cheap smartphone is creating millions of potential new customers, Uber has said it is investing more than \$1 billion—boosting its mapping capabilities, hiring more engineers and training new drivers. But Ola, valued at \$5 billion and backed by investors including Japan's SoftBank Group Corp., operates in more cities and says it has more drivers, offering features like auto-rickshaw rides. An Ola spokeswoman declined to comment on Mr. Kalanick's departure.

A woman who in 2014 was raped by an Uber driver in In-

dia is suing the company in the U.S., saying Mr. Kalanick, Mr. Alexander and another top deputy who has also left the company breached her privacy by obtaining and publicizing her medical records.

In a statement, an Uber spokesman said: "No one should have to go through a horrific experience like this, and we're truly sorry that she's had to relive it over the last few weeks." Mr. Kalanick and Mr. Alexander didn't immediately reply to requests for comment.

Southeast Asia is another key battleground.

While Uber has tangled with regulators and taxi unions globally, Grab has said it works with authorities and even has partnerships with local taxi companies. It has expanded to offer mobile payments. Grab is valued at \$3 billion and also backed by SoftBank and others.

"We're well-positioned to win," a spokeswoman said, though she declined to comment on Mr. Kalanick.

Another rival in Southeast Asia is Indonesia's **Go-Jek**, a motorcycle-hailing startup backed by KKR, Warburg Pincus LLC and others. A Go-Jek spokesman declined to comment.

As Rival Stumbles, Lyft Says: Isn't 'Time to Gloat'

By CAT ZAKRZEWSKI
AND PATIENCE HAGGIN

As **Uber Technologies Inc.** was grappling with leadership turmoil that ultimately led to its chief executive's resignation, the founders of rival ride-hailing company **Lyft Inc.** sent a companywide email.

"This isn't a time to gloat," they said.

Schadenfreude might have been understandable at Lyft, which has been locked in a bitter, cash-burning battle with Uber for years. The San Francisco-based companies have slugged it out with competing fare cuts to woo customers, and dueling subsidies to poach drivers—each quickly matching new features when the other rolls them out on its app.

Lyft, by far the smaller of the two, has long tried to build a reputation as the better-behaved ride-sharing company, with a playful pink logo that stands in contrast to Uber's austere black-and-white emblem. Last November, well before Uber's string of scandals started, Lyft began running a series of TV commercials portraying executives at a fictitious competitor—a thinly veiled sendup of Uber—scheming against Lyft and ridiculing its practice of letting riders tip drivers.

That left Lyft's brand extraordinarily well-positioned when Uber's travails began in February with a blog post by a female former engineer alleging sexual harassment and discrimination at Uber. That was followed by problems including a legal battle with Alphabet Inc.'s Waymo unit over autonomous-driving technology and an exodus of high-level executives, culminating in CEO and co-founder Travis Kalanick's resignation on Tuesday.

Indeed, Lyft has benefited. Its U.S. market share has

steadily increased in 2017, according to data firm Second Measure. The firm, which tracks U.S. consumers' credit-card transactions, found that Lyft held 21.7% of the market in May, up from 15.9% in December. Uber's share of the market has declined about 6 percentage points in the same period, to 78.3% from 84.1%.

"It's very easy to appreciate the fact that anything that distracts Uber is a net win for Lyft," said Greylock General Partner Simon Rothman, who is an early individual investor in Lyft.

Uber didn't immediately respond to a request for comment.

Lyft is trying to avoid seeming to take advantage of its rival's misfortunes. The firm has shifted from advertising that took swipes at Uber to positive messaging about Lyft itself. And its founders are counseling humility.

"The faults of our competition don't do anything to deliver a better experience for our customers," Lyft co-founders John Zimmer and Logan Green wrote in the company-wide email, which was sent last Friday.

Still, Lyft isn't letting the opportunity slip. It is aggressively recruiting new riders, people familiar with the matter say. The company also launched in 150 new cities this year, exceeding the 100 cities it said it would launch in during the year in only six months.

Lyft has formed a partnership with Waymo to collaborate on self-driving cars, and struck a deal with Boston driverless-car company **NuTonomy**. This month it signed a deal with Land Rover to collaborate on autonomous driving technology, with the British luxury-vehicle company investing \$25 million in Lyft.



Lyft, which has been battling Uber for years, is trying to avoid seeming to take advantage of its rival's misfortunes.

APPLE

Continued from page B1
enough to move the needle."

India is using its giant domestic market to woo global manufacturers, charting a different path to development than that of the export-powered economies of Japan, South Korea and China. If a lower-cost iPhone became popular with a rising middle class of Indian consumers, production could be expanded and more jobs could be created.

India has worked hard to persuade Apple to produce phones locally. The government has eased foreign-investment restrictions, with an eye toward fostering an ecosystem of phone-parts manufacturers to supply international electronics makers. The effort is in keeping with Prime Minister Narendra Modi's Make in India initiative.

Under investment restrictions, foreign-owned single-brand retailers like Apple were required to source around 30% of their products locally in order to open their own shops. Apple was rejected when it pushed for that restriction to be waived. New Delhi later said companies could be given three years to reach the requirement, according to government officials.

Apple was also refused permission to import used iPhones to be refurbished and sold in India, said one Trade Ministry official who asked not to be identified. "The government is eager to have the world's most valued company have its operations here," the official said. "We hope something mutually agreeable is worked out in near future."

When the company decided to make its own phones here, Apple picked Taiwan's Wistron Corp. to begin assembling the iPhone SE, its least

expensive model, with production starting in May.

The high prices on iPhones are the biggest reason Apple can't sell more in India. Analysts estimate more than 75% of the smartphones sold in the country sell for less than \$250 and 95% sell for less than \$500. The iPhone SE was introduced last year at about \$600 and now sells for around \$325—and could fall further to a level more Indians can afford.

If it were priced below \$300, the model could win buyers now spending a similar amount for higher-end Android phones, said Faisal Kawoos, principal analyst at research firm CMR.

Apple has been trying to expand its distribution network in India, where about 85% of smartphone sales occur across

India has worked hard to persuade Apple to produce phones locally.

a fragmented network of small retailers, according to Mizuho Securities. Apple supports resellers with marketing materials, furniture and other assistance. It plans to back 200 new stores in the next year, according to a person familiar with the company's thinking.

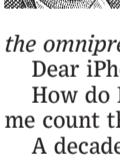
Meanwhile, Apple is doubling down on content. In March, it opened an app-development center in Bangalore to help coders making iOS apps for India. The country has nearly three million mobile app developers, but less than 15% of those make iOS products, said Jayanth Kolla, founder of research firm Convergence Catalyst.

—Karan Deep Singh
in New Delhi
contributed to this article.

PERSONAL TECHNOLOGY

| By Geoffrey A. Fowler

Dear iPhone: I Love You. I Hate You.


As the 10th anniversary of Apple's iPhone approaches, two conflicting letters to the omnipresent device.

Dear iPhone,

How do I love thee? Let me count the apps.

A decade ago, Steve Jobs said you were "three revolutionary products" in one. He was wrong. You've already displaced so many more: alarm clocks, guitar tuners, atlases, Filofaxes, dictaphones and weathermen, to name a fraction.

But you're no "product" at all: You're a life partner. You're the first thing I look at in the morning and the last thing I look at before I sleep.

I'm never bored when we're together. I always have a book to read, plus something to do that's more pressing than finishing my book. For example, crushing candies.

You're a handsome showboat that lets me lord it over most Android friends or, bless their hearts, BlackBerry people. Go ahead, show them your 3D touch.

I love you because I can pretend I'm at work by replying-all, "I'm on it," then burrowing back under covers.

I was smitten from the moment I realized, with you in my hand, I could always name the 20th president (provided I have service, of course).

You've made it feel safe for me to get in a stranger's car, and even take candy from him.

You make me want to express myself. In the decade before my first iPhone, I took 39,242 photos. In the decade since, I took 159,154. Accord-

ing to you, 5,407 were selfies, which seems low to be honest.

Without you, my cherished memories would be locked in my head. It's hard to imagine climbing a mountain without sharing a 360-degree panorama of it with all my friends—and their own beloved iPhones.

I love you because my parents learned to send photos in iMessage, and I also love them. Even when they're far away, I feel like I'm with them.

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FINANCE & MARKETS

ECB Plans EU-Wide Instant Payments

By TOM FAIRLESS

FRANKFURT—The European Central Bank said it would build an instant-payment system spanning the entire eurozone that allows companies and citizens to transfer money in seconds, in an effort to boost financial integration across the 19-nation currency bloc.

The system, scheduled to start operating in November next year, will reduce the time needed for payments between bank accounts from as long as one day to mere seconds, the ECB said Thursday.

The service will be available around the clock, 365 days a year.

As such, it could pose a serious challenge to existing payment systems such as debit cards.

The move by the ECB aims to address the absence of a rapid-payments system that spans the entire region, from tiny Baltic countries such as Estonia to Greece and Spain.

It could pose a serious threat to debit cards and other payment systems.

It will ensure "that the demand for instant payments is met at European level and further facilitate the integration of the euro area," the ECB said.

Instant payments are already available within several eurozone countries, but banks have yet to seek to join up the whole bloc.

The ECB has already done part of the work, by building a pan-eurozone system, known as TARGET2, that quickly processes large transactions between banks and central banks.

The new system, known as TARGET instant payment settlement or TIPS, would allow citizens to pay a restaurant bill directly from their bank account, for instance—or to split the bill by transferring money immediately to a friend's bank account.

It will be developed in close cooperation with European banks, which will pay a maximum price of €0.002 (\$0.0022) for each payment for at least the first two years of operation, the ECB said.

Banks will then decide how much to charge clients for the service.

Berkshire Rescues Mortgage Lender

By JACQUIE McNISH
AND NICOLE FRIEDMAN

Mortgage lender **Home Capital Group** Inc. said it is pursuing further asset sales and financings following a rescue package from Warren Buffett's **Berkshire Hathaway** Inc.

Under terms of a deal announced Wednesday night, Berkshire agreed to indirectly acquire a 38.39% stake in Home Capital and lend 2 billion Canadian dollars (US\$1.5 billion) under a credit line.

Alan Hibben, an independent director with the Canadian lender, said on a conference call Thursday that the board is seeking to further shrink the company's debt and its book of about C\$25 billion in mortgages for the short term as it moves to restore funding following a large deposit flight the past two months. The Berkshire loan will be less expensive than an emergency line negotiated during the deposit run.

Over the longer term, Mr. Hibben said he expects Home Capital will be on a growth path, because "you can't shrink your way to greatness." Home Capital's stock climbed after news of Berkshire's backing, rising 10%, to C\$16.45, in early afternoon trading on Thursday.

The Toronto-based company, one of Canada's largest lenders of residential mortgages to borrowers with less-than-stellar credit ratings, ex-



COLE BURSTON/BLOOMBERG NEWS

Warren Buffett's Berkshire will acquire a 38.39% stake in Home Capital and lend it about \$1.5 billion.

perienced an exodus of more than 95% of about C\$2 billion of high-interest savings deposits in the past two months.

The run followed allegations from Canada's securities regulator that the company and three senior executives misled investors about the full extent of its mortgage application fraud problems. The company and officials have since settled the allegations.

Mr. Hibben said Berkshire's planned investment was a turning point for the company that is aimed at restoring confidence and attracting new de-

positors.

Mr. Buffett, Berkshire's chairman and CEO, has a long history of making contrarian bets on troubled companies with financial lifelines that sometimes include deeply discounted stock purchases.

Berkshire said it would acquire the stake in two steps through its Columbia Insurance Co. subsidiary.

"Home Capital's strong assets, its ability to originate and underwrite well-performing mortgages, and its leading position in a growing market sector make this a very attrac-

tive investment," Mr. Buffett said.

The initial purchase of a 20% stake, which is set to close June 29, calls for Home Capital to issue new shares for C\$153 million, or C\$9.55 a share. The company said the purchase amounts to a 20% discount to its stock price ahead of the deal announcement. The stock purchase isn't subject to a shareholder vote because Toronto Stock Exchange rules allow buyers to bypass investor approval at a time of financial hardship.

Berkshire agreed to pur-

chase an additional 24 million shares for C\$246.8 million, or about C\$10.30 a share. This investment will be subject to shareholder approval at a special meeting in September.

The Berkshire loan will charge an interest rate of 9.5% and a 1.75% fee on undrawn funds. Home Capital said its existing line with Healthcare of Ontario Pension Plan—arranged in April when it was hit by the deposit exodus—charges an interest rate of 10% and a fee of 2.5%. Mr. Hibben said Home Capital hopes to pay down the new bank line by attracting new deposits and generating additional cash through asset sales and new financing.

Berkshire held \$96.5 billion in cash as of March 31, and Mr. Buffett has been looking for ways to spend it. Berkshire and Brazilian private-equity firm 3G Capital made a \$143 billion approach to take over Unilever PLC in February, but Unilever declined.

For Berkshire, the deal offers good returns but is "not going to have the same power to move the needle as had they been able to acquire Unilever, for example," said Thomas Russo, managing member of Gardner Russo & Gardner, which manages \$10 billion and holds Berkshire shares. "The limitation of lending your capital out at a high rate for a short period of time [is that] that period ends, and you then have to redeploy it again."

Warren Buffett Says to Buy Israel's Bonds

By NICOLE FRIEDMAN

Warren Buffett, the world's most famous stock picker, has a new sales pitch: buy Israel's bonds.

The billionaire investor and **Berkshire Hathaway** Inc. chairman hosted a lunch and dinner in New York last week to encourage investments in Israeli bonds. The events raised about \$150 million in investments, according to the **Development Corp. for Israel**, the broker-dealer that sells Israeli bonds.

Mr. Buffett, of course, is better known as a booster of stocks. He recommends that nonprofessional investors put their wealth in low-cost stock index funds and often says the stock market will continue to rise in the coming decades.

But he said many wealthy people hold bonds because they are more concerned with maintaining their wealth than achieving the highest returns. The wealthy are whom Mr. Buffett has targeted with his pitch.

"I do not tell them that bonds are a place to put your

money generally, but I will tell them that you're going to get paid back" by investing in Israeli bonds, said Mr. Buffett in an interview. When Mr. Buffett was seven, he requested a book called "Bond Salesmanship" for Christmas.

He said he likes to invest in Israel because it is a success story, similar to the U.S. Both are relatively new countries that have been founded on open markets and an entrepreneurial spirit.

"From the standpoint of accomplishments beyond the financial returns...I think that it's an excellent choice."

Mr. Buffett's ties to Israel and to the American Jewish community go back decades. His first wife, Susie, had Jewish friends and traveled to Israel, he said.

Mr. Buffett told attendees at last week's dinner that many of the most important mentors in his life were Jewish, said real-estate developer Larry Silverstein, who attended the event.

The yield on the benchmark 10-year Israel government



SHAHAR AZRAN/ISRAEL BONDS

Warren Buffett shakes hands with real-estate developer Larry Silverstein, left, as Israel Bonds CEO Israel Maimon looks on.

bond was 2.055% Wednesday, according to Thomson Reuters, down from 2.063% at the end of last year. Yields fall when bond prices rise. Israel's economy grew 4% last year and is projected to grow 3.25% this year, according to the Organization for Economic Cooperation and Development. Israel's currency has risen against the dollar this year, and the country's central bank opted last month to keep its

benchmark interest rate at a record low.

Mr. Buffett's connection to Israeli bonds started last year. Berkshire Hathaway Guard Insurance Cos., a commercial insurer in Wilkes-Barre, Pa., that Berkshire acquired in 2012, held Israeli bonds that were set to mature. Development Corp. for Israel, which is commonly known as Israel Bonds, couldn't confirm whether the company wanted to reinvest.

The corporation's regional director wrote a letter to Mr. Buffett, who called back, agreed to reinvest and invited Israel Bonds officers to visit him in Omaha.

