

## Venezuela's Sinister Turn

REVIEW

# THE WALL STREET JOURNAL. WSJ

## The Vacation-Rental Revolution



OFF DUTY

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WEEKEND

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## What's News

### World-Wide

A fifth GOP senator said he couldn't support the Senate bill to overhaul the nation's health-care system, putting GOP leaders in an increasingly shaky spot as they seek a vote next week. A1

◆ Saudi Arabia and other Arab states boycotting Qatar have issued a list of demands to end the worst regional diplomatic crisis in years. A7

◆ The State Department will eliminate the post of special envoy on Afghanistan and Pakistan. A7

◆ The Justice Department is quietly exploring new legal theories to take on so-called sanctuary cities in court. A4

◆ A second mistrial was declared in an ex-police officer's fatal shooting of a black motorist in Cincinnati. A3

◆ May received a lukewarm response to her proposal on the post-Brexit rights of EU citizens in the U.K. A8

◆ North Korea lashed out at the U.S. over criticism of its treatment of Warmbier, calling it a "smear campaign." A9

◆ A Supreme Court ruling fortified environmental land-use regulations against legal challenges. A3

### Business & Finance

◆ Uber's senior managers are urging workers to stick with the ride-hailing company after months of tumult, seeking to prevent an employee exodus. A1

◆ Google said its computers will soon stop reading the emails of its Gmail users to personalize their ads. B1

◆ Barely a week after raising rates for the second time this year, Fed officials are increasingly divided on the timing of their next move. A2

◆ Harley-Davidson is in talks to buy Ducati from VW, a deal that would bring together two of the most storied motorcycle names. B1

◆ New-home sales rose in May and prices hit a record, evidence of strong demand and tight inventories. A3

◆ Digital currency Ether experienced a trading surge this week that led to bottlenecks and a "flash crash." B1

◆ The ECB asked for more powers to supervise euro-denominated clearing, one year after the Brexit vote. B9

◆ The S&P 500 climbed Friday and gained for a second straight week, as a rise in health-care stocks offset a drop in energy shares. B10

## Inside NOONAN A13

### America Shouts While Europe Shrugs

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## Fire Fears Force Hundreds to Evacuate London Apartment Towers



ON THE MOVE: Local officials ordered about 800 households to move out of Taplow Tower and four other north London public-housing high-rises after the buildings failed to pass safety checks on exterior cladding that was suspected of fueling a deadly blaze last week. A8

## Uber Woos Workers to Stay

Senior managers seek to retool a brash culture and prevent an employee exodus

BY GREG BENNSINGER AND KELSEY GEE

In the days after Travis Kalanick stunned Uber Technologies Inc.'s more than 15,000 employees by resigning as chief executive, the company's senior leaders have made impassioned pleas reassuring them it is

worth sticking around.

Managers including Uber's chief technology officer, Thuan Pham, and the company's first CEO, Ryan Graves, now a senior vice president and board member, praised Mr. Kalanick and urged employees to carry on his legacy—tarnished as it may be—and to turn their focus back to work, according to emails reviewed by The Wall Street Journal.

"I don't know what tomorrow will bring, but whatever it is, we will be able to figure it out together as a team and as a

company," Mr. Pham wrote in a note to engineering staff of the San Francisco-based ride-hailing company. "Our company mission and impact is too important to let it falter."

Uber's employees are at a crossroads after half a year of scandal, the exit of more than a dozen top executives and their pugnacious leader's abrupt surrender Tuesday.

Thousands of engineers, data scientists, marketers and others had stood by the brash Mr. Kalanick over the years as Uber battled with city regulators

around the world on its way to becoming the world's most valuable startup, with a \$68 billion valuation. Now they have to decide whether to remain with a seemingly rudderless company in urgent need of leadership, or to break loose and, for some, risk losing stock options potentially worth millions of dollars.

Months of unflattering headlines and an ongoing investigation into workplace allegations including sexual harassment and sexism have

Please see UBER page A9

## Health Vote Gets Tighter For GOP

A fifth Republican senator said Friday he couldn't support the newly released Senate bill to overhaul the nation's health-care system, putting GOP leaders in an increasingly shaky spot as they seek a vote next week.

By Stephanie Armour, Michelle Hackman and Kristina Peterson

Dean Heller of Nevada joined four other GOP senators objecting to the current version of the bill to repeal the Affordable Care Act, known as Obamacare. His opposition further complicated party leaders' task of cobbling enough votes to pass the marquee legislation under the rapid-fire timetable they set.

"I cannot support legislation that takes away insurance from millions of Americans and hundreds of thousands of Nevadans," said Sen. Heller, who faces a difficult re-election fight next year. "Make no mistake, the Affordable Care Act does need fixing. But the bill in front of us today doesn't make those fixes."

With 52 Republicans in the Senate and no Democrats planning to support the bill, the GOP can't afford to lose more than two votes.

The challenge facing GOP leaders is that the first four senators who objected to the bill cited conservative reasons, saying they wanted to see costs lowered, which would

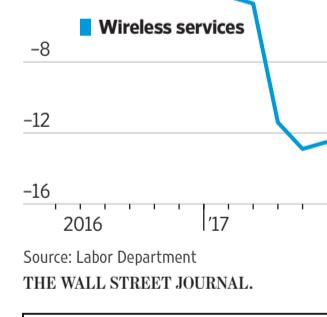
Please see HEALTH page A4

## ERA OF COSTLY CELL SERVICE IS ENDING

Brutal price competition is rippling through profits, inflation and antitrust

BY RYAN KNUTSON

Change from a year earlier in consumer-price index



Source: Labor Department  
THE WALL STREET JOURNAL.

Customers are used to cellphone bill shock, but not like this.

The cost of U.S. cellular service is rapidly plunging, reversing years of increases that have squeezed consumers' budgets and generated huge profits for wireless companies.

Americans are using their smartphones more than ever to stream videos, surf the web and browse Facebook. But telecommunications companies are losing their power to raise prices for using their networks, in part because the U.S. cellphone market is nearing saturation.

That has kicked off a vicious price war among the four

national wireless carriers.

The consumer-price index for wireless phone service, an indicator of current offers from cellphone service providers, dropped 12.5% in May from a year ago, according to the Labor Department. The index earlier fell 13% in April, the largest decline in the history of the category, prompting Federal Reserve Chairwoman Janet Yellen to say earlier this month it was a factor in the country's low inflation.

Beyond the consumer impact, the rapid collapse in the industry's pricing power will

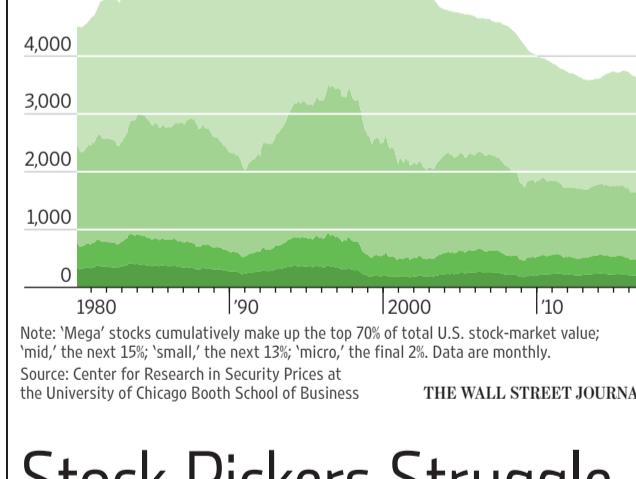
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◆ How Apple's iPhone sparked a business transformation... B3

## Where Have All the Stocks Gone?

Since 1980, and especially since the late 1990s, the total number of U.S. stocks has fallen. The count has declined the most among the smallest stocks.

Number of U.S. stock listings, by market capitalization



Note: 'Mega' stocks cumulatively make up the top 70% of total U.S. stock-market value; 'mid,' the next 15%; 'small,' the next 13%; 'micro,' the final 2%. Data are monthly.

Source: Center for Research in Security Prices at the University of Chicago Booth School of Business

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## Stock Pickers Struggle As Public Shares Shrink

BY JASON ZWEIG

In less than two decades, more than half of all publicly traded companies have disappeared. There were 7,355 U.S. stocks in November 1997, according to the Center for Research in Security Prices at the University of Chicago Booth School of Business.

Nowadays, there are fewer than 3,600.

A close look at the data helps explain why stock pickers have been underperforming. And the shrinking number of companies should make all investors more skeptical about the market-beating claims of recently trendy strategies.

Back in November 1997, there were more than 2,500

small stocks and nearly 4,000 "microcap" stocks, according to the Center for Research in Security Prices. At the end of 2016, fewer than 1,200 small and just under 1,900 microcap stocks were left.

Most of those companies melted away between 2000 and 2012, but the numbers show no signs of recovering.

Several factors explain the shrinking number of stocks, analysts say, including the regulatory red tape that discourages smaller companies from going public; the flood of venture-capital funding that enables young companies to stay private longer; and the rise of private-equity funds, whose buyouts take shares off the public market.

For stock pickers, differentiating among the remaining

Please see STOCKS page A2

## Insurance Is a Fun Career! Consider the Zombies, Bacon

\* \* \*

Firms go to extremes to lure hires, from ghoulish videos to free beer

BY LESLIE SCISM

When Acuity Insurance wanted to liven up its image among prospective recruits, it came time to bring in the zombies.

It's the year 2023, and underwriter Carli Miller trudges through the insurer's Sheboygan, Wis., headquarters in a video Acuity has produced.