"He really liked the fact that he could support Israel...through the purchase and investment in Israeli bonds," said Stuart Garawitz, Israel Bonds' vice president of sales, who visited Mr. Buffett in Omaha in April 2016.

Mr. Buffett subsequently hosted a dinner for 40 in Omaha in November, which raised \$60 million for Israeli bonds, including \$5 million of Mr. Buffett's personal money.

Berkshire invested \$4 billion in Israeli metalworking company **Iscar** in 2006, the conglomerate's first foreign acquisition, and Mr. Buffett traveled to Israel to see the operation. He later toured Europe with Iscar executive Eitan Wertheimer to try to drum up more overseas deals.

Mr. Buffett also donated \$10 million to a hospital in Israel in 2013, according to press reports at the time.

Former Governor: Fed's Independence Is Limited

By DAN MOLINSKI



Kevin Warsh is seen as a possible candidate to lead the Fed.

Fed Chairwoman Janet Yellen when her term ends in early 2018.

Mr. Warsh is seen as a possible candidate for chairman if Mr. Trump were to decide not to keep Ms. Yellen for a second four-year term.

Mr. Warsh has often been critical of the Fed in recent years, calling for broad changes to the way Fed board members communicate with each other as well as the public, among other things.

He continued to take respectful jabs at the Fed during the Wednesday evening event, which was moderated by Federal Reserve Bank of Dallas President Robert Kaplan, a voting member of the Federal Open Market Committee.

Mr. Kaplan said that while he disagrees with some of Mr.

Warsh's comments and criticism, he also thinks such disagreement and debate is helpful in strengthening the Fed.

Mr. Warsh also hinted that the Fed could eventually be at risk of being dismantled if it doesn't make needed changes from within. He reminded the audience that the Fed is the nation's "third experiment with a central bank, and the reason it's our third is because the first two didn't go so well."

"The idea that we [the Fed] are a permanent fixture in the economy is mistaken," Mr. Warsh said. "The reason we need to reform ourselves is because we believe in an independent central bank subject to the oversight of Congress and the selection of the president."

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FUND NAME GF AT LB DATE CR NAV YTD 2-YR %RETURN—

Chartered Asset Management Pte Ltd - Tel No: 65-6835-8866 Fax No: 65-6835-8865, Website: www.cam.com.sg CAM-GTF Limited OT MUS 06/21 USD 303610.13 0.5 6.5 -3.2

NAV GF AT LB DATE CR NAV YTD 2-YR %RETURN—

VP Class-Q Units AS EQ HKG 06/21 USD 141.51 23.5 32.5 -0.7

VP Classic-Q Units AS EQ HKG 06/21 USD 17.84 23.5 32.4 -1.0

VP Classic-C Units AUD H AS EQ HKG 06/21 AUD 14.67 22.9 30.7 -0.9

VP Classic-C Units CAD H AS EQ HKG 06/21 CAD 14.15 22.2 30.4 -1.9

VP Classic-C Units HKD H AS EQ HKG 06/21 HKD 12.02 22.0 30.5 -0.9

VP Classic-C Units NZD H AS EQ HKG 06/21 NZD 14.67 21.6 31.0 -0.9

VP Classic-C Units RMB H AS EQ HKG 06/21 CNY 11.98 15.0 30.2 NS

VP Classic-C Units RMB H AS EQ HKG 06/21 CNY 12.08 25.7 35.6 NS

VP Multi-Asset Fund Cls A HKD OT OT HKG 06/21 HKD 10.35 7.6 NS NS

VP Multi-Asset Fund Cls A USD OT OT HKG 06/21 USD 10.45 7.0 8.7 NS

VP Multi-Asset Fund Cls A USD OT OT HKG 06/21 USD 19.46 16.2 24.2 10.9

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

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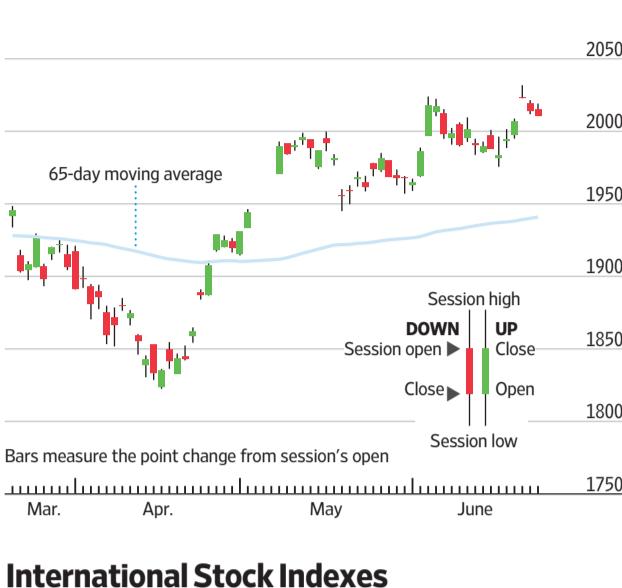
THE WALL STREET JOURNAL.

MARKETS DIGEST

Nikkei 225 Index

2010.51 ▲ 28.28, or 0.14%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

Mar. Apr. May June

STOXX 600 Index

388.53 ▲ 0.03, or 0.01%

High, low, open and close for each trading day of the past three months.



Mar. Apr. May June

S&P 500 Index

Data as of 12 p.m. New York time

Last 24.09 23.85

P/E estimate * 18.75 17.87

Dividend yield 1.95 2.19

All-time high: 2453.46, 06/19/17

2439.90 ▲ 4.29, or 0.18%

High, low, open and close for each

trading day of the past three months.

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.



Mar. Apr. May June

International Stock Indexes

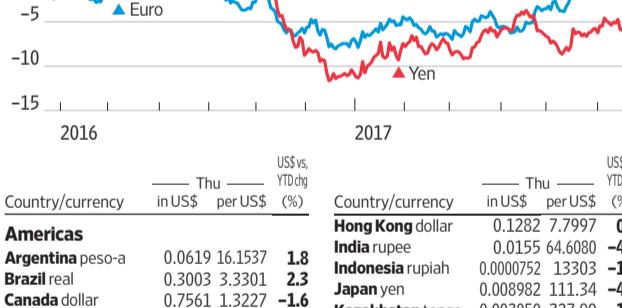
Data as of 12 p.m. New York time

Region/Country	Index	Close	NetChg	% chg	52-Week Range	Low	Close	High	YTD % chg
World	The Global Dow	2767.28	5.36	0.19	2193.75	2193.75	2791.48	2791.48	9.5
	MSCI EAFE	1885.38	2.73	0.15	1471.88	1471.88	1956.39	1956.39	9.9
	MSCI EM USD	1009.30	2.83	0.28	691.21	691.21	1044.05	1044.05	27.1
Americas	DJ Americas	584.83	1.47	0.25	480.90	480.90	588.61	588.61	8.2
Brazil	Sao Paulo Bovespa	61144.58	382.84	0.63	48954.41	48954.41	69487.58	69487.58	1.5
Canada	S&P/TSX Comp	15250.16	101.63	0.67	13609.58	13609.58	15943.09	15943.09	-0.2
Mexico	IPC All-Share	48905.13	-78.32	-0.16	43902.25	43902.25	50154.33	50154.33	7.1
Chile	Santiago IPSA	3611.16	0.41	0.01	3061.18	3061.18	3786.05	3786.05	12.0
U.S.	DJIA	21447.06	37.03	0.17	17063.08	17063.08	21535.03	21535.03	8.5
	Nasdaq Composite	6241.79	7.84	0.13	4574.25	4574.25	6341.70	6341.70	16.0
	S&P 500	2439.90	4.29	0.18	1991.68	1991.68	2453.82	2453.82	9.0
	CBOE Volatility	10.57	-0.18	-1.67	9.37	9.37	26.72	26.72	-24.7
EMEA	Stoxx Europe 600	388.53	0.03	0.01	308.75	308.75	396.45	396.45	7.5
	Stoxx Europe 50	3200.16	8.65	0.27	2626.52	2626.52	3279.71	3279.71	6.3
France	CAC 40	5281.93	7.67	0.15	3955.98	3955.98	5442.10	5442.10	8.6
Germany	DAX	12794.00	19.74	0.15	9214.10	9214.10	12951.54	12951.54	11.4
Israel	Tel Aviv	1438.22	-1.10	-0.08	1372.23	1372.23	1490.23	1490.23	-2.2
Italy	FTSE MIB	20930.26	-141.65	-0.67	15017.42	15017.42	21828.77	21828.77	8.8
Netherlands	AEX	519.39	-1.09	-0.21	409.23	409.23	537.84	537.84	7.5
Russia	RTS Index	978.45	5.12	0.53	885.22	885.22	1196.99	1196.99	-15.1
Spain	IBEX 35	10709.90	-30.80	-0.29	7579.80	7579.80	11184.40	11184.40	14.5
Switzerland	Swiss Market	9051.27	65.66	0.73	7475.54	7475.54	9136.95	9136.95	10.1
South Africa	Johannesburg All Share	51072.86	-329.83	-0.64	48935.90	48935.90	54716.53	54716.53	0.8
Turkey	BIST 100	100072.15	682.03	0.69	70426.16	70426.16	100106.8	100106.8	28.1
U.K.	FTSE 100	7439.29	-8.50	-0.11	5788.74	5788.74	7598.99	7598.99	4.2
Asia-Pacific	DJ Asia-Pacific TSM	1628.14	3.71	0.23	1308.52	1308.52	1643.59	1643.59	14.4
Australia	S&P/ASX 200	5706.00	40.30	0.71	5103.30	5103.30	5956.50	5956.50	0.7
China	Shanghai Composite	3147.45	-8.76	-0.28	2854.29	2854.29	3288.97	3288.97	1.4
Hong Kong	Hang Seng	25674.53	-20.05	-0.08	20172.46	20172.46	26036.06	26036.06	16.7
India	S&P BSE Sensex	31290.74	7.10	0.02	25765.14	25765.14	31311.57	31311.57	17.5
Indonesia	Jakarta Composite	5829.71	11.16	0.19	4834.57	4834.57	5829.71	5829.71	10.1
Japan	Nikkei Stock Avg	20110.51	-28.28	-0.14	14952.02	14952.02	20230.41	20230.41	5.2
Malaysia	Kuala Lumpur Composite	17774.43	1.86	0.10	1616.64	1616.64	1792.35	1792.35	8.3
New Zealand	S&P/NZX 50	7563.69	36.58	0.49	6664.21	6664.21	7592.03	7592.03	9.9
Pakistan	KSE100	46332.31	857.85	1.89	37039.57	37039.57	52876.46	52876.46	-3.1
Philippines	PSEi	7858.34	-28.03	-0.36	6563.67	6563.67	8102.30	8102.30	14.9
Singapore	Straits Times	3215.55	13.78	0.43	2729.85	2729.85	3271.11	3271.11	11.6
South Korea	Kospi	2370.37	12.84	0.54	1925.24	1925.24	2381.69	2381.69	17.0
Taiwan	Weighted	10399.06	49.34	0.48	8458.87	8458.87	10399.06	10399.06	12.4
Thailand	SET	1580.91	3.90	0.25	1406.18	1406.18	1591.00	1591.00	2.5

Source: SIX Financial Information; WSJ Market Data Group

Currencies

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



WSJ Dollar index

US\$ vs. Yen Euro

</div

FINANCE & MARKETS



Altice founder Patrick Drahi, center, rings a bell at the New York Stock Exchange on Thursday, when Altice USA began trading.

Altice Rises After Big IPO

BY NICK KOSTOV
AND CORRIE DRIEBUSCH

Shares of Altice USA Inc. traded higher in their market debut Thursday, a day after the cable operator raised more money in its initial public offering than any other U.S.-listed telecom since 2000.

Altice shares opened at \$31.60 on the **New York Stock Exchange**, above the IPO price of \$30, and jumped as high as \$32.19 in morning trading. Around midday, they were at \$31.63, up 5.4% from the offer price. The opening price valued the company—

formed through the merger of Cablevision Systems Corp. and **Suddenlink Communications**—at more than \$23 billion. The company is the U.S. unit of European telecommunications company **Altice NV**.

Patrick Drahi, the French billionaire who founded Altice, and company executives gathered at the New York Stock Exchange on Thursday morning for Altice USA's first day of trading. Applause broke out on the NYSE floor as shares began trading around 10:18 a.m. ET.

Wednesday, in an encouraging sign for the beleaguered telecom sector, Altice

raised \$1.9 billion in its IPO, which included selling more shares than anticipated. At that price, it is the biggest U.S.-listed telecom IPO in roughly 17 years, according to data provider Dealogic, when the tech boom ushered in a wave of cable and wireless operators. It is the second-largest U.S. offering overall this year in terms of deal size, after Snapchat parent **Snap Inc.** raised \$3.9 billion in its March debut.

Investors who bought shares in the offering, under the symbol **ATUS**, will be making a bet that the U.S.'s fourth-largest cable operator

by revenue will be able to leverage the money raised and expand in an environment in which competition is stiff.

U.S. telecom stocks have slumped this year. Shares of Altice competitors AT&T Inc. and Verizon Communications Inc. are down 10% and 15%, respectively, in 2017 as of Wednesday's close. European-listed shares of **Altice NV** are up roughly 19%.

Investors also will be betting on Mr. Drahi. He controls the parent company, which will remain the majority owner of Altice USA. Altice offered Class A shares, which have almost no voting rights.

Sydney Shares Gain As Shanghai Slips

BY RIVA GOLD
AND LUCY CRAYMER

Australian stocks powered ahead despite losses in other Asian markets as shares of the country's biggest banks recovered following declines earlier in the week.

Overnight gains in metals prices lent the market support as well, said Tim Kelleher, head of institutional foreign-exchange in New Zealand for Commonwealth Bank of Australia.

The S&P/ASX 200 rose 40.30 points, or 0.7%, to 5706.00, while the Tokyo market declined by 0.1%, Shanghai shares fell 0.3% and Hong Kong's Hang Seng index weakened by 0.1%.

Shares of Australia & New Zealand Banking Group Ltd. gained 1.2%, and Commonwealth Bank rose 1.3%. National Australia Bank and Westpac Banking Group moved 1.4% higher.

Chinese shares spent much of the session in positive territory as investors continued to welcome news that MSCI Inc. will include mainland-listed stocks in its emerging-markets index, but the gains faded amid a late selloff of financial stocks.

U.S. stocks rose as health-care shares climbed and oil

prices stabilized.

The Dow Jones Industrial Average added 44 points, or 0.2%, to 21454 in Thursday morning trading. The S&P 500 rose 0.2% and the Nasdaq Composite edged up 0.1%.

Health-care shares, the best-performing sector in the S&P 500 this week, extended gains as Senate Republicans unveiled their health-care bill. Health-care shares were up 1.5% and the Nasdaq Biotechnology Index, which is up roughly 10% so far this week, rose 1.6% Thursday.

Energy shares rose after falling alongside oil prices in recent sessions.

U.S. crude was up 1.5% in morning New York trading, at \$43.18 a barrel, but is still down roughly 20% from the start of the year. Investors have been concerned about rising U.S. production.

That has put pressure on the S&P 500 energy sector, which was up 0.4% Thursday but has lost almost 15% this year.

Investors were also monitoring speeches from Federal Reserve officials this week to gauge the pace of interest-rate increases ahead. "I think rates will continue to creep higher...but the Fed is walking a fine line," said Alan Wilson, fixed-income investment manager at State Street Global Advisors.



Australia & New Zealand Banking Group rose 1.2%.



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MARKETS

Energy Sector's Junk Debt Loses Appeal

High-yield bonds of oil-and-gas producers begin to follow their stocks lower

By ALISON SIDER

The market for U.S. energy-company bonds has declined this month along with prices for crude oil, which could make it more expensive for firms in the sector to borrow.