She is clearly undead—bloodless gray skin, glazed eyes, ripped clothing—bumping into zombie colleagues who have overtaken the insur-

ance-industry recruiters feel these days.

For some reason, a lot of people just don't want to work for insurance companies, and the firms have been scared into

taking extreme measures to lure new hires in and keep them.

Acuity posted its video online to attract prospects. It picked zombies, says Acuity communications specialist Kallyn Vandenack, 30, to show "we

Please see HIRES page A10

# U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

## Formula Exposes Impact of Gerrymandering



The U.S. Supreme Court has never declared a voting-district map unconstitutional for giving one party a political edge, but a pair of legal scholars hopes a metric they developed will change that.

On Monday, the court announced it would hear the appeal of a U.S. District Court decision that invalidated the Wisconsin state assembly district map for being unconstitutionally partisan.

A foundation of the original complaint is a mathematical formula known as the efficiency gap that measures the impact of partisan gerrymandering.

If the court concludes the Wisconsin plan is unconstitutional—as it has racially gerrymandered maps that watered down the influence of minorities—the efficiency gap could become part of a legal test that would change the way states draw district boundaries.

"The hope is that in the future there would be a judicial limit to how extreme partisan gerrymandering could be," said Nicholas Stephanopoulos, a lawyer for the plaintiffs and a professor at the University of Chicago

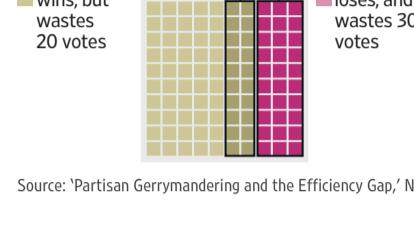
### Understanding the 'Efficiency Gap'

The efficiency gap measures the impact of partisan gerrymandering by comparing the number of votes each party wastes in an election.

#### 1 Determining 'wasted' votes

Wasted votes are all those cast for a losing candidate as well as those cast for a winner in excess of the number needed for victory.

In a hypothetical legislative district with 100 votes:



Source: 'Partisan Gerrymandering and the Efficiency Gap,' Nicholas O. Stephanopoulos and Eric M. McGhee

Law School who helped craft the metric.

The case argues that partisan gerrymandering violates the Equal Protection Clause of the 14th Amendment by deliberately disadvantaging supporters of a particular party and the First Amendment by punishing certain voters because of their political affiliations.

Partisan gerrymandering occurs when the majority party draws boundaries that concentrate supporters of the opposition into a few voting districts or spreads them thinly across many districts. The strategy, known as "packing and cracking," reduces the number of seats

the minority party can win relative to the number of votes its supporters cast.

If a system were proportional, a party that won 50% of the statewide vote would claim 50% of the seats. In a partisan gerrymander, it might win 50% of the vote but claim only 20% of the seats.

The metric devised by Mr. Stephanopoulos and Eric McGhee, a research fellow at the nonpartisan Public Policy Institute of California, tests whether district plans treat political parties equally by comparing the number of votes each wastes.

Wasted votes are those cast for a losing candidate as

well as those cast for a winner in excess of the number needed for victory.

The efficiency gap divides the difference between the two parties' wasted votes by the total number of votes cast. The result is a percentage that indicates the portion of seats the dominant party won because it wasted fewer votes than the other side.

The authors offer a simple example: Imagine 1,000 voters spread across 10 election districts. Party A collects 55% of the votes, wins eight seats and wastes 150 votes. Party B collects 45% of the votes, wins two seats and wastes 350 votes.

#### 2 Counting the wasted votes by district

Party A wins: 3 districts with 70 votes each

5 districts with 54 votes each

Party B wins: 2 districts with 65 votes each

150 350

Total wasted votes by party:

#### 3 Calculating the gap

(350-150)/1,000)

Party A wasted 200 fewer votes than Party B, or 20% of the 1,000 votes cast, indicating that it won 20% more seats than it would have if the district map hadn't given it an advantage. The formula's authors say, under their formula, winning at least two extra congressional seats should raise a red flag.

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congressional plans that help the majority party win two or more additional seats and state legislative plans that have an efficiency gap of at least 8%.

The formula isn't suitable for states with few congressional districts because flipping a single seat would cause the gap to move by a large percentage. It also builds in a bonus for the majority party by awarding it twice as many seats after winning 50% than if it were simply proportional, a feature that is easier to detect when the formula is reduced to an equation:

$$(seat margin - 50\%) - 2 \times (vote margin - 50\%) = efficiency\ gap$$

The authors say this reflects the way elections have worked out historically, but it disturbs people who don't want that cushion locked into a legal definition of partisan gerrymandering.

"We don't see a good argument for that factor of two," said Moon Duchin, a Tufts University math professor who has organized five upcoming workshops on using mathematics and technology to draw nonpartisan legislative districts.

The Supreme Court is scheduled to hear arguments in the Wisconsin case in the term that begins in October.

## U.S. WATCH

### MISSOURI

#### Ferguson Settles Police Killing Case

A federal judge approved a settlement in the wrongful death case involving Michael Brown, 18, whose shooting by a white police officer in 2014 in Ferguson, Mo., sparked months of protests and unrest in the St. Louis suburb and a national debate over policing in minority communities.

Senior U.S. District Judge E. Richard Webber called the deal between Mr. Brown's parents, Michael Brown Sr. and Lesley

McSpadden, and Ferguson "fair and reasonable" and said the amount should be confidential.

The St. Louis Post-Dispatch reported Friday that the city had agreed to pay \$1.5 million "on behalf of multiple defendants," citing a city attorney's response to an open-records request.

The defendants in the lawsuit denied wrongdoing. Attorneys for the city and the Brown family didn't immediately respond to requests for comment.

The lawsuit was filed in 2015 by Mr. Brown's parents against the officer who shot him, the city, and its former police chief.

—Kris Maher

### WISCONSIN

#### Convict of Netflix Fame Seeks Release

Attorneys for a Wisconsin inmate featured in the Netflix series "Making a Murderer" petitioned for his release Friday after a federal appeals court ruled his confession was coerced.

Lawyers for Brendan Dassey filed papers with the Seventh Circuit Court of Appeals in Chicago asking for his release in his own recognition, saying a decision by a three-judge appeals panel left no reason for further delays.

The state is unlikely to prevail

in any further appeals or if it retries the case without his confession, they wrote, but said those appeals could prolong Mr. Dassey's time in prison "by months, if not years."

Mr. Dassey was sentenced to life in 2007 in the death of Teresa Halbach's death on Halloween two years earlier. Mr. Dassey told detectives he helped his uncle, Steven Avery, rape and kill Ms. Halbach at the Avery family's Manitowoc County salvage yard. Mr. Avery was sentenced to life. The case gained national attention after it was featured on Netflix.

—Associated Press

## Fed Officials Split On Inflation's Path

By DAVID HARRISON

Barely a week after raising short-term interest rates for the second time this year, Federal Reserve officials are increasingly divided on the timing of their next move, with some saying they won't support another increase until they see a pickup in inflation.

Inflation, as measured by the Fed's preferred gauge, breached its annual 2% goal in February for the first time in nearly five years but has since retreated, sinking to 1.7% in April.

Fed officials in their public remarks since their policy meeting last week have disagreed on whether the recent weakening of price pressures is likely transitory or perhaps more persistent.

Fed Chairwoman Janet Yellen, New York Fed President William Dudley and Cleveland Fed chief Loretta Mester view the recent sluggishness as probably temporary, driven by some one-time factors such as new, more generous cellphone plans and slower growth in prescription drug prices.

Others such as regional Fed bank presidents Charles Evans of Chicago, Neel Kashkari of Minneapolis, Robert Kaplan of Dallas and James Bullard of St. Louis have expressed more concern about slower inflation.

Mr. Kaplan told reporters this week in San Francisco he would like to see more evidence that weak inflation has passed before raising short-term interest rates again.

Mr. Evans said in an interview Tuesday he would prefer to hold off on raising rates until the end of the year to make sure the Fed wasn't falling further behind on its inflation goal. "I sometimes wonder if there isn't something more global, more technological that's taking place that we don't quite have our arms around very well."

Mr. Kashkari voted against the Fed's decisions to raise

rates in March and June, and last week cited low inflation as a reason.

The other camp is more confident that inflation will head higher.

"We got a couple of weak reports but fundamentally it doesn't look like demand is falling out," Ms. Mester told reporters following a speech in Cleveland on Friday.

Mr. Dudley also shrugged off the disappointing inflation numbers in an appearance Monday. "If the labor market continues to tighten,

*The divide could influence the timing of the next interest-rate increase.*

wages will gradually pick up, and with that we'll see inflation get back to 2%," he said.

Ms. Yellen last week played down the recent numbers. "It's important not to overreact to a few readings and data on inflation can be noisy," she said June 14.

The divide could threaten the consensus that Ms. Yellen has cultivated in her time at the helm. Fed officials last week penciled in one more rate increase this year, but left open the question of when that might occur. Mr. Evans and Mr. Kaplan, in addition to Mr. Kashkari, hold votes on the Fed's policy-making committee this year, raising the possibility of more dissents in the coming months.

The disagreements among officials reflect a conundrum that has perplexed economists since the end of the recession. As the unemployment rate has dropped, to 4.3% in May, economic theory would predict higher wages and rising prices. But wage growth has been relatively modest and inflation has undershot expectations.