The Bloomberg Barclays high-yield energy index had a return of minus-2.56% this month as of Tuesday. The average yield has climbed to 7.14%, from 6.35% at the start of the month. Bond yields rise when prices fall.

U.S. oil prices inched upward on Thursday, rising to \$45.23 a barrel by late morning in New York, but remained in bear-market territory, more than 20% below their February high. Shares of oil-and-gas producers have been falling all year, putting them among the worst performers in the S&P 500.

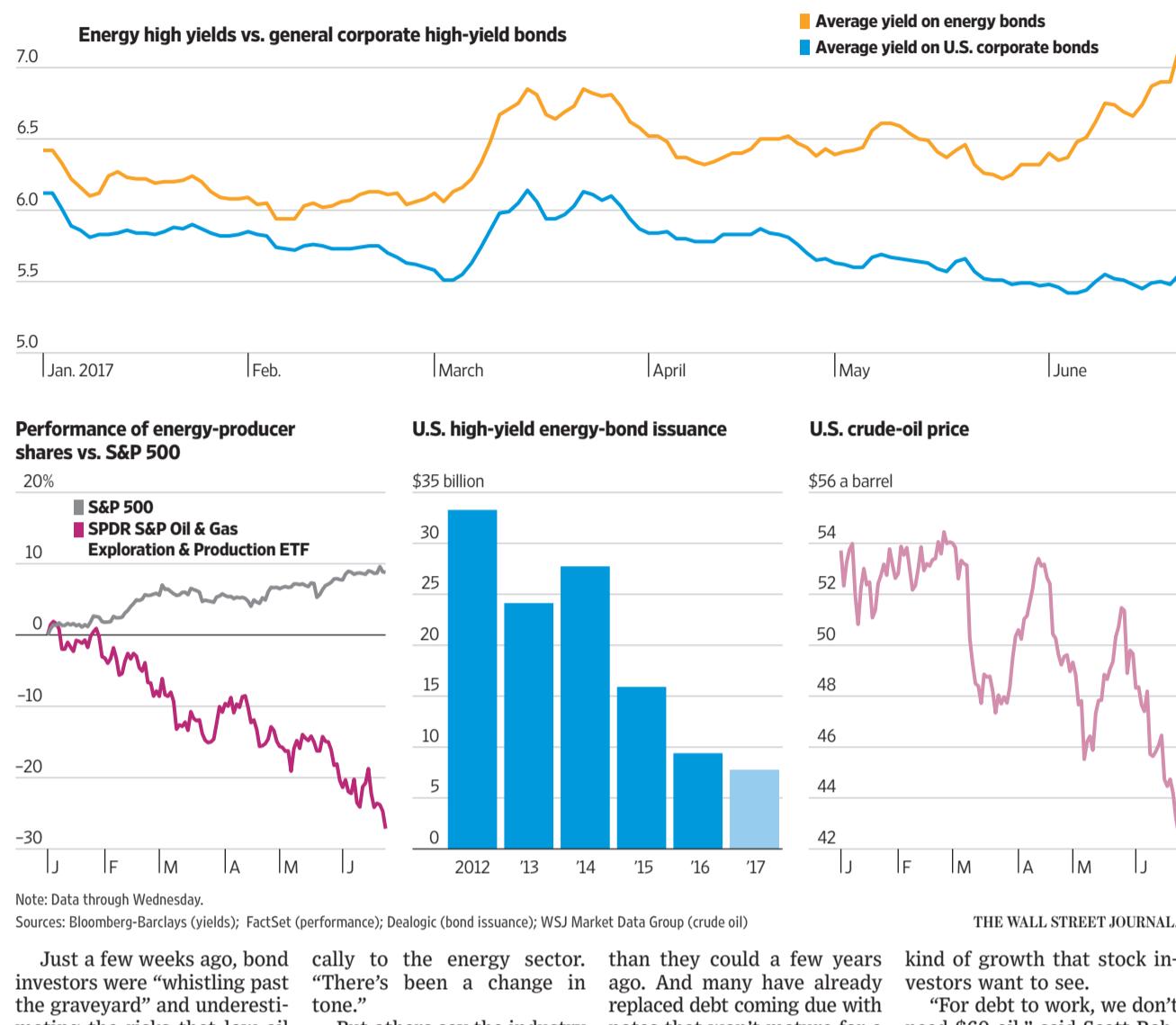
In the past two weeks, the high-yield energy market is starting to catch up to the stock market, fueling fears that junk-rated energy bonds will experience a downturn like the one in early 2016, when investors saw low odds of survival for some companies and many bonds traded at distressed levels.

It has become pricier for some energy companies that are looking to the bond market to refinance or raise funds for drilling or acquisitions, said Phillip Tamplin, head of energy high-yield capital markets at Credit Suisse. Higher yields mean more expensive borrowing rates for companies.

So far this year, debt markets have been largely open to producers. Low-rated U.S. oil and natural-gas producers have raised \$7.75 billion selling bonds in 2017, compared with \$280 million at this time last year, according to Dealogic.

Borrowing Pains

The oil slump that has dragged energy shares lower is hitting high-yield debt. Yields on junk-rated energy bonds have climbed relative to those in the broader market, making it more expensive for oil and gas producers to borrow.



tures have been declining for four consecutive weeks, falling this week to their lowest levels since August as investors started to fear that the glut in crude isn't going away.

Prices of some oil-and-gas producers' debt have started to tick lower—diverging from the broader junk-bond market—as oil fell to levels that prompted questions about how these companies will cover their costs.

Bond investors started to worry that oil isn't headed for a quick bounce, wondering where the money is going to come from if producers stick to their plans to drill more wells.

"Now people are questioning maybe this doesn't rebound. The patience starts to wane," Mr. Roberts said.

So far, rising anxiety in the energy world hasn't bled into other sectors—a change from recent years when a swoon in oil prices caused sell-offs in high-yield debt broadly.

Some producers' bonds have been more sensitive to oil's plunge than others. Companies such as Parsley Energy Inc. and Diamondback Energy Inc., which work in the inexpensive Permian region and are in good financial shape, haven't moved much recently. But bonds that EP Energy Corp. sold at par in February have dropped about 8 cents in the past week and traded at 70 cents on the dollar Wednesday, according to MarketAxess.

While some companies may have missed a chance to refinance earlier this year, most can afford to wait before tapping bond markets, said Marisa Moss, director of high-yield energy research at Citi-

group. But if oil doesn't recover, it could become a more pressing problem.

"They're sitting on the sidelines waiting for that bump in oil prices to tap the market again," she said.

—Sam Goldfarb contributed to this article.

Just a few weeks ago, bond investors were "whistling past the graveyard" and underestimating the risks that low oil prices posed, said Ryan Kelly of PGIM, the investment-management arm of Prudential Financial Inc. "The high-yield bond market is waking up," said Mr. Kelly, portfolio manager for high yield at PGIM Fixed Income, which manages \$654 billion, referring specifically to the energy sector. "There's been a change in tone."

But others say the industry is in much better shape. Some producers have sold shares and assets to pay down debt in recent years, and the weakest players have been flushed out through bankruptcy, they say. Producers have slashed their costs and can turn a profit at much lower oil prices

than they could a few years ago. And many have already replaced debt coming due with notes that won't mature for a few years, so they aren't facing looming repayments.

For credit investors, oil prices between \$45 and \$55 a barrel weren't so worrisome. At that range, many U.S. oil companies could stay afloat and repay their loans, even if those prices wouldn't spur the

kind of growth that stock investors want to see.

"For debt to work, we don't need \$60 oil," said Scott Roberts, head of high-yield investments for Invesco Fixed Income. "A lot of these companies that have debt outstanding are making pretty attractive profits in the \$47-to-\$50 range."

But that price range, which seemed like a lock for months, is slipping away. U.S. crude fu-

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

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A Sweet Deal to Aid Italy's Banks

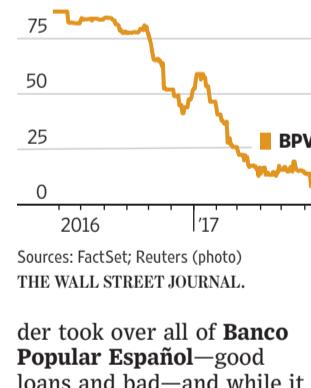
Italy has a potential solution for another of its banking messes, but it involves a state-aid dodge that might stretch Europe's rules too far.

The problem is with the Veneto banks—Veneto Banca and Banca Popolare di Vicenza—two merged lenders in dire need of capital, even though they were bailed out by an industry-backed rescue fund only last year.

The potential rescuer is banking giant Intesa Sanpaolo. But it doesn't want to get its hands dirty. Italy's second-biggest bank by assets will only do the deal if it is allowed to exclude all the Veneto banks' bad loans and any that look like they might go bad, as well as ditch all the existing equity and junior bonds of the banks and be indemnified against any legal risks. Oh, and it doesn't want to pay anything but a token sum, or need to raise capital or cut its dividend.

It is as if Carlo Messina, Intesa's CEO, looked at Banco Santander's rescue of a struggling Spanish bank this month and decided he could go one better. Santan-

Rescue Raider



Intesa Sanpaolo CEO
Carlo Messina

der took over all of Banco Popular Español—good loans and bad—and while it only paid a single euro, it is raising €7 billion (\$7.82 billion) of equity to help fund the assets it is acquiring. Some think those terms were highly favorable.

But there is a problem with ensuring Intesa's expanded balance sheet remains as well capitalized as it is today. For Intesa to acquire the good chunk of the banks' roughly €60 billion in

assets fully capitalized, the bad bank that is left behind will likely need to impose losses not only on their equity and junior bonds, but on some of their senior bonds, too.

If senior bonds take a hit, that could spread panic among other weak Italian banks and even among depositors. To prevent this, taxpayers' cash will be needed to compensate senior bondholders. But that risks breaching Europe's stiff

state-aid rules.

The government has little choice but to get creative. It tried to convince Italy's biggest lenders to chip in more money to keep the Veneto banks going, but they refused. The government's next hope is that it can get around state-aid rules by liquidating the banks, like an ordinary company, selling good assets and scrapping the rest, rather than going through Europe's bank resolution mechanism. The idea is that state money would be going to wind down a bank, not prop it up.

But it is hard to say that Intesa wouldn't be receiving state aid, at least indirectly, and therefore gaining an unfair competitive advantage. This is a deal almost too good to be true, according to analysts at Mediobanca, although a chaotic liquidation could still be worse.

Intesa's local rivals are unlikely to complain—they will have avoided injecting any cash themselves. But other banks in Europe, even Santander, may think this deal goes too far.

—Paul J. Davies

OVERHEARD

There is almost nothing that will turn Etsy, the relentlessly upbeat seller of handmade tchotchkies, away from its cheerful tone.

"Etsy Sharpens Focus on Key Growth Initiatives," was the title of a Wednesday press release from the online marketplace in order to "deliver value to its stakeholders."

Etsy's employees might be less than thrilled: Below the positive-sounding headline came word that the company plans to lay off about 140 employees, or 15% of the workforce.

That comes after the company announced about 90 layoffs last month.

Generally, reducing head count isn't a great sign for a company that is expected to grow rapidly.

Analysts anticipate revenue to double from last year's total. Investors pushed Etsy shares slightly higher, perhaps because higher earnings would bring down the company's lofty valuation. Etsy's price/earnings ratio on this year's expected earnings is 1,230.

Adobe Is Bright Spot In the Cloud

Adobe Systems has proved that the cloud can have a silver lining.

Many cloud software companies have yet to report earnings—even on favorable adjusted terms that exclude things like stock-based compensation. Adobe, meanwhile, has increased per-share earnings on a year-over-year basis every quarter for the past three years, and that is based on generally accepted accounting principles.

The fiscal second-quarter results from late Tuesday continued that trend, with per-share earnings up 56% year over year to 75 cents, beating analyst forecasts.

For a company that now qualifies as an elder statesman in the turbulent software business, that sort of performance stands out. Even compared with much larger peers like Microsoft and Oracle, Adobe has had the most success transitioning its business model to the cloud. Subscriptions now account for more than three-quarters of the company's revenue.

That explains why Adobe's stock price still has room to run despite a 40% gain already this year through Wednesday.

And while the stock isn't cheap at 32 times adjusted forward earnings, the company's expanding bottom line has actually moderated its multiple. Adobe traded at 42 times earnings three years ago, when its market value was half of what it is now.

With per-share earnings expected to keep rising on a double-digit-percentage basis for the next two years, Adobe's cloud is still packing plenty of rain.

—Dan Gallagher

Why Diageo Is Splurging for George Clooney's Tequila

Diageo is so desperate to avoid ending up the Budweiser of U.S. liquor that it could pay almost \$500 a bottle for George Clooney's tequila brand. On the shelf, it costs around \$50. Only supercharged tequila drinking will justify Diageo's splurge.

The London-listed group announced Wednesday that it agreed to buy Casamigos for up to \$1 billion, comprising a \$700 million down payment and a further \$300 million if the brand hits certain milestones. The label was only launched in 2013, but its sprinkling of Hollywood stardust—Mr. Clooney and Rande

Gerber founded the company with real-estate man Mike Meldman—has taken the tequila market by storm. It is on track to ship 170,000 cases this year, Diageo said, up from 120,000 last year.

Craft beer started squeezing big brewers like Budweiser Anheuser-Busch InBev in the 2000s, but really took off this decade. It now accounts for about a fifth of U.S. beer sales. Meanwhile, craft liquor represents just 3% of its market, reports Citi, and is only just getting into its stride.

Liquor has important differences to beer: The U.S.

market is growing faster, thanks to the millennial cocktail craze, and most big brands can boast a craft heritage.

Still, established categories like blended scotch—and labels like Diageo's Johnnie Walker—have found themselves challenged by upstarts. Diageo's U.S. market share by unit sales was 17.1% last year, down from 17.3% in 2015 and 19.3% in 2012, according to data provider IWSR.

Diageo has responded as it can, by investing in booming categories. In January it launched an Irish whiskey,

Stirred Up

Share of U.S. liquor sales



*Diageo, Beam, Pernod, Bacardi, Brown-Forman

Source: Citigroup

THE WALL STREET JOURNAL.

and in March opened a new \$115 million bourbon distill-

ery for its Bulleit brand in Shelby County, Kentucky, Mr. Clooney's home state. Casamigos is another step.

There are some worries Diageo is overpaying for a fad: Bernstein estimates that the investment will cover its cost of capital only if Casamigos sales continue to grow by 40% to 50% a year. But the real risk for investors could be that the liquor market fragments further to the benefit of upstarts.

To revive U.S. growth, Diageo really needs Americans to go back to drinking scotch.

—Stephen Wilmot

Smashing but
unsmashable:
our five favorite
summer plastic
glasses
W6



OFF DUTY



The oddly cool
alternative for
minivan-averse
families
WS

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THE WALL STREET JOURNAL.

Friday - Sunday, June 23 - 25, 2017 | **W1**

Suite Surrender

Though hotel snobs have long resisted Airbnb and other vacation-rental services, they're happily giving in as homes-away-from-home get ever more accommodating



VINE AND DINE
Eat Indian takeout under the 9-by-20-foot (retractable) skylight in the dining room next to a wall of greenery.

LIVING LARGE
Thirty-two-foot ceilings, a working fireplace and idiosyncratic decor that wasn't chosen by a committee.

MORE THAN A MINI BAR
The home's full kitchen with Carrera marble counters beats a \$15 bag of pretzels—and there's the famous Smithfield meat market a few blocks away.

SLEEP EASY
This home has four sleeping quarters, including a large master suite and a kids' room stocked with toys and books—no need to lug your own.

Welcome to your new neighborhood.