## Heavy Duty Ground Rescue



AIR SHOW ACCIDENT: A military jet was involved in an accident Friday while apparently practicing for an Ohio air show. No injuries were immediately reported as emergency responders worked to extricate the aircraft's two occupants.

## STOCKS

Continued from Page One choices is "an even harder game" than it was when the market consisted of twice as many companies, says Michael Mauboussin, an investment strategist at Credit Suisse Group AG in New York who wrote a report this spring titled "The Incredible Shrinking Universe of Stocks."

That's because the surviving companies tend to be "fewer, bigger, older, more profitable and easier to analyze," he says, making stock picking much more competitive.

Consider small-stock funds. Often, they compare themselves with the Russell 2000, an index of the U.S. stocks ranked 1,001 through 3,000 by total market value.

"Twenty years ago, there were over 4,000 stocks smaller" than the inclusion cutoff for the Russell 2000, says Lubos Pastor, a finance professor at the University of Chicago. "That number is down to less than 1,000 today."

So fund managers have far fewer stocks to choose from if they venture outside the index, the very area in which the best bargains might be found. More money chasing fewer stocks could lead some fund managers to buy indiscriminately, regardless of value.

Eric Cinnamond is a veteran portfolio manager with a solid record of investing in small stocks. Last year, he took the drastic step of shutting down his roughly \$400 million mutual fund, Aston/River Road Independent Value, and giving his investors their money back.

"Prices got so crazy in small-caps, I fired myself," he says. "My portfolio was 90% in cash at the end, because I couldn't find anything to buy. If I'd kept investing, I was sure I'd lose people their money."

He adds, "It was the hardest thing I've ever done professionally, but I didn't feel I had a choice. I knew my company was overvalued."

Mr. Cinnamond hopes to return to the market when, in his view, values become attractive again. He doesn't ex-

pect recent conditions to be permanent.

The evaporation of thousands of companies may have one enduring result, however, and it could catch many investors by surprise.

Most research on historical returns, points out Mr. Mauboussin, is based on the days when the stock market had twice as many companies as it does today. "Was the population of companies so different then," he asks, "that the inferences we draw from it might no longer be valid?"

"Factor investing," also known as systematic or smart-beta investing, picks hundreds or thousands of stocks at a time based on common sources of risk and return. Among them: how big companies are, how much their shares fluctuate, how expensive their shares are relative to asset value and so on.

But the historical outperformance of many such factors may have been driven largely by the tiniest companies, exactly those that have disappeared from the market in droves.

Before concluding that

small stocks or cheap "value" stocks will outpace the market as impressively as they did in the past, investors should pause to consider how they will perform without the tailwinds from thousands of tiny stocks that no longer exist.

The stock market has more than tripled in the past eight years, so the eclipse of so many companies hasn't been a catastrophe. But it does imply that investing in some of the market's trendiest strategies might be less profitable in the future than they looked in the past.

**CORRECTIONS & AMPLIFICATIONS**

A photo with a Business & Finance article on Tuesday about the oil industry adjusting to lower prices showed workers at a well site. The caption misidentified the equipment as an oil rig.

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## U.S. NEWS

# Ex-Cop's Shooting Case Ends In Mistrial

BY SHIBANI MAHTANI

For the second time, a jury was deadlocked in the trial of a former University of Cincinnati police officer charged with murder and voluntary manslaughter in the 2015 shooting of a black motorist, prompting a judge to declare a mistrial Friday.

"We do not foresee coming to a unanimous decision," the jury wrote in a note to Hamilton County Judge Leslie Ghiz after 31 hours of deliberation.

The defendant, Ray Tensing, was charged with killing Samuel DuBose, 43, who was shot at close range after he allegedly was stopped for having a missing front license plate. Mr. Tensing was fired shortly after he was indicted in 2015. A mistrial was declared in his first trial after jurors in November failed to reach a unanimous decision.

The jury in this most recent trial was made up of nine women and three men. The prosecutors in Hamilton County must now decide whether to seek a third trial.

Mr. Tensing pulled over Mr. DuBose about a mile from the University of Cincinnati in July 2015. The former officer said he was being dragged by the car as Mr. DuBose tried to leave the scene and was forced to shoot. But prosecutors argued that Mr. Tensing's statements were contradicted by video from his body camera.

In Mr. Tensing's testimony during the retrial, he argued that Mr. DuBose's car was moving into him and that he was afraid he would be run over. The defense sought to prove that his use of force was justified because the officer feared for his life.

Prosecutors argued that video footage of the incident showed Mr. Tensing fired at the motorist about one second after the car started moving and therefore the officer couldn't have reasonably feared for his life.

Prosecutors and Mr. Tensing's attorney weren't available to comment Friday.

In a statement issued through their attorney, the DuBose family said they were "outraged that a second jury has now failed to convict Ray Tensing."

The shooting was among a string of police-involved killings of black men that sparked a national conversation about police use of force and race. Mr. Tensing is the third officer in two weeks who hasn't been convicted of a crime in these shootings.



An aerial view of a replacement dam being built at the Calaveras Reservoir in California. About 300,000 people live in a flood zone below the existing dam.

BRIAN HAUX

# The Fault Line Threatening Dams

Deficient structures, earthquake risks raise possibility of potentially catastrophic flooding

BY JIM CARMON

FREMONT, Calif.—The coastal mountains that frame this working-class city next to San Francisco Bay harbor a hidden menace: a reservoir 10 miles away that sits next to an active earthquake fault, which experts say could cause a dam break and flood thousands of homes.

The potential threat is so severe, the owner of the Calaveras Reservoir decided to build a replacement dam. But seven years after that work began, the dam is unfinished and isn't expected to be complete until 2019—four years behind schedule.

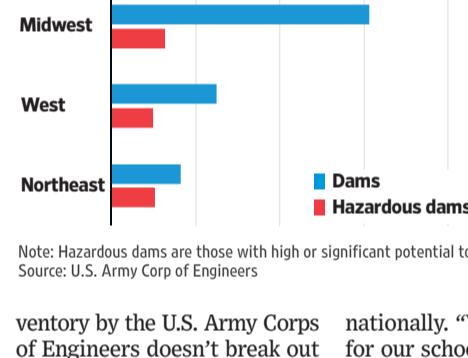
The issues hampering the Calaveras Reservoir project show how difficult it can be to repair or replace an old dam, which is of growing concern nationally.

An estimated 27,380 dams, or 30% of the 90,580 listed in the latest 2016 National Inventory of Dams, are rated as posing a high or significant hazard. Of those, more than 2,170 are considered deficient and in need of upgrading, according to a report by the American Society of Civil Engineers. The in-

## Dangerous Dams

Nearly 30% of the nation's dams risk the loss of human life and significant property damage if they fail. While the greatest concentration of those are in densely populated parts of the U.S., their overall size is small compared with those in Western states.

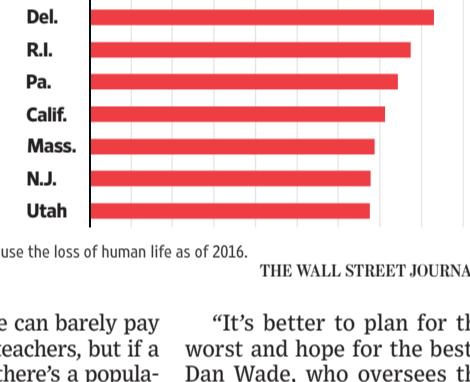
### Dams by region



Note: Hazardous dams are those with high or significant potential to cause the loss of human life as of 2016.

Source: U.S. Army Corp of Engineers

### 10 states with the greatest share of hazardous dams



Note: Hazardous dams are those with high or significant potential to cause the loss of human life as of 2016.

Source: U.S. Army Corp of Engineers

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nationally. "We can barely pay for our schoolteachers, but if a dam fails and there's a population downstream, we're talking about a disaster. We have to fix our dams, there's no doubt about it."

At the Calaveras dam, California's Division of Safety of Dams in 2001 ordered the San Francisco Public Utilities Commission to keep its 31 billion-gallon capacity Calaveras Reservoir no more than 40% full.

Utility officials say the extra time is needed to make the dam—with a 1,200-foot-wide base and spillway walls up to 4 feet thick—hopefully fail-proof.

"It's better to plan for the worst and hope for the best," Dan Wade, who oversees the \$800 million project, said on a tour on Wednesday. The cost is double the original \$400 million estimate.

Earthquakes pose especially big risks for dams. The seismic threat is highest along the West Coast, including Washington and Oregon, which scientists say could see rare but potentially catastrophic quakes.

Few states face as much of an earthquake threat as California, where nearly three-fourths of the state's 1,585 dams are rated as having high

or significant risk of failure.

Like its predecessor and many others in California, the new Calaveras dam is being constructed largely out of rock, dirt and other natural materials. Engineering experts say earthen dams of sufficient size are designed to withstand most earthquakes. The Calaveras dam is being strengthened, in part, by having zones of compacted material, including a thicker core of impermeable clay.

One problem, experts say, is that many were built decades ago, when less was known about what a strong earthquake could do.

Engineers didn't realize then that the loose rock and soil they used to form the base of some dams could liquefy in a strong earthquake, potentially causing the top of the structure to deform and spill.

State officials have determined the 220-foot-high Calaveras Dam poses a flooding threat because the base of the 92-year-old structure was built atop loose earth on the site of a previous failed dam. About 300,000 people live in a flood zone along Alameda Creek below.

"It would be disastrous if this thing were to fail, because you have huge urban areas downstream," said Jeff Miller, executive director of the Alameda Creek Alliance, a nonprofit environmental group.

# Buyers Fuel Market for New Homes

BY SARAH CHANEY  
AND JEFFREY SPARSHOTT

New-home sales rose in May and prices hit a record level, more evidence of a housing market characterized by strong demand and tight inventories.

Purchases of new, single-family homes—a narrow slice of all U.S. home sales—rose 2.9% to a seasonally adjusted annual rate of 610,000 in May, the Commerce Department said Friday.

From a year earlier, new-home sales rose 8.9% in May and so far this year have climbed 12.2%, indicating the market for new homes appears to be picking up.

"The name of the housing-market game over the past few years has been low supply, not low demand," said Ralph McLaughlin, chief economist at Trulia.

The median sale price for a new home sold in May was \$345,800, the highest recorded for data dating back to 1963. The average sale price also came in the highest on record at \$406,400. Home prices for new homes have climbed steeply since dipping during the recession.

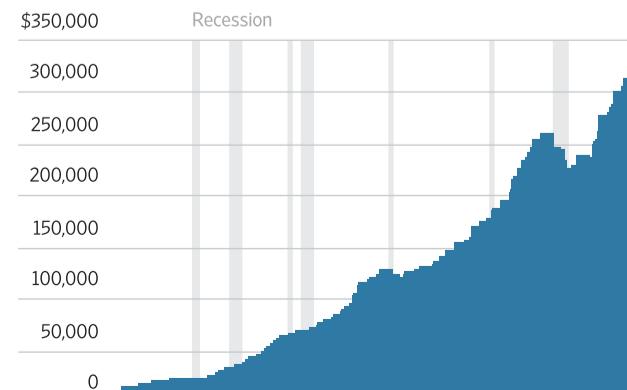
"It's going to be very hard to sustain price increases of any large amount going forward because they are pushing against people's ability to afford homes," said Brad Hunter, chief economist at HomeAdvisor.



Townhomes under construction in Woodstock, Ga., last month. A relatively low supply of new homes is one factor driving prices.

## Raise the Roof

Median sales price of a new, single-family house



Source: Commerce Department

# Court Rebuffs Owner In Land-Use Ruling

BY JESS BRAVIN

WASHINGTON—The Supreme Court fortified environmental land-use regulations against legal challenges, frustrating property-rights activists who hoped their test case would open a host of development restrictions to constitutional attack.

The case involved a fundamental question in evaluating whether a regulation amounts to a "taking" of private property: Should courts look only at the portion of the property affected by regulation—an approach more likely to find a taking—or at the entire property, in which the value potentially lost to regulation likely would be much smaller.

Writing for the court, Justice Anthony Kennedy endorsed the whole-property approach, laying out legal standards directing lower courts to look at the big picture in land-use cases, rather than narrower interests.

"Like the ultimate question whether a regulation has gone too far, the question of the proper parcel in regulatory takings cannot be solved by any simple test," Justice Kennedy wrote.

Instead, courts should consider such factors as "the treatment of the land under state and local law; the physical characteristics of the land;

and the prospective value of the regulated land," Justice Kennedy wrote, joined by Justices Ruth Bader Ginsburg, Stephen Breyer, Sonia Sotomayor and Elena Kagan.

The dispute involved a property along the Wisconsin bank of the St. Croix River, which has long been protected under the Wild and Scenic Rivers Act. The question was whether two adjacent lots owned by the same family since the 1960s should be viewed as a single property or separate parcels.

State and local law considered the parcels, which together had almost an acre of buildable land, merged since the 1990s, when they passed to four siblings in the Murrs family. That became a problem for the Murrs years later, when they sought to sell one of the original parcels, known as Lot E, to pay for improvements on the other, Lot F.

Regulations designed to prevent overdevelopment of the scenic area restricted sales of parcels smaller than a certain size. Lot E didn't qualify, and St. Croix County rejected the Murrs' application for a variance. The high court backed the county's rejection of the application.

Chief Justice John Roberts, joined by Justices Clarence Thomas and Samuel Alito, dissented from the decision.

## U.S. NEWS

# FBI Pick's Clients Pose Conflicts

BY ARUNA VISWANATHA

Christopher Wray has spent the past 12 years building up one of the most successful white-collar-defense law groups in America. Now, that work could limit his oversight of some major investigations if he is confirmed as director of the Federal Bureau of Investigation.

While Mr. Wray's confirmation process is expected to focus on the abrupt firing of the last FBI director, James Comey, lawmakers are also likely to raise questions about Mr. Wray's high-profile defense work.

"A thorough hearing process considering any nominee's background will look into potential conflicts of interest," said Sen. Chris Coons, a Delaware Democrat who is on the Judiciary Committee, which will consider Mr. Wray's nomination.

The White House hasn't formally sent Mr. Wray's nomination to the Senate, and no hearings have been scheduled.

Mr. Wray recently represented New Jersey Gov. Chris Christie in the 2013 George Washington Bridge lane-closure controversy and Credit Suisse AG in a major tax investigation in which the Swiss bank pleaded guilty—both matters that faced federal probes. He oversaw a group of 79 lawyers at the firm King & Spalding, which specializes in representing clients under

criminal investigation, including by the FBI.

Under ethics rules, Mr. Wray would automatically be barred from having any involvement in matters he handled personally, and Justice Department officials also are generally blocked for two years from investigations into people or companies represented by their former law firms.

Mr. Wray's firm biography lists more than a dozen recent representations in Justice Department and other investigations, including five Fortune 100 firms, several pharmaceutical companies and a telecommunications company. It is unclear which matters may still be ongoing.

Mr. Wray isn't speaking to the media ahead of confirmation hearings, but John Richter, who worked with him at the Justice Department and at King & Spalding, said many of the matters handled by Mr. Wray at the firm wouldn't cross the desk of the FBI director.

"Chris is very familiar with the ethics rules that will govern him as FBI director and will consult closely with DOJ ethics personnel so as to avoid conflicts," Mr. Richter said.

Jeff Danik, a retired FBI supervisor, said Mr. Wray would clearly have to abstain from involvement in some cases.

"There are a significant number of current FBI investi-



In mid-May, 38% of people in a poll faulted Donald Trump for firing former FBI Director James Comey, above. Now, 46% disapprove.

### More Disapprove Of Comey's Firing

President Donald Trump's decision to fire FBI Director James Comey is increasingly unpopular, a new Wall Street Journal/NBC News poll found. At the same time, half of those surveyed said they believe the news media has exaggerated allegations about the president.

The poll of 900 adults found that 46% disapproved of Mr.

gations listed on the King & Spalding website, where surely they have been paid large fees and are responsible for defending those clients," Mr. Danik said. "That's a serious conflict for him as FBI director, and I don't see how those conflicts are all resolved without recusal on his part."

Trump's decision to fire Mr. Comey on May 9, which came during the FBI's probe of alleged Russian interference in the 2016 election. Some 38% disapproved of the firing in mid-May, shortly after it occurred.

The poll also found that Mr. Trump's job approval rating had remained essentially unchanged at 40% despite the growing opposition to the Comey firing.

"The public is not focused on it nearly as much as we may be," said Jeff Horwitt, a Democratic pollster who helped conduct the

survey. "But public opinion is moving away" from Mr. Trump.

Mr. Comey testified on Capitol Hill this month that Mr. Trump asked him to ease off an investigation into former national security adviser Mike Flynn and sought his personal loyalty, and subsequently fired him in an effort to influence the course of the Russia probe.

Mr. Trump has denied he pressured Mr. Comey on the Flynn investigation or had asked for his loyalty. When poll respondents were

asked which man they were more likely to believe, 45% said Mr. Comey, while 22% said Mr. Trump. Some 21% supported neither of them.

The poll also found widespread mistrust of the media, as 50% agreed with the statement that news media coverage of recent allegations against Mr. Trump was "irresponsible," "over-dramatized" and "sensationalized." One-third said it was "responsible," while 12% said the media had been too restrained.

—Janet Hook

wife had received large donations from a Clinton ally for her state Senate campaign. The FBI's ethics office had cleared his involvement, but Republicans and others criticized Mr. McCabe for his role in the probe.

—Byron Tau contributed to this article.

## WASHINGTON WIRE

### VETERANS

#### President Signs VA Accountability Act

President Donald Trump signed into law a measure that gives the secretary of the Department of Veterans Affairs more power to fire or punish bad employees at the department while expanding protections for those who point out wrongdoing.

The VA Accountability and Whistleblower Protection Act passed both houses of Congress with overwhelming support and praise from top veterans advocacy groups.

"Our veterans have fulfilled their duty to this nation, and now we must fulfill our duty to them," Mr. Trump said Friday at an event in the East Room of the White House. "VA accountability is essential to making sure veterans are treated with the respect they have so richly earned."

The law is designed to fill a gap in Secretary David Shulkin's authority, allowing him to dismiss underperforming employees quickly, something his immediate predecessor said was missing from his authority.

—Ben Kesling and Rebecca Ballhaus contributed to this article.

### FOREIGN LEADER

#### Former Lobbyist Tried To Arrange Meeting

Former lobbyist Jack Abramoff unsuccessfully sought to arrange a meeting between the president of the Republic of Congo and then-U.S. President-elect Donald Trump late last year, according to a new Justice Department filing.

Mr. Abramoff, who pleaded guilty in 2006 to felony federal corruption charges related to his Washington lobbying work, wrote in a disclosure filing received by the Justice Department on Wednesday that he attempted to use his contacts to get Congolese President Denis Sassou-Nguesso a meeting with Mr. Trump in Florida.