BY CHRISTIAN L. WRIGHT

WE'D PROCRASTINATED in booking a room for a spring visit to Charleston, S.C., and were priced out of the good hotels. So I told my sister we'd Airbnb. Once a sharing-economy platform becomes a widely recognized verb, it has left the realm of trend and become a cultural game-changer. After doubling its number of listings year after year, now offering 4 million private homes available for rent—from the coast of South Carolina to the South China Sea—Airbnb is currently valued at \$31 billion.

And yet, as I set about searching its stylish website—using the winnowing filters to specify “entire house,” “two bathrooms” and my budget—and whizzing by all the crummy places and any-

thing with Adirondack chairs in primary colors, the sun went quickly past the yardarm. These were wasted hours, ones I could have used to compose a fan tweet to Aziz Ansari, to practice my Spanish on Duolingo or to finish reading John McPhee's “Levels of the Game.” Besides, I ultimately came up empty: The sweet little house downtown with porches and parking was...not available for our dates.

Given such hassles, it is no wonder sophisticated travelers still resist the idea of vacation rentals. And many of the holdouts I interviewed also just can't fathom shacking up in someone else's house based on a few blurry snapshots. These Never Renters, as I fondly call them, aren't just hotel snobs, they've been put off by horror stories—iffy lock on the front door! stained sheets! dodgy Wi-Fi! questionable neighborhoods!—like those told by renters and hosts on the website Airbnbhell, a veritable database of

scams, shady policies and gory details. They don't want to live like a local, buy rainbow chard at the farmers' market or lollygag in a stranger's idea of good interior design. As we all know, photos can be deceptive. Alighting on a rental feels inherently riskier than booking a hotel.

“I have a lovely apartment,” said Tania Chamlian, a former advertising creative director who lives in New York. “If I'm going to go somewhere, it has to be at least as nice. I'm a hotel person and all my friends are too. Sometimes I travel by myself, and I want to be pampered.”

The difference now is that the home-sharing revolution is rewriting the rules of vacation accommodations. While Airbnb still dominates the field, posher rivals have sprung up catering to specific tastes, making it easier to find your home away from home and leading Airbnb to raise its game. The new players narrow the field according

Please turn to page W2

OFF DUTY

THE VACATION-RENTAL REVOLUTION

Continued from page W1

to type of traveler—families with young children, say, or design enthusiasts—while Airbnb still rewards those who enjoy the hunt. When Christopher Noey, a senior adviser in the director's office at the Metropolitan Museum of Art in New York, rented a house on Lake Atitlán in Guatemala, his friends were skeptical. "They thought it was a crazy roll of the dice," he said. But Mr. Noey is a fierce researcher who managed to score a stylish five-bedroom villa with a hot tub, daily maid service, a cook and someone who came in the afternoon to light the fire on the terrace. He found the listing on Airbnb, for about \$90 a night per person. "One afternoon, we see a fisherman out on the lake," he said. "He rows over to our dock and delivers the fish to the cook. That's not going to happen in a hotel."

He is not the only convert. Manhattanite Ricky Ian Gordon, an opera composer, harbors great affection for grand hotels, so last year, when his husband rented an apartment in Paris for a week, he felt a bit crestfallen and rather trepidatious. "We get up to this place on the Seine, go inside, and I can't even believe this could be an Airbnb," said Mr. Gordon. "The guy who lets it is an art collector. The living-room ceiling is painted like the Sistine Chapel. There are art books everywhere, and beautiful antiques. He has surrealist paintings on the wall. It was magical and much more fun than a hotel. For 10 days, we had a home in Paris."

This possibility of playing house in many of the planet's most appealing destinations has spurred a tidal wave of interest in home and apartment rentals world-wide. In 2015, nearly one in three U.S. travelers stayed in some form of private accommodation—through rental sites including HomeAway and Flipkey, both precursors to Airbnb—up from about one in 10 in 2011, according to Phocuswright, a tourism research firm. Meanwhile, fancier rental companies, like Luxury Retreats, are trying to woo the jet set with more consistently hotel-like quality. Another, Onefinestay, which claims to rigorously vet all properties, somehow convinces homeowners who would never consider renting their house to strangers to do so.

When Kinvara Balfour, a tech consultant and film director from London, travels for work, she often uses Onefinestay. "It's brilliantly managed," said Ms. Balfour, who recently stayed in a sunny, open-plan house in Los Angeles that comes with cleaning service. "When I fly from London, I usually arrive at 10 o'clock at night," she said, adding that a Onefinestay representative "greets you and shows you around, gives you a welcome pack with instructions to the house, the Wi-Fi password, coffee and tea. And an iPhone. I use it for GPS when I'm driving." The Onefinestay iPhone loaner, available free for all guests, comes preloaded with a property-specific app to help with anything from garbage collection to a doctor recommendation. Of Onefinestay's contribution to her traveling life, Ms. Balfour said, "For me, it's a luxury that's become a necessity."

Hotel snobs don't want to lollygag in a stranger's idea of good interior design.

As the big travel companies like Expedia and TripAdvisor continue to bulldoze their way in on the action—Expedia now owns HomeAway and VRBO (the pioneering home-sharing service that launched in 1996) and TripAdvisor Rentals has 300,000 vacation homes in 200 countries—the market is flooded with an overwhelming number of listings for would-be renters. Consequently, the demand for more narrowly curated offerings, even among business travelers, is growing. To court road warriors, Airbnb has identified certain listings as "business travel ready"—outfitted with a desk, hairdryer and 24-hour check-in. As the competition heats up, the company is also zeroing in on the deluxe market. When it bought Luxury Retreats last February, it seemed an attempt to compete with the new breed of smaller, more discriminating rental agencies, those that might finally persuade hotel devotees to take a dip in the rental pool. Consider this list, at right, of more specialized sites as the lifeguard on duty.



ROOM, NOT BORED // A CRASH COURSE IN SEVEN HOME-RENTAL SITES THAT CATER TO SPECIFIC TASTES

For Design-Minded Iconoclasts

WELCOME BEYOND

Founders Oliver and Chris Laugsch, Berlin-based brothers, curated a collection of unusual houses (and small hotels) in 41 countries that they say favor personality over pretension. That might mean a rustic 19th-century barn in Tivoli, N.Y., with curtains for walls or a fully staffed Swahili beach house built by native artisans on Kenya's Lamu Island.

Perks Welcome gifts, like a bottle of Spanish red in Andalusia or a complimentary dinner upon your arrival at a Marrakesh villa.

Hassle Factor Low. The website is well designed and easy to navigate.

Sample Price A private Greek-island retreat with a neoclassical house that accommodates up to 22 people starts at about \$800 a night. That four-bedroom rustic barn in upstate New York, with antler accents and claw-foot bathtub? From \$220 a night. welcomebeyond.com

For Discriminating Urbanites

ONEFINESTAY

Launched in London and New York in 2010, Onefinestay concentrates on luxury hotel-like service in apartments and houses in select major cities, all vetted and prepared for guests by Onefinestay staff. The Accor Group bought the company last year, but has only expanded its reach to a total of nine cities so far (adding Boston, Los Angeles, San Francisco, Miami, Milan, Paris and Rome), with seasonal offerings in the Hamptons, Edinburgh, Southern California and the French Riviera.

Perks A loaded iPhone for local use, custom fitness videos by Tracy Anderson (a longtime guest) streamed in all properties, toiletry brands specific to locale and Soul Cycle passes in some cities.

Hassle Factor Low. Straightforward click-and-buy website also offers city tips.

Sample Price A sophisticated, spare one-bedroom in Rome starts at a nightly rate of about \$200. And a four-bedroom penthouse in Boston's Beacon Hill averages \$995 a night. onefinestay.com

For the Glitterati With Entourage

THE THINKING TRAVELLER Launched with just seven villas in Sicily, the Thinking Traveller has grown slowly—based on word-of-mouth and local connections—to encompass about 180 private properties, sprinkled around Sicily, Puglia, the Greek Islands, Corsica and the Brazilian beach town of



YOUR CASA IS MY CASA The 12-bedroom Don Archangelo all'Olmo villa in Sicily comes with a heated swimming pool and full-time staff, including a chef. Available through the Thinking Traveller, weekly rates starting at \$16,350.

Trancoso. Available exclusively through the Thinking Traveller, some of these high-end villas come with staff (cook, driver, housekeeper, owner's personal assistant) and what the company calls "magnetic views."

Perks A pre-arrival care package that includes a location-specific guide written by a Thinking Traveller staffer who lives there.

Hassle Factor Low. You can reserve a property for up to 24 hours while you make up your mind. Or you can chat with a villa agent by phone before pulling the trigger.

Sample Price On the Greek island of Skopelos, a 2.4 acre compound with seven bedrooms, its own secluded beach and a pet donkey runs from about \$6,600 a week.

A unique stone villa in Puglia with two pools, six bedrooms and six bathrooms starts at \$3,220 a week. thethinkingtraveller.com

For Groovy Families

KID & COE

Founded in 2013 by Zoie Kingsbury Coe—a young

mother who travels a lot with her musician husband—this service found a void to fill: baby-ready homes (equipped with high-chairs, cribs, toys, blocked electrical sockets) for families not willing to sacrifice style for square feet. Now the fast-growing company represents some 1,200 listings in 49 countries, many in France, Italy and the U.S., with a few in Japan and Morocco. Family-friendly highlights are itemized for each property (e.g. baby monitor, washer/dryer, game console, stair guards, trampoline).

Perks An online guidebook to the destination, compiled by local parents; a member-based exchange program for home swaps.

Hassle Factor Low. Put your dates in and a price appears.

Sample Price A well-appointed two-bathroom stone cottage on 16 acres in the Hudson Valley is about \$300 a night. An Architectural Digest-featured residence in Thailand is \$1,722 (including meals), a night for four people. kidandcoe.com



A four-bedroom home in Amsterdam listed by Kid & Coe.

For Persnickety Big Spenders

ULTRAVILLA

Founded in 2014, UltraVilla is a by-invitation directory of luxury rental agencies that showcases mostly high-end properties in 22 countries, from ski chalets in the Alps to private islands in Greece.

Perks The kind of entree to, say, Scottish estates and grand English houses that once required aristocratic ancestry. White-glove service at most properties.

Hassle Factor Medium. Though the booking process can take time, the main UltraVilla website has efficient drop-down menus and day-dream-like photos. Once you find a property you like, you're directed to the corresponding website, through which you must weed anew.

Sample Price Most of these homes do not come cheap. A four-bedroom wood-and-glass modern manse in New Zealand (with massive decks and a helipad) starts at \$15,550 a night. Then again, you can also find a genteel three-bedroom flat on Paris's Left Bank with nightly rates from \$900. ultravilla.com

For Chic and Thrifty Nomads

BOUTIQUEHOMES

The brainchild of a former set designer and a stylist, the company represents 1,000 vetted properties in 69 countries, from Spain to Sri Lanka.

Perks A members-only program is in the works to give loyalists discounts.

Hassle Factor Varies. No direct online booking. Once you fill out an inquiry form,



A three-bedroom flat in Paris offered by Haven In, a luxury rental agency found on ultravilla.com

it goes to the owner who then contacts you. Listings on the landing page are divided by categories like "Cool Places for Design Lovers" and "Bring Fido Along" rather than geographically, which can be frustrating.

Sample Price Average about \$250 a night, with options like an elegant four-bedroom apartment in St. Petersburg, with Wi-Fi and arched windows. The portfolio also includes some architectural gems like a 1960s Chuck Reed three-bedroom in Hollywood, Fla. that starts at \$1,750 a week. boutiquehomes.com

For the Wannabe Duke and Duchess

LANDMARK TRUST

The British Landmark Trust rents 198 historically significant buildings across the U.K., plus a few in France, Belgium and Italy (including John Keats's home in Rome). Plenty of them are long on charm and short on frills, and are all self-catering.

Perks The kind of entree to, say, Scottish estates and grand English houses that once required aristocratic ancestry. White-glove service at most properties.

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► For five additional specialized rental services, see wsj.com/travel.

OFF DUTY

'Swim' Out of Water

The newest trend in swimwear? Designs so splashy they can slip under street clothes and double as high fashion

BY CHRISTINE WHITNEY

IS IT A TOP or a bikini? Are those shorts or seaworthy boy-brief bottoms? When studying the spring 2017 runway collections, it's often difficult to tell.

Indeed, the line between swimwear and ready-to-wear has blurred this season. Designers sent out aquatically inclined pieces tucked into pants or layered under tunics as if to say that water isn't really swimwear's natural habitat.

But is wearing a bikini as a top a faux pas? Not to Miuccia Prada who, for both her Miu Miu and Prada collections, tipped her swim cap to the dolce vita era with an offering of retro suits layered with blouses and skirts. Inspired by the look of swim, Joseph Altuzarra served up beachy ruffled bralettes with high-waisted skirts, while Tory Burch showed maxi skirts with bikini-like silk bralettes, which she later modified for retail into bona fide swimwear.

Translating the runway to the real world, however, can be tricky, but when done right, this trend can squeeze more value from your summer wardrobe. "I think that people like the multiple uses," said designer Lisa Marie Fernandez, who has championed the concept since launching her swimwear and resort brand in 2009. "The bikini is no longer just a bikini. The one-piece is also a bodysuit." She helped pioneer the idea of making bikinis and maillots from denim, seersucker and crepe, fabrics which easily transition from seaside to sidewalk. And yes, you can actually swim in them.

Elyse Walker, owner of eponymous boutiques in Newport Beach and Pacific Palisades, Calif., recommends wearing ruffled bikini tops—like those from Ms. Fernandez—with wide trousers or full skirts that are high-waisted enough to expose just a sliver of midriff. Scoop one-pieces, meanwhile, are easily tucked into high-rise jeans. A customer "might buy a bikini for a trip to St. Bart's, but then she can also [wear the top] to dinner in the Hamptons," said Ms. Walker. Call it investment dressing. Her other favored brands for souped-up swim are Australian label Zimmerman and New York designer Jonathan Simkhai, who recently added bathing suits to his collection.

To find a swim top you can elevate to regular-top status, pay attention to fabric and silhouette. "I feel like the vintage-inspired styles really work best," said New York fashion stylist Ann Caruso. Those 1950s-style fuller-cut tops and bottoms not only offer more cover, they're also more fashion-forward. "You wouldn't really do the string bikini top," she added. Search out structured shapes in rich-feeling fabrics, and restrict swimwear made of very basic Lycra to the pool and shore, said Ms. Fernandez. She uses a substantial matte neoprene even for her simplest styles.

Another tip from Ms. Fernandez: Take care that you're appropriately covered when taking your swimwear out on the town. "If you're showing shoulder and you have a crop top, balance it with a trouser or skirt with a little length to it," she said. The designer added skirts and dresses to her collection in 2015—taking some of the guesswork out of swim-to-street ensembles. If you really want a no-brainer solution, she recently launched a mini collection of coordinated

The bikini is no longer just a bikini. The one-piece is also a bodysuit.'

swim-and-skirt/dress ensembles with e-commerce site Matches Fashion.

New York designer Joseph Altuzarra showcased other charming layering approaches in his collection, putting floral bikini-inspired bralettes under striped off-the-shoulder knit dresses so that only the ruffled straps peeked out. Elsewhere, he paired a cherry-print skirt with a matching bralette and finished it with a blazer. Result: a look both festive and almost formal.

Mr. Altuzarra advocates wearing swimwear with a silk shirtdress, either unbuttoning the dress from the neck to show off a bikini top or from the bottom to flash a pair of boy-cut briefs. Throw on a belt and wedge sandals to pull it all together. "Before, you'd have your city clothes then your holiday pieces on the side," said Ms. Fernandez. "Now it's more about lifestyle clothes. To just wear [swim] by the pool would be a disservice."



TO LIVE AND DIVE
With interesting fabrics and design details, swimwear can be stylish enough to depart the deck chair.