Mr. Nguesso flew to Palm Beach, Fla., in late December to try to secure a meeting with Mr. Trump, the filing stated. Had it taken place, the meeting would have been a breach of diplomatic protocol since President Barack Obama was still in office.

A White House spokeswoman didn't respond to a request to comment.

—Byron Tau

## Court Challenges to 'Sanctuary Cities' Explored

BY LAURA MECKLER



An ICE Fugitive Operations team searched for an illegal immigrant in Santa Ana, Calif., last month.

immigration authorities.

Under that law, local Texas law-enforcement officials can face criminal penalties—including jail sentences—if they don't comply with requests from federal authorities to detain suspected illegal immigrants until they can be transferred to Immigration and Customs Enforcement custody.

The Justice Department ar-

ges the Texas statute doesn't improperly pre-empt federal law or violate the Constitution. It plans to make those points in arguments in federal court in San Antonio on Monday.

Next week, Republicans will work to advance a similar goal via legislation. The House plans a vote on a measure that would deny certain federal

maternity care are essential," Ms. Collins said.

Many conservatives also want provisions to make it easier for insurers to sell their policies across state lines, although such a measure could run afoul of the special procedures Mr. McConnell is using to allow the health bill to pass with a simple majority. And they are opposed to much of the spending in the bill, including billions of dollars to help stabilize the individual insurance market.

The centrist Republicans appear equally forceful. Mr. Heller made public his opposition on Friday alongside Nevada Gov. Brian Sandoval, also a Republican, at a news conference in Las Vegas, saying he couldn't lend his support to the current bill because of its far-reaching changes to the Medicaid program.

Mr. Heller said he opposed the measure's timetable for a rollback of the ACA's expansion of Medicaid. The bill begins phasing out that expansion in 2021 and ends federal funding for it in 2024. Mr. Heller said he favored a seven-

year timetable, but would have pushed for even more time if he had the option.

Other provisions that some centrists wanted in the bill—including about \$45 billion to fight opioid addiction—were omitted. Instead, the legislation offers a \$2 billion appropriation in 2018, an amount small enough to imperil the bill's support from Sens. Rob Portman (R., Ohio) and Shelley Moore Capito (R., W.Va.).

Ms. Collins and Ms. Murkowski plan to offer an amendment next week removing the measure that defunds Planned Parenthood. It is unclear whether that amendment has enough support to pass, and whether the two senators would vote for the underlying bill if it doesn't. If it does pass, that in turn could imperil conservative support in the Senate.

Senate GOP leaders are expected to work over the weekend with individual lawmakers' offices to identify their requests and decide which are feasible.

—Louise Radnofsky contributed to this article.

## HEALTH

Continued from Page One

likely require more deregulation of the insurance market. It was unclear whether Senate Majority Leader Mitch McConnell (R., Ky.) can placate both camps.

Mr. McConnell won't have much time, and the next few days are likely to see a frenzy of activity. Senate leaders hope to begin procedural votes on the bill on Tuesday, which gives them just days to navigate a highly complex political and policy thicket.

Adding to the uncertainty, the nonpartisan Congressional Budget Office is expected to release on Monday its assessment of the bill's impact on cost and coverage. The CBO's report could create more obstacles for GOP leaders who want a vote as early as Thursday.

Democrats' ability to slow down or stop the GOP health push is limited, but they plan to use their time on the Senate floor as the bill is debated to frame their arguments and

offer amendments that they hope will put Republicans on the spot, aides said.

In addition to the five senators who have said they can't support the bill, a range of other Republican senators have expressed concerns since the bill's release on Thursday, including Sen. Susan Collins of Maine, who is worried about its cuts to Medicaid. She and Sen. Lisa Murkowski (R., Alaska) also object to the bill's limits on funding to Planned Parenthood Federation of America.

Senate leaders said they are open to talking about ways to improve the bill, which they have been careful to call a discussion draft.

"Are we just putting the bill out there knowing it's going to fail? The answer to that is no," said Sen. John Cornyn of Texas, the Senate's second-ranking Republican.

Some conservatives criticize the Senate GOP bill for not doing enough to repeal the law. The Senate bill would retain the law's structure of tax credits for some low-income consumers, for example,

though the credits would be significantly smaller.

Other conservatives said the bill wouldn't do enough to bring down premiums. Sen. Ted Cruz (R., Texas), among others, wants to change the legislation to let insurers offer plans covering fewer benefits.

That would allow healthier, lower-risk people to buy cheaper coverage, while those who need the benefits would

be able to buy the costlier plans that include them.

But some centrist GOP senators said they would be uncomfortable allowing insurers to avoid providing certain types of coverage.

"I want states to have more flexibility, but I think coverage for mental illness and substance abuse, for example, and

maternity care are essential," Ms. Collins said.

Many conservatives also want provisions to make it easier for insurers to sell their policies across state lines, although such a measure could run afoul of the special procedures Mr. McConnell is using to allow the health bill to pass with a simple majority. And they are opposed to much of the spending in the bill, including billions of dollars to help stabilize the individual insurance market.

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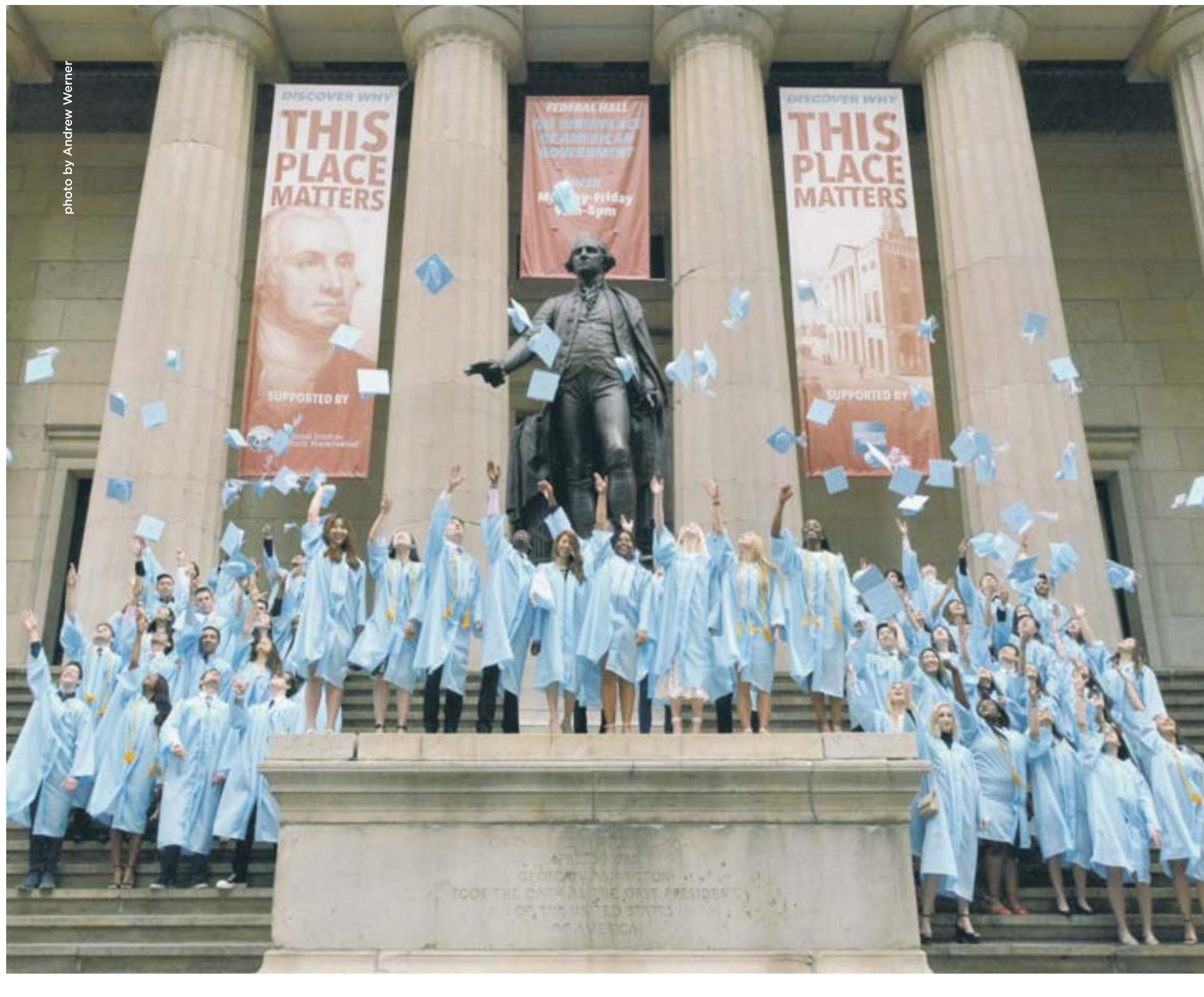
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—Louise Radnofsky contributed to this article.

photo by Andrew Werner



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# OBITUARIES

JAMES GALTON  
1924 – 2017

## Marvel Comics Chief Saved Spider-Man, Other Heroes

BY PATRICK McGROARTY

**W**hen he took over Marvel Comics Group in 1975, James Galton's spidey sense told him the publisher was in grave danger.

The drugstores and newsstands where Marvel sold its comic books were going out of business. Children were gravitating toward science fiction and cartoons.