Top Left: Bikini Set, \$895, *Miu Miu*, 212-641-2980; Tricot Comme des Garçons Shirt, \$530, *Dover Street Market*, 646-837-7750; Skirt, \$2,850, *Céline*, 212-535-3703; Sunglasses, \$460, *oliverpeoples.com*; Earrings (throughout), \$350, *ippolita.com*

Top Right: Swimsuit, \$380, *Fendi*, 212-897-2244; Skirt, \$790, *Isabel Marant*, 212-249-2019; Sunglasses, \$220, *illesteve.com*; Belt, \$450, *etro.com*; Sandals, \$490, *loewe.com*

Left: Swimsuit, \$430, *lisamariefernandez.com*; Trousers, \$410, *joseph-fashion.com*; Sunglasses, \$460, *oliverpeoples.com*
Photographed at Le Bain at The Standard High Line, New York.

ANDREW ONGELA FOR THE WALL STREET JOURNAL, STYLING BY REBECCA MAJINSKY, HAIR & MAKEUP BY MARK WILLIAMSON, MODEL SUMMER THOMPSON/WILHELMINA

FÊTE ACCOMPLI A GOOD-LOOKS GUIDE TO RECENT EVENTS

GROCERY GAMES

"IT'S LIKE BEING in someone's pantry," said Kate Bosworth last Thursday night. "A very, very fancy pantry." The actress was in the tony New York food shop Clover Grocery, marveling at shelves filled with \$13 jars of Himalayan salt. The store, an extension of haute health restaurant Cafe Clover, accommodated an intimate dinner that Ms. Bosworth was co-hosting with designer Jason Wu and e-commerce site Shopbop.

The point of the celebration: a collaboration between Mr. Wu and design studio Work + Sea for Mr. Wu's lower-priced label, Grey. "We met last summer at a dinner party," said Work + Sea co-founder Michael Woodcock. "Jason loved our prints. He instantly emailed me saying, 'Let's do something.'"

Though Mr. Woodcock and co-founder Lara Apponyi mostly create prints for wallpaper, they developed two for Grey's sporty feminine clothes—an abstract botanical in two colors and a quirky motif combining images of Egyptian cats, camels and female busts that Mr. Wu dubbed "CATmouflage."

The latter also featured on the place mats that decorated the long dinner table—along with a lush and rambling centerpiece of geraniums, roses, freesia and what seemed like a grove's worth of lemons. In keeping with the theme of bounty, each guest's name was inscribed with a heat pen on a fat orange. (Paper place cards can feel so 2016.)

Before dinner, Mr. Wu welcomed his guests, proclaiming himself tired of big dinners "with terrible people." The small group, which included jewelry designer Jennifer Fisher and model Carlotta Kohl, seemed flattered. Or perhaps it was simply the glow of extremely stylish health. —Taylor Harris

HAUTE HAUL
The bountiful table setting.



Jason Wu

Lara Apponyi

Carlotta Kohl

Michael Woodcock

Jennifer Fisher

Kate Bosworth

OFF DUTY

ON WINE LETTIE TEAGUE



The Iffy Business of Predicting Wine Trends

I WAS WALKING through a wine shop recently when a wine in a blue bottle caught my eye. Had the wine-maker—or, more likely, wine marketer—decided this disco-bright color was one that would draw buyers or did the contents require a colorful cover up? I spotted several other bottles of a similar hue—a few German Rieslings and a couple Moscatos—and wondered if I was seeing the start, the middle or the end of a trend. The larger question: How do bottle colors or grape varieties or even entire countries (see: New Zealand) become so popular they actually turn into trends?

A few decades ago, a great ad campaign could start a trend. Take, for example, Bartles & Jaymes, the fictional folksy spokesmen created by Gallo in the early 1980s. Messrs. Bartles and Jaymes sat on a porch and told the story of how they had created a wine cooler. The highly successful television campaign not only made the B&J label a hit but also launched an entire industry of low-alcohol fruit drinks.

A decade earlier, the white wine Blue Nun became famous largely thanks to a clever radio campaign starring the married comedy duo Jerry Stiller and Anne Meara, who bantered about life and a wine from Germany with an unlikely name. "Blue Nun, the delicious white wine that's correct with any dish," said the spots' tagline. Around the same time, other white wines from Germany became popular, too—including Black Tower (in a tower-shaped bottle) and Black Cat (aka Zeller Schwarze Katz) in a bottle with a cat on its label—though none was the equal of Blue Nun.

When Blue Nun was transferred from a brown to a blue bottle in the late 1990s, the brand had long since lost its luster and the blue bottle did nothing to bring it back. Peter Sichel, the visionary who had made Blue Nun famous, denounced the move as a gimmick, a marketing contrivance unlikely to succeed, and it looks like he was right.

The blue-bottled Bartenura Moscato (aka "blue Bart"), meanwhile, became a hot brand. When this kosher Moscato transitioned to a blue bottle back in 1992, the main goal was to help it keep up with the competition, according to Jay Buchsbaum, vice president of marketing and director of wine education at Royal Wine Corporation, which imports the wine. One of the company's competitors, a much smaller Kosher-wine producer, had bottled their Moscato in a blue bottle and promptly stole a chunk of Bartenura's market share. "We caved and followed suit," said Mr. Buchsbaum.



ILLUSTRATION BY CATE ANDREWS

It turned out to be a propitious move, particularly when rap star Drake and the blue bottle were prominently featured in the music video for DJ Khaled's "I'm On One" in 2011. The wine was an instant hit among an entirely new group of drinkers. The company had nothing to do with the placement of the bottle, said Mr. Buchsbaum, but they were "in awe" of what the video did for their brand. The blue bottle phenomenon was kickstarted yet again when another rap star, Nicki Minaj, partnered with the Myx Fusions brand in 2013.

The trend of cute animals on wine labels—kangaroos, cats, zebras—has come and gone and might come again. In 2006, the data information company Nielsen noted that 77 so-called "critter" brands had debuted in the preceding three years, piggybacking on the great popularity of Yellow Tail, the Australian Shiraz whose label depicted a leaping wallaby. Launched in 2001, Yellow Tail was styled as an affordable, approachable, easy-drinking red and it was an immediate hit in the U.S.

Other brands like the Little Penguin, Tall Horse, Smoking Loon and Goats do Roam, sought to capture the same drinkers with their cute counterparts but never succeeded to quite the extent that Yellow Tail did.

By December 2006, the headline of an article in Wine & Spirits Daily read, "Are Critter Labels Becoming Passé?" It was, predicted this report, the "beginning of the end." According to Danny Brager, SVP of beverage alcohol at Nielsen, growth had decidedly slowed by the middle of 2008. Sales of critter labels had slowed to a tiny 2% growth between mid-2007 and July 2008.

The 'critter brands' trend has come and gone and might come again.

A resurrection of sorts for Yellow Tail was attempted at this year's Super Bowl, with a 30-second ad featuring a man in a bright-yellow suit and a kangaroo cooking at a barbecue with the tagline "If you see a roo at a party, it's a good party."

Australians reacted with outrage to what they regarded as a cheap cultural stereotype.

Other trends have taken off and never really faded. The New Zealand Sauvignon Blanc category officially entered the American market with the brand Cloudy Bay in 1990 and has been hot ever since. Pinot

Noir has been trending upward ever since the release of "Sideways" in 2004. The movie is inevitably and unendingly credited with the Pinot Noir boom thanks to the eloquent championing of the grape by the otherwise reprehensible character Miles Raymond (Paul Giamatti).

Danielle Kosmal, the Washington, D.C.-based vice president of beverage alcohol at Nielsen, cited "Sideways" when she noted Pinot Noir's continued upward trend. I had contacted her hoping to talk about trends, including blue bottles (which, sadly, the company does not track), and to see if she had any predictions for the future. Ms. Kosmal had some interesting statistics on hand. For example, Moscato is still growing, but, as of May 2017, was up by only 3.4%

over the same time last year. "It's just not the hottest trend," Ms. Kosmal said. A true trend required year-after-year double-digit growth, she said.

Ms. Kosmal was kind enough to educate me as to the difference between a fad and a trend in the wine world. The former lasts under two years, according to Ms. Kosmal, while the latter takes years to unfold, and the wines tend to stay popular for a long time. "If it's sustainable it has the potential to be-

come a trend," she said. With so much data at her disposal, could Ms. Kosmal predict what might be the next big trend?

"If I could foresee the future, I'd be making a lot more than I do," she replied with a laugh. But she offered a couple ideas. "Alternate packaging overall is growing very strongly," she noted. "This will be an interesting season for cans." I noted that I'd definitely seen more canned wine in stores. "There were some rather large launches in the spring of 2016," Ms. Kosmal added. She said she'll be tracking sales this summer to confirm if canned wine is a bona fide phenomenon. "We are looking for this summer to see if it's a trend."

But even if wine in cans showed strong growth, wouldn't it still be a fad, not a trend, since only a year would have passed since the prominent launches? I was confused. But perhaps the difference didn't really matter, since success is so often a matter of luck—like when the makers of Bartenura Moscato copied a lesser rival and put their wine in a blue bottle and were lucky enough to have a rap star pick it up.

► Email Lettie at wine@wsj.com.

SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Summer Corn Soup With Cilantro-Corn Relish



The Chef:

Günter Seeger

His Restaurant:

Günter Seeger in

New York City

What He's Known For:

Precisely executed, elegant cooking that favors excellent ingredients and attention to detail over flourishes.

BACK IN 1984, when chef Günter Seeger first came to the U.S. from Germany, "farm-to-table" hadn't yet caught on across the country. "I was shocked by the food," he said—and by the lack of access to fresh produce in particular. But there were pleasant surprises too. Foremost among them: sweet summer corn. "I remember first eating it right off the cob," he said. "I got sticky juice all over my face, and it was fantastic."

As a tribute, Mr. Seeger has created this corn soup, his final Slow Food Fast recipe. It calls only for fresh corn kernels, chicken stock, butter and a little heavy cream. Puréed until silky-smooth, the result is fresh and intensely corny. The garnish, a relish of raw corn, cilantro, jalapeño and lime,

both underlines the soup's flavor and provides a textural counterpoint.

The in-season, just-picked corn available in summer is so sweet because, unlike cobs shipped long distances, its sugars have not had time to convert to starch. So, to get the soup's consistency right—slightly thicker than melted ice cream—let the blender run an extra minute once you have a smooth purée, to develop the starch and add body. A glug of cold cream makes the texture even more velvety. "I add it at the end so it whips and increases in volume," Mr. Seeger said.

What better way to distill the pleasure of summer's freshly shucked ears? To Mr. Seeger, they remain a sweet surprise, year after year. —Kitty Greenwald

TOTAL TIME: 20 minutes **SERVES:** 4

3 tablespoons butter
Kernels from 8 ears fresh
corn
3 cups chicken stock

Kosher salt
½ cup cold heavy cream
1 jalapeño pepper, seeded
and minced

4 bunches cilantro, finely
chopped
2 tablespoons olive oil
Juice of ½ lime

1. Make soup: Set a medium pot over medium-high heat and add butter. Once butter has melted, after about 1 minute, stir in ¾ of the corn kernels and cook until bright yellow, 1-2 minutes. Pour in chicken stock and bring to a boil, about 3 minutes. Boil until corn has softened but still has some bite, and stock takes on corn flavor, about 2 minutes. Season with salt.
2. Transfer soup to a food processor or blender and purée until very smooth, about 2 minutes. Then, continue blending soup

until it thickens further, about 1 minute more. Pass soup through a strainer and discard solids left in strainer. Return soup to food processor or blender and process a third time. With motor running, slowly pour in cold cream. Season with salt to taste.

3. Make corn relish: Place remaining corn in a medium bowl. Toss kernels with jalapeño, cilantro, olive oil, lime juice and salt to taste.
4. Serve soup warm or chilled, divided among 4 bowls. Spoon corn relish over soup as a garnish.



JAMES RANSOM FOR THE WALL STREET JOURNAL, FOOD STYLING BY JAMIE KIMM, PROP STYLING BY Nidia CUEVA; ILLUSTRATION BY JOE MCKENDRY

BRIGHT IDEA Cilantro, lime juice and jalapeño in the garnish cut through the sweetness of this luscious corn soup.



She's a fan.



To find out why Darcey Bussell is a fan visit mandarinoriental.com ATLANTA • BANGKOK • BARCELONA • BODRUM • BOSTON • GENEVA • GUANGZHOU • HONG KONG • JAKARTA • KUALA LUMPUR • LAS VEGAS • LONDON • MACAU • MADRID • MARRAKECH • MIAMI • MILAN • MUNICH • NEW YORK • PARIS • PRAGUE • SANYA • SHANGHAI • SINGAPORE • TAIPEI • TOKYO • WASHINGTON D.C.

OFF DUTY

Whatever Floats Your Bed

Setting it adrift away from the wall can improve your vantage point—and create a dressing or storage zone behind it

BY ELIZABETH ANNE HARTMAN

WHAT DO Alvy Singer—Woody Allen's alter ego in "Annie Hall"—and Achille Salvagni, the Rome-based architect and interior designer, have in common? Stressful storage issues and an unconventional solution to them: moving the bed into the middle of the bedroom. Though the floor-to-ceiling bookcases that Alvy and his Valium-popping second wife placed against the emancipated wall ultimately failed to save their marriage, Mr. Salvagni and his wife of 10 years have had a happier result.

"The decision to move the bed away from the wall in the bedroom started from the need of my wife to have a much wider closet," said Mr. Salvagni. Since the other three walls were pierced by windows or doors, the bed couldn't go anywhere else, and its repositioning in the room's center created space to build the sort of storage that saves relationships.

"Bedrooms have become more than a place to sleep," said New York designer Nancy Ruddy. Using the headboard as a divider defines another "room" within the bedroom—for dressing or for working. "These spaces allow couples to partake in activity without disrupting their partner's sleep," she added.

If you've tossed your TV remote because your bedroom's so small that you change the channels with your toes, this may not be an option for you. But many postwar urban apartments, for example, feature a long file-drawer of a bedroom—windows at one end, closets and the door at the other—with homeowners reflexively placing the headboard against one of the other two, windowless walls. But in a room just 15 feet long, pivoting the bed so it faces the windows will leave enough room to comfortably navigate around it.

"In cramped city apartments, you can't be a stickler," said New York designer Grace Rosenstein. "A 2-foot clearance is good enough."



CENTER STAGE Architect Ricardo Bofill moved a bed away from the wall to fit two sets of shelves in his Spanish home, featured in 'Warehouse Home: Industrial Inspiration for Twenty-First-Century Living,' by Sophie Bush (Thames & Hudson).

Floating the bed also frequently blocks an uninspiring view of closet doors.

This trick can also help people get more livability out of oddly proportioned spaces, such as lofts, said New York architect Andrew Franz: "Dividing a room with a large object can scale it down, creating more intimate areas."

For a 19th-century cottage on

Wistow Island, in Ontario's Muskoka lakes region, Toronto designer Anne Hepfer moved a master bed away from the room's doorway, fashioning a vestibule of sorts that provides more privacy when the door is open. When you're exposing the back of a headboard, as she did by moving the bed from the wall, it helps if the headboard is more structural

and pleasant to look at, noted Ms. Hepfer, "preferably made of wood, in a more modern style." Alternatively, you can position a dresser or bookcase against the backs of less attractive headboards.

You can always ditch the headboard completely, but where space and resources permit, consider commissioning a headboard especially designed for floating beds.

For a contemporary house in Larkspur, Calif., San Francisco firm Nicole Hollis designed a bed destined to sit in front of white oak floor-to-ceiling closet cabinets. "The master bed is a single piece of custom furniture," said Frank Merritt, of Jensen Architects, who designed the house. "It incorporates the bed frame, side tables, reading lights and, on the back side, a dresser, all in the same knotty oak as the cabinets." The bed placement, closer to the windows, also gave its inhabitants better views of Mount Tamalpais and the bay beyond.

This trick frequently blocks an uninspiring view of closet doors.

Maximizing a view also motivated Holly Hollenbeck, of HSH Interiors in San Francisco, when she decorated a home in the hills of Marin County. Because three sides of the master bedroom were glass, when the bed occupies the middle of the room, "the wall behind you disappears from your visual plane, so it feels like you're sleeping in a tree house," explained Ms. Hollenbeck.

Bay Area architect Eric Haesloop similarly accommodated clients who wanted to apply a Thoreau-esque aesthetic to their Silicon Valley home. The room in which he floated the master bed looks onto a small private pond surrounded by a hillside garden, but he pointed out that "this works in any home with a dominant view on one side."

Both Mr. Haesloop and Ms. Ruddy referred to studies suggesting that an uncluttered sleeping space—free of visual distractions that remind one of work or chores—allows for better sleep.

No matter how you set up a bedroom, "the bed is the centerpiece," said Ms. Hollenbeck. The irreverent act of liberating it from the walls not only gives it pride of place, but opens up a whole range of design possibilities.

RICHARD POWERS

FAST FIVE

FIRST-CLASS PLASTIC

They won't smash if dropped on a patio, but these festive vessels will shatter your notions of what acrylic glasses look like



FLOWER SCHOOL



THE ARRANGEMENT

MODELING KLEE

Floral designer Lindsey Taylor takes cues from Paul Klee painting that evokes musical notes

I ASSOCIATE EACH month with a color. For June, it's pink, due to the parade of roses, peonies and foxgloves in my East Coast garden. Accordingly, I chose a painting loaded with the pale hue to fuel my June arrangement: "Hardy Plants" (1934) by Swiss-born artist Paul Klee (1879-1940).

Klee, the son of a professional violinist and a musician himself before turning to art, often imparted a musical quality to his pieces. To me, this canvas looks like a sheet of music notation, the brown blotches the note heads, the lines their stems. Pondering it, I was on the

verge of tapping my foot.

I started with a shallow chalky vessel, gray like the painting's edges, and inserted a floral frog to keep stems

upright. First up: peonies, an obvious choice for June, the full blooms blush with hints of buttery yellow. To add staccato rhythm, I stuck in buds of burgundy peony, thistle-like faded heads of echinops and garlic scapes. Long bare stems formed notation-like lines.

This airy, playful bouquet ended up looking a little like a choir singing its heart out.



THE INSPIRATION

OFF DUTY

MEGA MEAL

How Thai Conquered Maine

Rich and refreshing, this fully loaded rice dish is tasty enough to make even staunch Yankees forgo lobster rolls

BY NANCY HARMON
JENKINS

If I told you that one of the most captivating Asian restaurants in the country is a hole-in-the-wall in a pretty little town on the coast of Maine, would you believe me? Forget lobster rolls, I tell skeptics; you're going to love the *kao klug kali*. And the always come away from Long Grain, in Camden, with a one-word reaction: "Wow."

Tiny, noisy and always crowded, Long Grain has become an institution in the heart of my resolutely Yankee seaside community in the seven years since it opened. Camden is the epitome of picturesque coastal Maine, where lobster rolls and fried clams are the usual plats du jour. Yet the restaurant's 22 seats are packed, lunch and dinner, year-round; the seven-seat bar is filled with regulars, and carry-out customers crowd the entrance, lining up outside on Elm Street in good weather.

The ingredients arrive separately on the plate yet combine on the palate in a surprising succession of flavors.

They're drawn by the seductive menu compiled by chef Ravin Nakjaroen and his wife, Paula Palakawong, who is also dining-room manager and occasional sous-chef. The menu not only tastes of Thailand but also of home cooking, street food and market stalls across Southeast Asia—richly fragrant soups, noodle dishes that combine sleek and crunchy textures, sharp and oily flavors, all pulled together with the freshness of rigorously sourced local, seasonal Maine ingredients.

If you're thinking, yeah, sure, there's not a chef in the country these days who doesn't say he or she sources locally, I suggest you step up to Long Grain's bar, where from one day to the next, you'll meet the fisherman who brings in locally caught mackerel, squid and mussels; the farmer who provides the greens; the egg lady from nearby Lincolnville; the tofu producer from just next door. Challenging though it may be in the middle of a Maine winter, sourcing locally makes a quid pro quo that works for farmers, fishermen and other food producers as much as it does for chefs. The more the restaurant requires, the more local purveyors can provide. And other restaurants benefit too.

The *kao klug kali* I so highly recommend, which appears from time to time as a special, fascinates me. This extravagantly garnished, flavor-bomb shrimp fried rice stands out from the usual menu items in the way the ingredients arrive separately on the plate—"Like Korean bibimbap," Mr. Nakjaroen said when I asked him about the dish—yet combine on the palate in a surprising and delicious succession of flavors. In the Thai tradition,



vegetables are raw, lending crisp texture and sharp flavor to the dish, which also includes rich caramelized pork belly and the stimulating marine flavors of dried shrimp and shrimp paste.

"It's a home-style dish, but it was almost forgotten," said Ms. Palakawong. "I doubt you could find it in a Bangkok restaurant nowadays. But these old traditions are starting to make a come back. It's kind of nostalgic."

Kao klug kali literally translates as "shrimp-paste-tossed rice," but in Mr. Nakjaroen's hands it becomes much more. Traditionally, the pork belly is shredded, but at Long Grain, toothsome chunks of well-marbled belly from local pigs adorn the dish. And the green mango used in Thailand becomes julienned strips of Maine-grown Granny Smith apples. "It's a dish from my grandmother's kitchen," said Mr. Nakjaroen. "That's where I learned to cook. Back then, there was no refrigeration in Bangkok, so people like my grandmother went to market every morning. And I went right along with her when I was a kid. That market is one of a kind." He smiled at the memory. "Bangkok is known for its street food. I mean, it's insane."

Mr. Nakjaroen and Ms. Palakawong grew up in Bangkok but met in their late teens in Fort Lauderdale, Fla., after their families emigrated from Thailand. After they married, they opened a 200-seat restaurant called Four Rivers in Fort Lauderdale that was remarkably popular, to their mutual surprise, despite the menu's lack of pad thai. "It was farm-to-table before that was a thing," Ms. Palakawong said. "When it wasn't local, it was very high quality—wild fish, not farmed, for instance. That was 10 years ago."

The couple were invited to Maine by a colleague who opened a place on Camden's waterfront that eventually failed. Still, Maine's affordability held a strong appeal for a young couple without a lot of money with which to open a restaurant. Shortly afterward, the Elm Street hole-in-the-wall space became available. Mr. Nakjaroen, widely known as Bas, was already noted for the quality of his cooking. I had been following him from that first waterfront restaurant position and through various other brief stops, sometimes losing sight of him, always delighted when I found him again. He was a local myth by the time Long Grain opened, in the fall of 2010. And the community responded enthusiastically.

Today, the couple and their 8-year-old daughter, Ravita, are fixtures here in Camden, not totally Mainers yet—one does have to be here four generations to qualify—but well on their way, and all the more welcome for the great food they've introduced to this coastal town. There may not be lobster rolls on the menu at Long Grain, but nobody is complaining.



Kao Klug Kapi

Make the pork belly the day before and let it marinate overnight. The garnishes and the rice can be prepared the morning of the day you're planning to serve the dish. Finally, assemble the fried rice on a big serving platter or on individual deep plates, with plenty of room to arrange the garnishes and the pork over and around the mound of rice. Each diner helps him or herself to garnishes and rice, mixing them together on the plate. Shrimp paste, dried shrimp and other Thai ingredients can be found in Asian markets or online at templeofthai.com.

ACTIVE TIME: 1 hour
TOTAL TIME: 8 hours (includes marinating) SERVES: 4

For the spicy caramelized pork belly:

1½ teaspoons white peppercorns
½ teaspoon sea salt
1 tablespoon minced garlic
1 tablespoon minced shallot
1 tablespoon minced cilantro roots or stems
¼ cup neutral oil, such as grapeseed or canola
½ cup palm sugar
1 pound pork belly, cut into bite-size cubes
1 tablespoon oyster sauce
2 tablespoons Thai or Vietnamese fish sauce
2 tablespoons dark soy sauce

For the garnishes:
2 eggs
2 tablespoons neutral oil such as grapeseed or canola
1 Granny Smith apple
½ lime
1 medium cucumber
½ cup slender raw green beans, blanched then sliced very thin
2 shallots, very thinly sliced
4 small fresh Thai birds-eye chilies, finely chopped
Leaves from 1 bunch cilantro

For the finished dish:
4 teaspoons shrimp paste
4 teaspoons coarsely chopped dried shrimp
¼ cup neutral oil, such as grapeseed or canola
4 cups cooked jasmine rice
1 lime, quartered

1. Make spicy caramelized pork belly: Combine peppercorns and salt in a mortar. Crush with pestle, then crush in, one at a time, garlic, shallots and cilantro roots to form a paste. (Alternatively, use a food processor.)
2. Heat oil in a heavy duty pan over medium heat. Scrape every bit of peppercorn paste into oil and cook, stirring, until fragrant, about 4 minutes. Stir in palm sugar along with a tablespoon of water and increase heat to high. Cook, stirring constantly, to caramelize the palm sugar, about 3 minutes.
3. Add pork belly and cook, stirring constantly, 5 minutes. Stir in, one at a time, oyster sauce, fish sauce and dark soy sauce. Continue stirring to break up and melt palm sugar and combine it thoroughly with other seasonings.
4. Reduce heat to low and simmer until sauce is thick and pork is caramelized,

30 minutes. Fat part of pork should still be firm in texture. Remove pork and set aside to marinate in sauce at least a few hours or, ideally, overnight. After marinating, drain excess fat and discard, but leave pork in sauce.
5. Make garnishes: Beat eggs with a fork, just enough to combine whites and yolks. Heat oil in a wok over medium heat, tilting wok to coat it entirely with oil. Pour in eggs and tilt wok to coat with a thin layer of egg, as if making a crêpe. When eggs are thoroughly cooked, start at one end and gently roll omelet up, then set aside to cool. Once cool, slice crosswise into very thin strips. Set aside.
6. Partially peel apple, leaving stripes of skin, then cut into quarters, core and slice into very thin julienne strips, to make

about 1 cup julienne apple. Squeeze juice from half lime over julienne apple to prevent browning. Partially peel cucumber, leaving stripes of skin, cut away seeds and julienne.
7. When ready to serve: Preheat oven to 300 degrees. Place pork with sauce in a baking dish, cover with aluminum foil and warm in oven while you continue to prepare dish. Fold and seal shrimp paste in 1 small sheet of aluminum foil to make a flat envelope, then roast over an open gas or other flame, turning several times, until fragrant, 6 minutes. (Alternatively, put shrimp paste in a cast-iron skillet and cook over high heat, turning paste several times, until fragrant, 6 minutes.) Remove and let cool, then mix shrimp paste with a tablespoon of water until

completely dissolved.
8. Set a wok over medium heat and add chopped dried shrimp. Cook, tossing, until shrimp are crisp, 3 minutes. Remove shrimp from wok and set aside.
9. Add oil to wok and return to medium heat. Add cooked rice and stir-fry, tossing, as you slowly add diluted shrimp paste. Mix thoroughly, tossing and stirring, until rice is very hot, then add fried shrimp and toss again.
10. To serve, mound shrimp-fried rice on a platter or in individual large serving bowls. Arrange caramelized pork over top, along with slivered omelet. Arrange julienne apple and cucumber, sliced green beans, shallots, chopped chilies and fresh cilantro in neat piles around outer rim of platter or each bowl. Serve immediately with lime wedges.

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OFF DUTY



LONG HAULER The Nissan NV Passenger Van can seat up to 12 and offers cup holders for every passenger.



Go Big and Go Home

Minivan not quite large or hip enough for your family's needs? More Americans are looking to the commercial fleet

BY JONATHAN WELSH

WHETHER due to vanity or insecurity, some people simply refuse to drive a minivan. Haters point to the vehicle's bread-loaf styling and the "I've given up" vibe it exudes. So what are style-conscious Americans to do when they have an abundance of children or gear to haul? Go even bigger. Intended for businesses, commercial passenger vans—the descendants of those that shuttled you to camp or baseball games when you were a kid—are nonetheless becoming the darling of harried families.

Although not exactly glamorous, commercial passenger vans have been known to turn heads at the school pickup line or the country-club entrance. The practical appeal is clear: While most minivans and large SUVs can seat seven or eight, the Ford Transit, Mercedes-Benz Sprinter and Chevrolet Express can be configured to accommodate from five to 15. The vans also offer plenty of room in back for your stuff (no need to install a roof rack or haul a trailer.)

Unlike the gas-guzzling, commercial passenger vans sold in the 1970s, the latest models are markedly more fuel-efficient.

Unlike the gas-guzzling commercial passenger vans that Detroit's Big Three began selling in the 1970s, the latest models are notably fuel-efficient, thanks in part to their diesel engines. And the market is growing fast. The Mercedes Sprinter started shaking up the U.S. van world more than a decade ago, but the Transit, NV and Ram ProMaster, from Fiat Chrysler, have arrived more recently to meet demand.

Indeed, big vans have become a bright spot in the U.S. auto market. Sales of full-size commercial vans were up more than 15% in



CLOCKWISE FROM TOP: NISSAN; CHEVROLET; FORD MOTOR COMPANY; MERCEDES BENZ; RAM

2016 over the previous year, with some newer models posting huge increases in the same period: ProMaster sales, for example, jumped by 45%.

The big vehicles are also attracting buyers with wanderlust. A couple that might otherwise seek out a larger RV can live in one fairly comfortably. Sites like Van Life (van-life.net) and Digital Nomads Forum (digitalnomadsforum.com) offer advice to those looking to use these vans for extended road trips, camping and as full-time mobile homes.

Here, an overview of the latest bigger-than-a-minivan options.

1 Nissan NV

When Nissan launched its NV passenger van in 2011, the company expected it to appeal to airports, hotels and resorts with shuttle fleets, according to Mark Namuth, Nissan's senior manager of fleet and commercial sales. "But the design team was telling us that families were going to buy this vehicle, so we needed to pay more attention to the interior," he said. Although he doubted the wisdom of investing in better seats, storage and other amenities, he's glad he relented. "They were right. We sell

about 60% to 70% of our passenger vans to families," he explained. While other large vans have flat front ends, the NV's prominent hood gives it a muscular, pickup-truck profile. The design also moves the engine and transmission forward, where they don't encroach on front-seat space. *From \$33,800, nissancommercialvehicles.com*

2 Ram ProMaster

Based on a Fiat design popular in Europe, this unabashedly boxy van is the shortest bumper-to-bumper—and the only one in this roundup with front-wheel drive. As a result, it turns tightly and parks relatively easily. The standard version is no longer than a Toyota Avalon sedan and handles pretty much like a midsize SUV. Like most of its competition, the ProMaster is available in a range of lengths and roof heights. Although it ships from the factory with up to three front seats, you can outfit this van to seat 15 via one of the many third-party ProMaster "upfitters" out there. *From \$29,995, ramtrucks.com*

3 Chevrolet Express

Though the design of the Chevrolet Express hadn't evolved in any

meaningful way for the past three decades or so, just this year, the Express leaped into the modern age with a new diesel engine—only slightly larger than that in the Mercedes Sprinter—significantly boosting fuel economy. The engine comes with an 8-speed automatic transmission (the most gears in this competitive group) for smoother acceleration and better fuel economy. Car makers aren't required to publish fuel-economy ratings for big vans, but a Chevy spokesperson said that company staffers have driven the diesel Express thousands of miles at 25 mpg and better. Not bad for a family road trip. *From \$33,140, chevrolet.com/express*

4 Mercedes-Benz Sprinter

The Sprinter was the first of the "Euro-style" commercial vans to arrive in the U.S. in the early 2000s. Delivery companies including FedEx snapped them up, despite their relatively steep sticker price, because their fuel economy made them a long-term value. Consumers soon caught on. The Sprinter is available with a four-cylinder diesel engine that might seem underpowered for such a large vehicle, but it has

plenty of kick, and the smooth-shifting 7-speed transmission gives the Sprinter surprisingly peppy acceleration. The biggest surprise: When going just under 70 mph on the highway, the Sprinter managed an impressive 28 miles per gallon. *From \$39,170, mbvans.com*

5 Ford Transit

Unlike traditional large vans and trucks, whose frames and bodies are fabricated separately and then bolted together, the Transit's are integrated, just like a traditional passenger car's chassis and body-panels. This setup stiffens the Transit's overall structure, resulting in a smoother ride and more agile handling. While the majority of Transits are used in commercial fleets, many customers buy one for personal rather than business use, according to Ford sales analyst Erich Merkle. In line with the broader trend, retail sales of the Transit, which include personal-use customers, have risen 7% so far this year. *From \$34,365, ford.com/new-commercial-trucks*

Dan Neil's Rumble Seat column will return in two weeks.