So Mr. Galton decided to double down on marketing to devoted Spider-Man and Hulk fans of all ages. He used comic-book stores, a new niche business, and home subscriptions to sell Marvel's monthly superhero tales.

The new distribution model became a blueprint for revitalizing the comic-book business.

"Everybody said the direct-sales model was going to destroy the company," said Joseph Calamari, one of Mr. Galton's partners at Marvel. "It did the opposite. It was the main force of change for the whole comic industry."

Mr. Galton died in Naples, Fla., on June 12 at the age of 92.

He was known as a genial boss whose support for Marvel's writers and artists matched his ambitions for the superheroes they created. Tom DeFalco, Marvel's editor in chief beginning in the late 1980s, remembers Mr. Galton finding him with his feet up on his desk, lost in thought. Rather than disturb him, Mr. Galton left a message for Mr. DeFalco to come see him later.

"When I see you staring at the wall I know I'm getting my money's worth, because you must be figuring out something important," Mr. Galton told him.

James Edward Goldstein was born Nov. 1, 1924, in Lawrence, N.Y., to Margaret and Montague Goldstein. Margaret was a homemaker. Montague ran a chemical-supply business. Margaret and



Montague changed their son's surname to Galton before he applied to college because, at a time of heightened anti-Semitism, they thought it would help him get into school and find a job.

Mr. Galton attended Antioch College in Ohio, where he studied business and worked in a munitions factory. After graduating he worked as an auditor before joining Popular Library, a paperback publisher. He worked his way up to become president in 1968.

CBS acquired the company in the early 1970s. Mr. Galton butted heads with the new owners and was fired.

He went back to work for Cadence Industries, the conglomerate that distributed books for Popular Library. He was assigned to audit the company's eclectic collection of businesses and uncovered financial impropriety at the unit that published Marvel comics. His bosses asked him to take charge of the division and fix it.

"My friends told me, 'The comic industry is dead. Don't do this,'" Mr. Galton told the Naples Daily

News in 2010. "But I had four kids—two in private school, two in college—and two mortgages. I had to take the job."

Spider-Man and the X-Men, characters created by Marvel artists including master comic-book writer Stan Lee, were already fixtures of the pop-culture firmament. But devotion to the monthly comic books that chronicled their exploits was waning.

Mr. Galton made Marvel the pioneer of a strategy to distribute them through new specialty comic stores and monthly subscriptions rather than general retail outlets. Monthly circulation of Marvel's dozens of titles skyrocketed.

Mr. Galton also dreamed of watching superheroes leap off the page onto TV and movie screens. He started an animation studio in Los Angeles that produced popular cartoons based on G.I. Joe and Transformers, in addition to Peter Parker's web-flinging alter ego.

But getting Marvel's stars onto the big screen eluded him. The technology to create the computer-generated imagery that has since fueled an explosion in the number of superhero films didn't mature until after he retired in the 1990s.

"Jim and I often dreamed of Marvel's superheroes being on the big screen and being monster hits," said Mr. Lee, who is 94 years old. "I have never known a pleasanter, nicer, more honorable man."

A lifelong bibliophile, Mr. Galton was passionate about using comics to get children to read.

"He saw the power in comic books," said Lydia Galton, his wife. "He understood how strongly they could influence people."

Mr. Galton is survived by his wife, four children and six grandchildren.

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

HERMA HILL KAY  
1934 – 2017

## Professor Influenced Range of Legislation

**A**s a sixth-grader in South Carolina in the 1940s, Herma Hill Kay won a classroom debate in which she was the only student willing to argue that the South shouldn't have won the Civil War.

Her civics teacher told her afterward, "If you were my daughter, I'd send you to law school." But Ms. Kay's mother, however, said it was silly to think she could make a living as a lawyer. "I think she had a sense of what the world was like for professional women," Ms. Kay said in a 2003 interview.

Shrugging off that early resistance, Ms. Kay attended the University of Chicago Law School on a full scholarship and graduated in 1959, where she was one of

four women in her class. She became the first woman to lead an elite law school, serving as the dean of UC Berkeley School of Law from 1992 to 2000.

Ms. Kay taught at Berkeley for more than 50 years.

Her expertise in family and antidiscrimination law made her a pioneer in legal teaching and helped influenced a wide range of legislation.

Ms. Kay died at her home in San Francisco on June 10, after a short illness. She was 82 years old.

At the time of her death, she had been working on a book about the history of women in legal teaching.

—Nicole Hong

CHARLES THACKER  
1943 – 2017

## His Work Gave Rise To Modern PCs, iPads

**W**hen Apple Inc. unveiled the iPad tablet in 2010, Charles Thacker's wife remarked to her husband that he had once again been ahead of the curve. Nearly a decade earlier, Mr. Thacker, an electrical engineer, had helped design Microsoft Corp.'s Tablet PC, a precursor to Apple's product.

"That was the joke in our family," said his daughter Christine Thacker. "He was 10 years ahead of his time. Consistently."

Mr. Thacker played a leading role in inventing the first versions of many technologies that are foundational to devices today, including 1974's Alto, considered the world's first personal computer. In 2010, he won the A.M.

Turing award from the Association of Computing Machinery, the tech industry's Nobel Prize, largely for his work on the Alto.

At Xerox Corp.'s famed Palo Alto Research Center, where he developed the Alto, Mr. Thacker was part of an elite group of engineers who subscribed to what was a novel vision in the 1970s: Computers weren't meant simply for computing, but for promoting communication among people. That perspective led to Mr. Thacker's contributions to inventions such as the Ethernet.

Mr. Thacker, known as Chuck to friends, died on June 12 at his home in Palo Alto, Calif. He was 74 years old.

—Yoree Koh



Lack of speech is a sign of autism. Learn the others at [autismspeaks.org/signs](http://autismspeaks.org/signs).

 AUTISM SPEAKS

# WORLD NEWS

## Arab States Issue Demands to Qatar

Measures amount to a full policy overhaul; some have already been rejected by Doha

By NICOLAS PARASIE AND SUMMER SAID

DUBAI—Saudi Arabia and other Arab states boycotting Qatar have issued a list of severe demands to end the worst regional diplomatic crisis in years, telling their Persian Gulf neighbor to close state broadcaster Al Jazeera, curb ties with Iran and end Turkey's military presence on its soil.

Qatar also must cut all ties with the Muslim Brotherhood, the Lebanese military and political movement Hezbollah and other groups that Saudi Arabia and its allies deem extremist and a threat to their rule, according to the 13-point list.

The conditions set forth by Saudi Arabia, the United Arab Emirates, Egypt and Bahrain add up to a radical overhaul of the longtime pillars of Qatari policy and include measures that Doha has already said are non-starters.

The group gave the government of Tamim bin Hamad Al-Thani 10 days to accept the demands, without specifying what penalties would follow if Qatar

fails to comply. Other demands include that Doha must pay reparations and provide information on all groups it has supported but that Saudi Arabia and others oppose.

Saudi Arabia and the U.A.E. have led an aggressive campaign this month to isolate Qatar and attempt to force it to comply with regional and foreign policies championed by its larger Gulf Arab neighbors. A U.A.E. official described the list of demands as part of mediation efforts.

Qatar's foreign ministry said in a statement late Friday that it has received the list of demands, which Kuwait delivered on Thursday. The brief statement said Qatar is currently studying the demands and will prepare an appropriate response, which it will hand over to Kuwait. It also said it appreciated Kuwait's efforts aimed at resolving the crisis.

A senior Saudi official said a draft list reviewed by The Wall Street Journal matched the official version, which wasn't made public.

By including Turkey in the list, the demands further complicate the balance for the U.S., which has allies on both sides. President Donald Trump has sought to develop the U.S. alliance with Saudi Arabia; the U.S. also has its largest Mideast mil-



The U.S. State Department and Secretary of State Rex Tillerson have yet to make a formal statement on the demands.

"The four countries that are part of that—we believe it's a family issue and that they should work [it] out," said White House press secretary Sean Spicer. "If we can help facilitate those discussions then so be it. They want to, and should work out for themselves."

It is unclear how or whether further mediation between Qatar and its neighbors would unfold. Mr. Tillerson and President Recep Tayyip Erdogan have been trying to bridge the divide.

Qatar's foreign minister, Sheikh Mohammed bin Abdulrahman Al-Thani, said earlier that Doha wouldn't enter negotiations to resolve the dispute until all economic, diplomatic and travel ties are restored.

"These demands are so draconian that it is hard to imagine that the four countries want anything less than a long, drawn-out break with Qatar that leads to Qatar one day—one way or another—coming their way," said Andrew Hammond, a researcher at Oxford University's St. Antony's College.

—Margaret Coker, Ned Levin and Felicia Schwartz contributed to this article.

itary base in Qatar, and a counterterrorism alliance with Turkey, a member of the North Atlantic Treaty Organization.

The Trump administration views the list as the opening gambit in a negotiation, a U.S. official said. The demand that Turkey close its base would depend on other countries moving other bases, and is unlikely to come to fruition, the official said.

The U.S., however, would be potentially supportive of calls to shut down Al Jazeera, the official said.

Turkey said it had no plans to reconsider its base deal with Qatar or the countries' 2014 bilateral military agreement. Turkey has around 100 soldiers stationed in Qatar as part of a mission to train Qatari soldiers in defensive tactical skills, according to Turkish military offi-

cials. The 10-day deadline coincides with planned joint military exercises.

The request for Qatar to end its military agreement with Turkey appeared to be a signal from Riyadh and its partners that they won't allow their say in their own backyard to be diluted—though Ankara and Doha provide crucial bases for the U.S.-led campaign against Islamic State.



A Russian submarine and frigates were used in Friday's attack.

## Russia Strikes ISIS Targets in Syria

By THOMAS GROVE

MOSCOW—Russian armed forces launched a cruise-missile attack on Islamic State targets in Syria's Hama province, the defense ministry said Friday.

The defense ministry statement said the Kalibr cruise missiles struck infrastructure used to store weapons and ammunition for militants coming from Raqqa, where the U.S. seeks to squeeze the group out

of the urban stronghold.

Russia said it had been monitoring Islamic State militants escaping from Raqqa to the south over the past week. The six missiles were launched from Russia's permanent naval grouping in the east Mediterranean.

"Remains of the terrorists and the IS terrorist infrastructure were destroyed by Russian Air Force's bomber air-strikes," the statement said.

Russia said it had informed

Turkey and Israel of its attack plans before launching strikes. It was unclear whether Russia had informed the U.S. of the plans through a special military channel used to ensure the countries' planes operate safely in the airspace over Syria.

Russia said this week after U.S. jet fighters downed a Syrian war plane that it would pull out of a cooperation agreement that sets out the use of the deconfliction line.

U.S. officials have said that line has stayed open despite Russian threats. In response to the U.S. strike on the Syrian aircraft, Russia also said it would track U.S. and coalition aircraft in Syria as targets.

Both Russia and the U.S. have stepped up their attacks on Islamic State, although the U.S. has had its attention diverted by a series of recent confrontations with forces backing the Syrian government.

## U.S. Scraps Envoy Post

WASHINGTON—The State Department will eliminate the post of special envoy for Afghanistan and Pakistan, leaving the Trump administration without a policy point person

U.S. involvement in the region. Elimination of the office minimizes the input of civilians with regional expertise, fueling perceptions that the strategy will tilt toward the military.

The State Department said that Ms. Miller's departure didn't signal a reduction in the importance it places on South Asia and indicated that Secretary of State Rex Tillerson might still appoint someone to a similar position with less authority.

That decision isn't expected soon, which leaves the State Department with no senior official with experience in the region to champion the department's position in the continuing policy debates.

Dan Feldman, who served in the post from 2014 to 2015, said the decision "seems remarkably shortsighted and further marginalizes State Department equities, and diplomatic and political interests, at a critical moment when we're on the verge of surging militarily

again."

Mr. Mattis is working on a regional strategy and completing plans to send more than 4,000 troops to Afghanistan in an effort to reverse gains made by the Taliban and Islamic State.

While the importance of the office diminished in recent years as the U.S. reduced its military, economic and political footprint in Afghanistan, it was central to the Obama administration's effort to jump-start peace talks.

"There's no clear strategy for the long-term sustainability of Afghanistan without a negotiated political settlement, and this decision means there's now no one at State charged with the responsibility to implement any diplomatic strategy once decided," Mr. Feldman said.

Not everyone sees dissolution of the office as a bad idea. A number of former U.S. officials said the office created an unnecessary parallel structure at State.

## Australia Backs Philippines in Assault on Militants



DAMAGING FIGHT: Debris and smoke are seen after a Philippine military airstrike on insurgents in the Muslim extremist Maute Group in Marawi City, on the island of Mindanao, on Friday. Australia said it would send two patrol planes to help government troops recapture the city.



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## WORLD NEWS

# Venezuelans Risk Crossing Sea to Get Basics

Chronic shortages spur perilous and sometimes deadly journeys to Trinidad

Struggling to find basic staples in her own country, Mariana Revilla and five neighbors here took to crossing a treacherous 60-mile gulf under the cover of night to Trinidad.

By **Kejal Vyas** in Irapa, Venezuela, and **Sara Schaefer Muñoz** in Chaguaramas, Trinidad and Tobago

On her last trip, they made a good haul, securing seven tons of flour, sugar and cooking oil from the former British colony in exchange for fresh shrimp from home. But on the way back their rickety 46-foot boat capsized, leaving Ms. Revilla and her companions clinging to the wreckage for nearly two days before she and two others ran out of strength and drowned, according to survivors. Her stepfather says her 3-year-old daughter, Isabel, keeps asking, "Where is my mama?"

As Venezuela's economy crumbles, desperate people are doing all they can to get food and medicine. Here that can involve great peril.

Venezuelans make trips as long as 10 hours to hawk shellfish, plastic chairs, house doors, ceramic pots and even exotic animals like iguanas and brightly feathered macaws. They are exchanged for basic goods—rice, detergent, diapers—that Caracas is increasingly unable to provide.

"It's thanks to Trinidad that we have any food here," said 49-year-old Angela Caballero, a resident of this town on a peninsula that extends toward the island. "If that didn't come, we'd be dead."

A decade ago, Venezuela's late strongman, Hugo Chávez, promoted bartering to boost food production and create "a socialist market, a market of



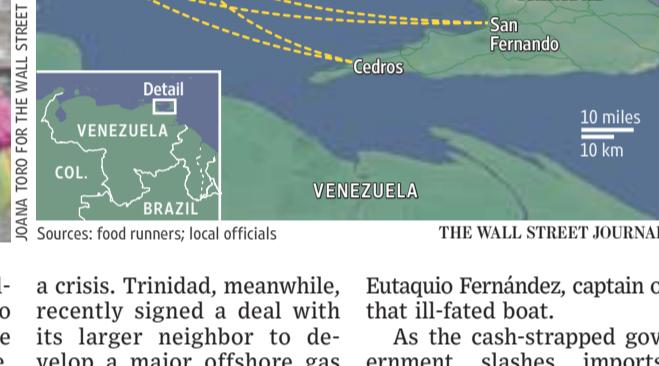
Angel García of Irapa, Venezuela, holding photos of his stepdaughter, Mariana Revilla, a doctor who drowned in April returning from a trip to Trinidad. Below, Gina Lugo and her family waiting in Trinidad to return with flour and other staples unavailable at home.



### Journey for Food

Venezuelans boat to Trinidad to buy and barter for basic supplies.

Some common routes:



Sources: food runners; local officials

THE WALL STREET JOURNAL.

equals." But today, many in far-flung towns like Irapa have a different take on that direct approach to the marketplace.

"This is savage capitalism," town councilman Guillermo Mendoza said. "The role of the government in this is to just keep quiet."

Venezuelan and Trinidadian officials didn't respond to requests to comment on the cross-border barter trade. Such evidence of economic desperation is an embarrassment for Mr. Chávez's heir, President Nicolás Maduro, who denies the country is in

a crisis. Trinidad, meanwhile, recently signed a deal with its larger neighbor to develop a major offshore gas field.

Venezuelan fishermen have been making weekly trips to Trinidad since food scarcities intensified two years ago, said

Eutaquio Fernández, captain of that ill-fated boat.

As the cash-strapped government slashes imports, Irapa residents say rations meant to last a week reach them once every two months.

With the town left to fend for itself, Mr. Fernández used

his boat to transport neighbors looking to buy and barter goods until the night of April 28, when the vessel overturned in choppy waters.

Fishermen rescued Mr. Fernández and two others, badly sunburned and dehydrated after clinging to the upended craft for two days. The bodies of Ms. Revilla and two others were found later. Mr. Fernández says he can't think about going back, even if he had a boat to do so.

Trinidadian officials say about 14,000 Venezuelans entered the country legally in the first four months of last year. Human-rights workers say tens of thousands of others come illegally. Many cross the Paria Gulf, braving pirates, drug-traffickers and the Venezuelan National Guard, who fishermen say charge bribes of more than \$100 a boat.

Ms. Revilla never planned to be a smuggler, her family said. After graduating from medical school in western Venezuela, the 27-year-old returned home to become the chief medical resident at Irapa's Freddy Mocari Hospital, specializing in kidneys.

Ms. Revilla earned \$15 a month, not enough to support her retired parents and her daughter. So last year, she decided to get in on the town's most lucrative business. Local shrimp-catcher Xiomara Ruiz provided her with coolers filled with seafood.

With each trip, Ms. Revilla fed her family and sold food to local bodegas. But she hated the risk and hoped to leave Venezuela, she told her family, vowing that her fifth trip, in April, would be her last.

"She was looking for quality of life and she paid for it with her life," her stepfather Ángel García said. Ms. Revilla's daughter still calls for her mother every day, he added.

"We just tell her 'Mama's gone off to study.'

◆ **Review: Venezuela's sinister turn**..... C1

## Fire Fears Trigger London Evacuation

BY WIKTOR SZARY

LONDON—Some 800 households are being moved from five residential towers in north London, a local authority said late Friday, after the buildings failed to pass fire safety checks prompted by last week's lethal blaze in a public housing high-rise.

The decision was made Friday evening after checks revealed that the external cladding on the public-housing buildings wasn't fire retardant and after residents of the towers in London's Camden district expressed concerns, said the head of the local authority, Georgia Gould.

Following further checks, fire services informed the local authorities they couldn't guarantee the residents' safety, she said.

"I've made the really, really difficult decision to move the people living there into temporary accommodation," Ms. Gould said.

They will remain there for between two and four weeks while the authorities implement the required fire-safety improvements, she said. The exact number of individuals affected wasn't immediately clear.

"I know it's difficult, but Grenfell changes everything," Ms. Gould said.