THE FIXER: MICHAEL HSU



Gadgets That Make Small Type Easier to Read

QI am afflicted with Age-Related Macular Degeneration, which impairs my ability to read. After my son observed me struggling to peruse a newspaper using a conventional, hand-held magnifying glass, he gave me a domed, crystal magnifier. It has made reading infinitely easier, although its 3-inch width doesn't quite cover the entire span of a typical newspaper column. Are there any innovations in this world? By the way, I have tried several forms of full-page sheet magnifiers with minimal success or satisfaction.

AI've come across a few products that may help. The first is the Satechi ReadMate LED Desktop Magnifier (\$25, satechi.net) shown here. It offers 5X magnification and three built-in LED lights that provide additional illumination. (The LEDs are handy, since overhead lights can cause glare when using magnifiers like these.) The ReadMate's lens measures only about 2.75 inches in diameter, but because it's elevated on a metal base, the view is wide enough to span the narrower columns of most newspapers.

Although not quite as portable, the **Jumbomag** (\$25, amazon.com) might suit your needs as well. Similar to the ReadMate, it also offers a 5X magnification and LEDs, but this model sits on top of a lightweight plastic base and is rechargeable via USB (instead of the ReadMate's coin-cell batteries). With a lens that's just under 3.25 inches, the Jumbomag is ideal for wider columns of text, since less sliding back and forth is required.

If you're looking for a more traditional product, consider the **XL Prism Magnifier** (\$65, areaware.com). Made entirely of crystal glass, this triangle-shaped magnifier measures about 4 inches at its widest point—the biggest of the bunch. Although its stated magnification level is only 1.5X, text viewed through it appears roughly the same size as the above models. The XL Prism doesn't offer a built-in light or any other bells and whistles, but it does serve as a handsome, sculptural desk accessory.

Have lifestyle problem that a gadget might solve? Email us: thefixer@wsj.com



KIERSTEN ESSENPREIS

MANSION

If you do not expect the unexpected,
you will not find it.'

—Heraclitus

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THE WALL STREET JOURNAL.

Friday - Sunday, June 23 - 25, 2017 | W9



BRONXVILLE, N.Y. Matthew Knouff, above on the right, was in London when he spotted an online listing for this Tudor-style home. His real-estate agent, Dex Lipovic, above on the left, gave him a virtual tour using FaceTime, Apple's video-calling service. Mr. Knouff bought the property for \$1.175 million and is currently renovating it as he decides whether to move in or resell.

Blind Home-Buying

It takes both confidence and trust to purchase a house sight unseen. But advances in virtual reality and other technology have taken away some of the surprises.



EAST HAMPTON, N.Y. Laurie McNally, above wearing white blouse, was at a health retreat in San Diego when her agent called about a house in East Hampton, N.Y. Ms. McNally looked at a couple of photos of the home on her cellphone and bought the property for \$870,000. 'I went on trust,' said Ms. McNally, who is pictured with her daughter, Nicole Goodman.

BY KATY MC LAUGHLIN

The first time Angelo Smyrnios pulled up in front of a Mediterranean-style home with a red-tiled roof and palm trees in Lighthouse Point,

Fla., he got out of the car and said, "OK, let's go see the \$1.65 million house I just bought sight unseen."

It takes a confident buyer—and a trusted real-estate agent—to purchase property without a firsthand visit. Would-be buyers can always

peruse listing photos and videos online, and Google Earth offers views of the neighborhood. But to avert some of the surprises of a long-distance listing, agents are increasingly walking clients through properties via FaceTime, Skype or

Please turn to page W12

VICTORIA'S REAL-ESTATE BOOM

The housing market of this picturesque British Columbia city experiences a surge in demand, driven by buyers priced out of other Canadian locales and by those seeking a laid-back lifestyle; glassy mansions sprout on the water.

HOUSE OF THE DAY
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Brooklyn

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Kent, Conn.

An estate filled with a 'lifetime of tchotchkies'



Dana Point, Calif.

A \$17.5 million listing features sunset views



BY LEIGH KAMPING-CARDER

The picturesque city of Victoria—with its lively harbor and wooded roads—is beset with home buyers.

The capital of British Columbia, Canada's westernmost province, has long attracted Canadian retirees looking for mild weather. In the past year, however, demand has been strengthened by buyers priced out of Vancouver and other Canadian cities, and by semiretired professionals able to work remotely and who are seeking a laid-back lifestyle.

The median price of a Victoria home rose 15.5% to 587,086 Canadian dollars, or \$436,008, in the first quarter of 2017 compared with the same period last year, according to real-estate brokerage Royal LePage. Inventory has plummeted. And Victoria

Please turn to page W10

FOR SALE The home of Victoria native Rob McAdams sits on 16.22 acres with 840 feet of frontage on Saanich Inlet.

MANSION



AT LAST It took Lloyd and Suzie Anderson almost two years to land this waterfront four-bedroom home.



KAMIL BIALOUS FOR THE WALL STREET JOURNAL (2)

VICTORIA'S REAL-ESTATE BOOM

Continued from page W9

ria's luxury market, which starts around \$1.5 million, is booming. Between May 2016 and May 2017, 126 homes sold at or above that price; before 2015 these sales hovered between 20 and 40, said Fair Realty's Leo Spalteholz, who writes a blog about the Victoria market.

"In single-family homes, where we have our biggest crunch, there's just no land to build anymore," said Bill Ethier of Royal LePage Coast Capital Realty.

Lloyd and Suzie Anderson's hunt to find a waterfront equestrian property in Victoria took almost two years. After being outbid four times, Mrs. Anderson had taken to searching real-estate websites late at night. During one search, she spotted a listing that had gone up 15 minutes earlier. "We flew out the next day" from Ontario, said the 53-year-old retired teacher.

The couple's roughly \$2 million offer was accepted, and in August 2015 they moved into the 6,144-square-foot, four-bedroom home. Down a steep, heated driveway, the house sits amid stands of cedars and bushy rhododendrons on the Satellite Channel.

A backyard path zigzags down to the water, where the couple stores their kayaks out of reach of otters. A gym offers Mr. Anderson, 56, who partly retired from his Montreal-based aircraft-equipment repair company, the space to practice jujitsu.

One downside: There is no land for Mrs. Anderson's horse. So after a nearly \$300,000 renovation, completed in May 2016, the couple is in contract to buy a home nearby with acreage for the horse for about \$2.15 million. Their current home is listed with Deedrie Ballard of Re/Max Camosun for about \$2.38 million.

In recent years, Canadian home prices have spiked thanks to low interest rates, a stable economy and overseas investment. Governments in British Columbia and Ontario have implemented a 15% foreign-

and thriving nightlife. And the city is reachable only by air or boat. The Victoria International Airport has no direct flights to Europe, Asia or the eastern U.S.

The boom in Victoria real estate is visible in the glassy mansions sprouting in the coveted municipality of Oak Bay, which contains the Uplands, the city's most desirable neighborhood. On a recent drive, Jason Binab of Engel & Völkers Vancouver Island pointed out for-sale signs on stucco and shingle-style homes—likely teardowns.

Some Oak Bay residents have resisted proposals to build taller condo buildings, preferring single-family homes in a traditional style.

"Change is slow in this particular neighborhood," said Mike Miller, president of Abstract Developments. The company is behind the first condo project approved—after a seven-hour public hearing and three-hour debate—in Oak Bay since 2003. Construction is set to start in the fall on the Bowker Collection, 43 single-level townhouses and apartments with prices starting at about \$440,000.

Most of Victoria's luxury condos are located downtown near the Inner Harbour. One of the largest projects under way is Bayview Place, a nearly \$750 million mixed-use development that will ultimately have 2,000 apartments spread over 20 acres, said Kenneth W. Mariash Sr., founder of master developer Focus Equities.

Victoria native Rob McAdams spent about \$2.23 million building his five-bedroom house in 1993 and has since invested about \$375,000 in upgrades. The house sits on 16.22 acres with 840 feet of frontage on Saanich Inlet. A totem pole stands in the great room.

Now semiretired from land development, Mr. McAdams, 75, has listed the home for about \$5.87 million with Royal LePage. He and his wife, Bette, 72, split their time between Victoria and Palm Desert, Calif., and the property is too large for them.



GRANT HARDER FOR THE WALL STREET JOURNAL (3)

MOVING ON Rob McAdams built this house in Victoria in 1993. Now semi-retired, he has listed it for \$5.87 million. He and wife Bette split their time between Victoria and Palm Desert, Calif., and the Canadian property is too large for them.

buyer tax to cool the markets in Vancouver and Toronto.

Victoria, a collection of 13 municipalities with a total population of 367,770, lagged behind. A concentration of modestly paid government workers kept housing prices stable, and its small-town vibe and island location kept it off the radar of international buyers.

All this has turned Victoria into a comparative bargain. Vancouver's median home price was about double Victoria's, or roughly \$876,000, in the first quarter, according to Royal LePage.

Victoria makes up a small, urban section of Vancouver Island, a 12,355-square-mile expanse of old-growth forest, mountain ranges,

remote communities and vacation spots. Biking, hiking and other outdoor activities are popular pastimes. Deer are a common sight.

Residents extol their city's friendliness, contrasting its easy-going attitude with the hustle and bustle of Vancouver.

Victoria lacks some big-city amenities like high-end shopping

PRIVATE PROPERTIES | CANDACE TAYLOR

Vancouver Estate Shoots for a Record \$47 Million



SOTHEBY'S INTERNATIONAL REALTY CANADA

In Vancouver—one of Canada's hottest housing markets—an estate is going on the market for 63 million Canadian dollars, or about \$47.3 million.

If the home fetches its asking price, it will become the priciest home sale on record in the area, surpassing a nearby home that sold for about \$42 million, said listing agent Christa Frosch of Sotheby's International Realty Canada.

Located in a sought-after area of Vancouver's West Side with views of the Pacific Ocean and nearby mountains, the European-inspired home spans roughly 22,000 square feet, with five bedrooms and 12 bathrooms. The owner, Joseph Segal, said he built the house about 20 years ago and has used it for many charitable functions over the years; the home has two kitchens and an elevator.

The walls and ceilings have painted murals, and above a staircase in the foyer is a chandelier that once hung in Benito Mussolini's home, Mr. Segal said. The upper level includes a workout room and a craft room. An indoor swimming pool has an adjacent sauna, wet bar and his-and-hers bathrooms.

Mr. Segal is founder of Kingwood Capital, a venture-capital firm, and real-estate developer. He said he and his wife spent years acquiring art and antiques for the home on trips all over the world.

The carpets and light fixtures are included in the asking price. The art, antiques and silver are available for sale, but aren't included in the price.

The 1.28-acre estate includes

tiers of gardens and an orchard with plums, apples, cherries and fig trees. Each year over 12,000 tulips bloom in the garden, Ms. Frosch said.

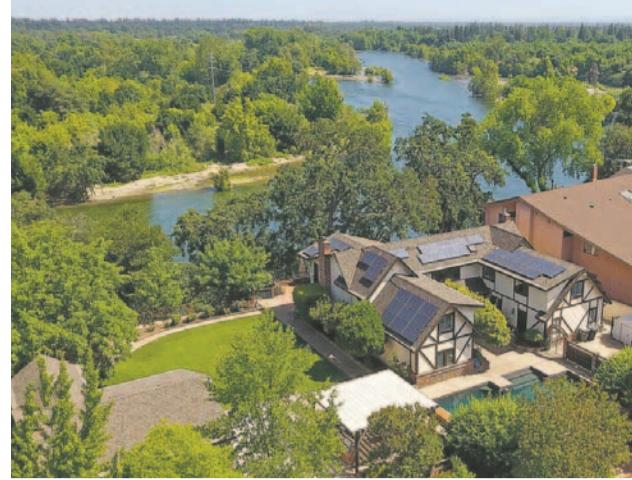
Mr. Segal, 92, said the couple is

selling because they are downsizing to a smaller home in Vancouver. "I'm an old man," he said, and "it's a big place."

Along with other large cities in

Canada, Vancouver has seen a housing boom in recent years driven in part by international buyers, causing a run-up in housing prices and government concerns about a bubble.

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HOMES PURCHASED SIGHT UNSEEN



FROM TOP: DOROTHY HONG FOR THE WALL STREET JOURNAL (2); ALEXIA FODERE FOR THE WALL STREET JOURNAL

Continued from page W9
WhatsApp, or even making custom videos. Real-estate brokerages and a crop of new technology companies are creating three-dimensional photographic and video tours, which can be viewed in virtual reality.

Mr. Smyrnios and his wife, Lisette, began searching for a home in Lighthouse Point at the beginning of the year, after deciding to relocate from Littleton, Colo., to be closer to Ms. Smyrnios's mother. They visited the area three times, viewing property with their agents, Lisa and John Wilson of Douglas Elliman Boca Raton. In April, the Smyrnioses were busy packing up their home—and Ms. Smyrnios was about to leave for a business trip—when Ms. Wilson called to tell them about a house she thought was ideal for them.

The Wilsons gave the couple a 45-minute tour of the property using Apple's video-calling service FaceTime. They held up an iPhone and narrated as the Smyrnioses directed them to parts of the house they wanted to examine further. Ms. Wilson also rode on the back of a motorbike, with Mr. Wilson driving, and FaceTimed the neighborhood for Ms. Smyrnios. The Smyrnioses researched crime statistics and other quality-of-life issues on Areavibes.com. Ms. Smyrnios's mother also went to look at the house—a visit the couple also observed via FaceTime—and gave her thumbs-up.

When they first arrived, "I liked it even more in person," said Ms. Smyrnios, a 49-year-old executive for a consulting firm.

Last summer, Laurie McNally signed a contract to buy a weekend house close to the beach in East Hampton, N.Y., paying \$870,000.

WORTH THE RISK The kitchen, above, and porch, below, of Laurie McNally's weekend home in New York's Hamptons. Ms. McNally could have lost her 10% deposit had she decided she didn't like the house after seeing it firsthand, according to her real-estate agent.



Not only had Ms. McNally not seen the house, but when her real-estate agents, Chris Chapin and Raymond Lord of Douglas Elliman, called to tell her about it, she was at a mind-and-body health retreat in San Diego and lacked access to a computer. Phone use was limited to a few hours each night.

"They sent a couple of pictures and a description," which she looked at on her cellphone, said Ms. McNally, a finance executive in Ardmore, Pa. Advised to move quickly, "I went on trust," Ms. McNally said.

She put down a 10% deposit, customary in New York state, when she signed the contract. Had she decided she didn't like the property upon seeing it, "she could not have backed out without losing her deposit," said Mr. Lord.

"Sight unseen" offers are on the rise, according to Redfin, a national real-estate

brokerage. In a survey of 1,334 recent home buyers in 11 major metropolitan markets, 33% said they had made an offer on at least one house "sight unseen." In previous surveys, Redfin found that about 20% of buyers said they had bid on houses they had never seen.

Agents say blind bids are more common in hot markets where homes sell quickly, as well as in places that are popular with overseas buyers.

Sotheby's International Realty adopted 3-D photography in September, and now about 10% of its listings include 3-D photo tours. About 5% of the company's 880 offices world-wide currently

have virtual-reality viewing areas, where clients can view 3-D property pictures on a screen or while wearing VR headsets. In five years, the company should have such viewing areas in every office, said John Passerini, global vice president of interactive marketing.

VirtualAPT, a Brooklyn-based technology company that launched last year, invented a robot that films virtual tours in 3-D. The robot records a real-estate agent guiding a tour of a property, as though showing it to a live person, and produces a video within 15 minutes, said chief executive Bryan Colin.

Both Mr. Passerini and Mr. Colin said the goal of such

tours is to facilitate sales of real estate to people who can't travel to see properties and to minimize time spent on a search.

Today, 3-D tours are more commonly seen on high-end listings that have larger marketing budgets. Mr. Colin's tours cost \$1 per square foot, so a 3,000-square-foot home would cost the real-estate agent \$3,000. Although viewing 3-D tours while wearing a virtual-reality headset best imitates the live experience, consumers resist putting on VR headsets, even when they are provided free, real-estate executives say. Any extra technical steps are turnoffs to consumers. VirtualAPT tours

require just clicking on a link, because Mr. Colin said wealthy real-estate buyers dislike downloading apps.

While Matthew Knouff was vacationing in Italy, his real-estate agent called to tell him about an apartment in Brooklyn's Williamsburg neighborhood that met all his criteria: It was a one-bedroom with a view, in a building with a pool and a screening room. While soaking in a pool on the Amalfi Coast, Mr. Knouff, a 37-year-old data-privacy consultant, toured the property on FaceTime with his agent, Dex Lipovic of CORE.

Upon hanging up, Mr. Lipovic shot video with his iPhone and a DJI Osmo attachment, a video stabilizer that keeps the phone steady for a better-quality video. Mr. Knouff went into contract for \$1.125 million without ever having visited the apartment.

Last year, while Mr. Knouff was in London for work, Mr. Lipovic provided a FaceTime tour of a house in Bronxville, located north of Manhattan. Mr. Knouff got the property for \$1.175 million and is currently renovating it as he decides whether to move in or resell.

Mr. Knouff thinks there's a benefit to remaining a step removed, explaining that on a brief visit to a property, a bad mood, an anomalous smell or noise or some other unimportant detail could make him dismiss a property with potential. "My bias could impact me in a negative way," said Mr. Knouff. Sight unseen "for me is the easiest way to purchase," he said.



REMOTE TOUR Angelo and Lisette Smyrnios, with their dog Remi, at their Lighthouse Point, Fla., home purchased for \$1.65 million based on FaceTime tours and a video of the neighborhood shot from the back of a motorbike.

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COHASSET, MA | \$6,495,000
WEB ID: MMSB44 — MLS#72159220
Magnificent Seaside Estate. Winner of HGTV Ultimate House Hunt for Classic Homes!
William Raveis Real Estate, Mortgage & Insurance
Mary Ann Devine — 001 781.820.3743

NORTH CHATHAM, MA | \$5,500,000
WEB ID: ERFY44 — MLS#21607014
Contemporary home for the collector of art w/4 beds/5.5 baths. Smart home technology.
William Raveis Real Estate, Mortgage & Insurance
Phyllis Nickerson Power — 001 508.237.1406

COS COB, CT | \$4,985,000
WEB ID: PWSB44 — MLS#99834
Sophisticated 2017 colonial w/7 bedrooms and 6.2 baths. Generator, sprinkler system.
William Raveis Real Estate, Mortgage & Insurance
Roseann Benedict — 001 203.979.1904

FAIRFIELD, CT | \$4,950,000
WEB ID: EYAV44 — MLS#99176655
"Hillside"-residence on 7.6 acres w/views of LIS; 5 beds/5 baths/garage for 6+ cars.
William Raveis Real Estate, Mortgage & Insurance
Al Filippone Associates — 001 203.258.1595



NEW CANAAN, CT | \$4,900,000
WEB ID: UUOZ44 — MLS#99172239
Stately country manor w/9,000sf of finely appointed interiors on over 2 lush acres.
William Raveis Real Estate, Mortgage & Insurance
Catherine DiChiara — 001 917.833.2837

MATTAPoisETT, MA | \$3,450,000
WEB ID: PADZ44 — MLS#72146905
Waterfront 3 bedroom home on over 2 acres with carriage house & 2 stall boathouse.
William Raveis Real Estate, Mortgage & Insurance
Neal Balboni — 001 508.332.8221

SOUTHPORT, CT | \$3,395,000
WEB ID: RVI844 — MLS#99185527
Custom 6 bed/6.3 bath home on 2 acres. Salt-water pool/pool house w/outdoor shower.
William Raveis Real Estate, Mortgage & Insurance
Michelle&Company — 001 203.454.4663

SCITUATE, MA | \$2,995,000
WEB ID: WUXZ44 — MLS#72167798
Oceanfront property on 3rd Cliff w/4 bedrooms; 3 full/2 half baths. In-home elevator.
William Raveis Real Estate, Mortgage & Insurance
Liz McCarron — 001 617.347.4140

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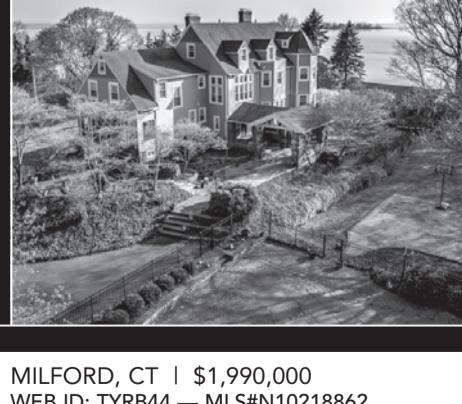


NORWELL, MA | \$2,800,000
WEB ID: VYCB44 — MLS#72167788
Exclusive home on the North River featuring 5 bedrooms; 5.5 baths on over 4 acres.
William Raveis Real Estate, Mortgage & Insurance
Liz McCarron — 001 617.347.4140

AMESBURY, MA | \$2,395,000
WEB ID: CEVZ44 — MLS#72146346
Breathtaking views of the Merrimac River from this 4 bedroom, 4.5 bath home w/dock.
William Raveis Real Estate, Mortgage & Insurance
Dolores Person — 001 978.660.0967

CONCORD, MA | \$2,070,000
WEB ID: GJVQ44 — MLS#72163266
Magnificent 5 bedroom Colonial in coveted location. High ceilings & stone fireplace.
William Raveis Real Estate, Mortgage & Insurance
Sue Revis — 001 978.807.8219

AVON, CT | \$1,999,999
WEB ID: MVXB44 — MLS#G10214287
Exceptional 2.75 acre estate on the edge of Talcott Mountain. Attached 4 car garage.
William Raveis Real Estate, Mortgage & Insurance
E.Marshall & P.Ostop — 001 860.748.1845



MILFORD, CT | \$1,990,000
WEB ID: TYRB44 — MLS#N10218862
Estate on Point Lookout. Updated 7 bed/5 bath home with pool and access to beach.
William Raveis Real Estate, Mortgage & Insurance
Paul Plonsky — 001 203.747.1358

NEW CANAAN, CT | \$1,758,000
WEB ID: CMUC44 — MLS#99187174
Custom built contemporary & Asian inspired home w/open layout. 5 bedrooms/5.5 baths.
William Raveis Real Estate, Mortgage & Insurance
Jennifer Crowley — 001 917.607.2998

ORLEANS, MA | \$1,375,000
WEB ID: QNFB44 — MLS#21712270
Close to swimming and boating. Private 4 bedroom Cape with spacious rooms!
William Raveis Real Estate, Mortgage & Insurance
Nikki Carter — 001 508.410.0558

DEDHAM, MA | \$1,195,000
WEB ID: GPRV44 — MLS#72167531
Historic Colonial circa 1797. Updated 6 bed-room 3.5 bath home close town and shops.
William Raveis Real Estate, Mortgage & Insurance
Ruth Malkin — 001 617.291.0323

CHRISTIE'S INTERNATIONAL REAL ESTATE

EXTRAORDINARY ART. EXCLUSIVE HOMES.



GREENWICH, CONNECTICUT

80-acre equestrian estate in 1,460 acre Conyers Farm gated, private association w/ 24 hour security. 1 hour to NYC. 22-stall stable, fenced paddocks, close to polo fields. 8,000-square-foot main house with seven bedrooms and eight bathrooms. New two-story office with full bath. Two-story library with a bay window, two covered porches, and terraces. Lovely gardens, heated pool with poolhouse, and five cottages. \$35M. David Ogilvy info@davidogilvy.com

David Ogilvy & Associates Realtors +1 203 869 9866



DARIEN, CONNECTICUT

63-acre waterfront island estate adjoining 14 acres of conservation property with a wide land bridge. Romantic Italian stone manor house, plus substantial stable and equestrian facilities including a polo field and an indoor ring, plus additional dwellings; beach house and boathouse. Just 55 minutes from Manhattan, and with no other properties of this size so close to New York City. Price upon request. David Ogilvy info@davidogilvy.com

David Ogilvy & Associates Realtors +1 203 869 9866



HONOLULU, HAWAII

Kahala Avenue Oceanfront Estate lot on sandy beachfront. Stunning ocean and surf break views. \$15.8M. Matt Beall (R).

+1 808 652 2535

Hawaii Life Real Estate Brokers



TANGIER, MOROCCO

Villa Putman - Villa overlooking the Mediterranean Sea from a cliff above the Strait of Gibraltar. Sea-view terraces on all 6 levels. €10M. Marc Leon +212 524 422 229.

Kensington Luxury Properties



NEW YORK, NEW YORK

Phillip Johnson-designed Upper East Side corner apartment with unobstructed views of Central Park and iconic buildings. \$9.9M. Kathleen Coumou. +1 212 468 7140

Christie's International Real Estate



LONGBOAT KEY, FLORIDA

Extraordinary life of luxury on over 134 ft. of beachfront at The Longboat Key Club. \$8.5M. Kim & Michael Ogilvie.

+1 941 376 1717

Michael Saunders & Company



PRINCETON, NEW JERSEY

Large Frank Lloyd Wright-inspired residence flooded with light. Set in a series of walled gardens. Short walk to Princeton University. \$5.995M. Alison E. Covello. acovello@glorianilson.com

Gloria Nilson & Co. Real Estate +1 609 240 8332



BOCA GRANDE, FLORIDA

Opportunity to own a magnificent beachfront estate with 150 ft. on Gulf. House totals 5 beds 5 baths. Adjacent 24,132 sq. ft. lot available. \$5.495M. Carol Stewart. +1 941 276 1162

Michael Saunders & Company



FRANKLIN LAKES, NEW JERSEY

Gated 3.5+ acre Villa, offering expansive living space, indoor pool with hilltop views & breathtaking Mediterranean courtyards. \$4.9M. Contact Christine Frosini. +1 201 934 7111

Special Properties div. of Brook Hollow Group



HONOLULU, HAWAII

This stunning condo at Waiea is part of Honolulu's most exclusive tower residence, with outstanding views and amenities. \$4.5M. Dawn Soderquist. dawn@okanore.com

Hawaii Life Real Estate Brokers



PARIS, FRANCE

7th Arr. This triple-facing 163 sqm apartment includes a 70 sqm reception room opening onto a balcony, a study and 3 bedrooms. €3.47M. O. Weijsenfeld. otto@bdfrance.fr +33 (0)1 53 23 81 81

Belles Demeures de France



PARIS, FRANCE

16th Arr. This 179 sqm apartment comprises a 53 sqm reception room & 3 bedrooms including a master suite. €2.25M. F. Van Wemmel +33 (0)1 45 24 08 72. f-vanwemmel@daniel-feau.com

Daniel Féau Conseil Immobilier



TUSCANY, ITALY

Magnificent Tuscan estate in Chianti Classico, 30-minute drive from Florence. Formal gardens; 3 pools, 2 private villas & apartments. €17.15M. Riccardo Romolini. riccardo@romolini.com

Agenzia Romolini Immobiliare +39 335 6960 513



SADDLE RIVER, NEW JERSEY

Opulent manor situated on 2 manicured acres. 5 fireplaces, elevator to all floors, 6-7-car garage. Pool, spa, paver patio and veranda. \$3.495M. Vicki Gaily +1 201 934 7111

Special Properties div. of Brook Hollow Group



QUEBEC, CANADA

St. Lawrence Estate - Luxury Chalet w/ access to World-Class Skiing. Perched sky high on a 500 m. promontory w/ majestic views. C\$2.5M. Guillaume L'Ecuier. gecuyer@profusionimmo.ca

Profusion Realty Inc. +1 418 998 3219



PORTO CERVO, ITALY

Magnificent seafront villa near Porto Cervo. Prestigious neighborhood, privacy & ultimate indoor-outdoor lifestyle. Price upon request. Julia Bracco. Web ID: IMS1600 +39 348 3307912

Immobilisarda SRL julia;bracco@immobilisarda.com



JACKSON HOLE, WYOMING

6 parcels from 35-162 acres. Can be purchased individually or as a 580-acre ranch in entirety. Graham Faupel-Mendenhall. Web ID: C58217 +1 307 690 0204

Price upon request

Jackson Hole Real Estate Associates



COUNTY LIMERICK, IRELAND

Georgian residence approx. 2.23 ha (5.5 acres) 530 sqm/5,705 sq. ft. Superb views overlooking River Shannon. US\$1,791,920. Roseanne De Vere Hunt. +353 1 237 6402

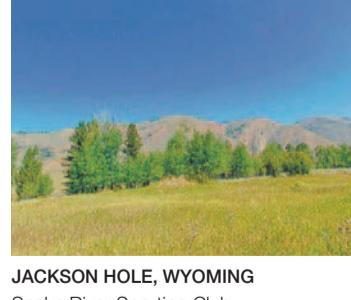
Sherry Fitzgerald



CÔTE D'AZUR, FRANCE

Villa Salamanazar - A Provencal-style dream with chic Saint-Tropez flair, amid privacy and seclusion in the hills of Ramatuelle. €19.9M. Eric Raphaël. eric@michaelzingraf.com

Michaël Zingraf Real Estate +33 (0)4 94 97 97 97



JACKSON HOLE, WYOMING

Snake River Sporting Club. The Ranch Estates starting at \$1.495M. Jeff Heilbrun. jheilbrun@srsportingclub.com

Jackson Hole Real Estate Associates



DIAMOND BAR, CALIFORNIA

This exquisite French estate enjoys 12,000+ sq. ft. of living space with spectacular views from the gated enclave known as The Country. \$8M. Zackary Wright +1 310 385 2690

Christie's International Real Estate



BALI HAI VILLA, KAUAI, HAWAII

On 3.7 acres on Kauai's north shore, this celebrity-owned estate enjoys a white sandy beach and the dramatic backdrop was used in the film "South Pacific." \$15.5M. Zackary Wright +1 310 385 2690

Christie's International Real Estate



NEWPORT, RHODE ISLAND

"Ker Arvor" is an exceptional 9-acre estate inspired by the hunting lodge of La Lanterne (1787) at Versailles. \$12M. Kate Leonard. Web ID: 1154381 kate.leonard@liladelman.com

Lila Delman Real Estate International



JUPITER ISLAND, FLORIDA

1.5± acre estate with nearly 200 ft. ocean frontage. 5-bed main house offers over 11,000 sq. ft. 5 bed guest house. \$12.5M. Drew Ciraldo & Dayna Woods.

Fenton Lang Bruner & Associates +1 772 233 9657