Last week's blaze in Grenfell Tower, which killed at least 79



Residents left the Taplow apartment tower in north London Friday after it failed a fire-safety check.

people, started in a refrigerator-freezer before it rapidly spread across the tower block, police said earlier on Friday.

Samples of the building's external cladding, which is widely thought to have contributed to the fire's quick spread, failed investigators' fire safety tests, police also said.

In a video interview posted on a local newspaper's Twitter account, Ms. Gould said the relocation was necessary because of the combination of external, flammable panels and a number of fire safety issues inside the buildings.

Some gas pipes going into

the flats weren't insulated properly, and some doors didn't meet the required fire-safety standards, which means that smoke could easily spread around the building in the event of fire, she said.

The Camden district council said it was asking residents to stay with family and friends but would provide accommodations for those who couldn't.

Residents were to be temporarily checked into hotels, and the Camden authorities would work with other local governments in the London area to accommodate them, Ms. Gould said.

Prime Minister Theresa May

said on Twitter: "My thoughts are with residents being evacuated in Camden while their homes are made safe tonight."

"We will work with and support the emergency services and relevant authorities to safeguard the public," Mrs. May said.

The U.K. government said Thursday it had identified about 600 publicly owned residential towers that had installed some form of cladding.

Authorities are now testing the cladding on those buildings to determine how many used the same material as Grenfell Tower.

## Macron's EU Agenda Is Met With Resistance

BY EMRE PEKER AND STACY MEICHTRY

BRUSSELS—French President Emmanuel Macron's bid to revitalize the European Union is bumping into longstanding divisions over trade, with countries that depend on Chinese cash resisting his push to scrutinize foreign investments.

Following Mr. Macron's electoral victories on a pro-European platform, he received a warm welcome at his first EU summit in Brussels.

His ambitious agenda, however, quickly got bogged down as some EU governments attacked Mr. Macron's proposal to screen the flow of global capital into Europe.

"Poland will protest against protectionist measures," Prime Minister Beata Szydło said Friday, as the two-day gathering of EU leaders ended.

The French president also drew ire for implying Eastern European countries were treating the bloc like a "supermarket" by tapping its benefits without upholding its democratic values.

The sparring illustrates the hurdles that Mr. Macron faces in uniting a bloc that has grappled for decades with bridging competing priorities. To overcome the challenge, the French leader's top goal is to forge common policies with German Chancellor Angela Merkel.

At stake is the EU's ability to champion free trade in re-

sponse to U.S. President Donald Trump's protectionist policies, without exposing European workers to what populists call "savage globalism." That push comes as the bloc also struggles to pry open China's market for European businesses, just as Chinese investments in EU companies hit a record \$48 billion last year, according to data provider Deloitte.

France and Germany have long sought to block Chinese access to strategic industries, but some EU members have stymied that effort to safeguard billions of dollars from China.

"Attachment to free trade and multilateralism does not mean naiveté," Mr. Macron said. "Fair competition is preferable to the law of the jungle."

Asked about Mr. Macron's tough line, a Chinese Foreign Ministry spokesman noted the "surge in protectionism" that the EU and many countries are facing, but said EU leaders recently pledged to cooperate with China.

Mr. Macron's election has contributed to the momentum slowly building behind a Paris-Berlin proposal, also supported by Rome, for the EU to scrutinize foreign investments.

The effort got a boost Friday, when EU leaders said they welcomed an initiative by the bloc's executive—the European Commission—to "analyze investments from third countries in strategic sectors."



MR. MACRON AND MS. MERKEL AT A NEWS CONFERENCE IN BRUSSELS FRIDAY.

## EU Has Doubts on U.K. Post-Brexit Rights Plan

BY LAURENCE NORMAN AND JENNY GROSS

BRUSSELS—British Prime Minister Theresa May received a lukewarm response to her proposal on the post-Brexit rights of European Union citizens in the U.K., with both sides on Friday acknowledging that significant differences will need ironing out.

British officials have said they believe the future rights of EU citizens in the U.K. and British citizens in Europe was one of the issues in Brexit talks where the two sides had the most common ground.

Other topics, like the EU's demands that Britain pay a di-

vorce bill of upwards of €60 billion (\$67 billion) to settle its past spending pledges, are expected to be far thornier.

However, European Council President Donald Tusk made it clear that tough negotiations lay ahead on citizens' rights.

"My first impression is that the U.K.'s offer is below our expectations and that it risks worsening the situation of citizens. But it will be for our negotiating team to analyze the offer line by line, once we receive it on paper," Mr. Tusk told reporters at the end of a summit of EU leaders here.

German Chancellor Angela Merkel said Mrs. May's offer was "a good start but certainly

no breakthrough."

Prime Minister Beata Szydło of Poland, which has more citizens in the U.K. than any other EU country, called Mrs. May's offer "a good proposal" but said the EU awaited details.

At a dinner Thursday, Mrs. May outlined to her EU counterparts a proposal that would offer millions of EU citizens now in Britain a pathway to apply for permanent residency.

She said EU citizens who arrived in Britain before a yet-to-be-determined date—likely before Britain leaves the bloc in March 2019—and have been in the U.K. for five years could apply to stay indefinitely and would receive many of the

same rights and benefits as British citizens. Those who have stayed for fewer years would eventually be able to apply for that status.

The EU has already laid out its proposal for handling the issue, effectively demanding that EU citizens already in Britain or arriving there in coming years enjoy the same rights they hold at present.

Mrs. May promised Friday afternoon to lay out full details of her plan on Monday. She acknowledged "some differences" between the British and EU positions.

◆ Brexit rekindles debate over clearing business..... B9

## WORLD NEWS

# Pyongyang Calls Itself 'Victim' in Warmbier Furor

BY JONATHAN CHENG

SEOUL—North Korea lashed out at the U.S. over criticisms of its treatment of Otto Warmbier, the 22-year-old American student who died this week after his return home in a coma, in a sharply worded statement that is likely to further inflame tensions between Washington and Pyongyang.

The remarks from North Korea's Foreign Ministry, the first since Mr. Warmbier's death, described Pyongyang as "the biggest victim" of the incident and called the University of Virginia undergraduate "a criminal who committed hostile acts" against North Korea.

The statement called the U.S. condemnations of Mr. Warmbier's treatment a "smear campaign abusing the humanitarian measure" that Pyongyang made in releasing Mr. Warmbier, whom North Korea described as an agent of the Central Intelligence Agency on assignment in Pyongyang.

"Although we had no reason at all to show mercy to such a criminal of the enemy state, we provided him with medical treatments and care with all sincerity on humanitarian basis until his return to the U.S.," the unidentified spokesman said, according to a report carried by the state-controlled Korean Central News Agency.

Mr. Warmbier, who was arrested by North Korean authorities in January 2016 after allegedly ripping down a propaganda poster from the wall of his Pyongyang hotel during a group tour of the isolated country, had been in a coma for more than a year.

when he was released by North Korea "on humanitarian grounds" this month. He died six days later.

Mr. Warmbier's death has sparked a wave of anger in Washington toward Pyongyang and its treatment of detained U.S. citizens. Several congressmen have described Mr. Warmbier's death as murder, while administration officials such as Nikki Haley, the U.S. ambassador to the United Nations, have called Mr. Warmbier's death a reflection of "the barbaric nature of the North Korean dictatorship."

Mr. Warmbier returned home with a severe brain injury, the cause of which remains unclear. He slipped into a coma more than a year ago, U.S. officials and members of his family said. North Korea told U.S. officials during a secret meeting last week that Mr. Warmbier first lost consciousness after contracting botulism and taking a sleeping pill.

The Hamilton County Coroner's Office in Ohio is investigating Mr. Warmbier's death, but the family of Mr. Warmbier has objected to an autopsy. In a separate statement, the North denied that it had engaged in any torture or brutal treatment of Mr. Warmbier, calling the claims "rubbish."

Sen. John McCain, among others, has suggested that Mr. Warmbier likely underwent torture during his detention.

South Korea's new president, Moon Jae-in, who is due to arrive in Washington next week for a two-day summit with President Donald Trump, expressed his condolences to the Warmbier family.

In the next five years, India plans to spend more than \$6 billion on its space program and send 25 rockets into space, three times the budget and number of rockets as a decade ago. China sent almost the same number of rockets into space last year alone and doesn't disclose its space budget.

The U.S. space budget of almost \$40 billion a year is more than six times China's assumed budget, according to the most-recent figures from the Organization for Economic Cooperation and Development. China has overtaken Russia and is just behind the European Union in spending, and last year launched more rockets than Russia for the first time.

Beijing is also on track to open its Tiangong-3 space station in 2022, which it is offering to open to other countries. The international space station is expected to close around then.

In addition, China outpaces India in sophistication. This month it successfully tested a quantum satellite, sending

# India, China Race to Space

BY DANIEL STACEY

NEW DELHI—India is going up against China in a new Asian space race, trying to tighten its control of regional skies and alliances by leveraging its ability to send satellites into orbit inexpensively.

In recent rounds of space diplomacy, China offered to build telecommunications satellites for Sri Lanka, Afghanistan and Nepal. In May, India went a step further, launching its "South Asia Satellite," which those three countries can use at no cost.

At stake in the contest is regional leadership, as India has the opportunity to be the power that helps its neighbors develop their own space ambitions, steering them away from Beijing's influence.

Next year, India plans to activate its version of the Global Positioning System, which it has also offered to share with its neighbors. Meanwhile, China is expanding a rival fleet of navigation satellites that will be more than four times the size of India's to cover the countries along its "One Belt, One Road" infrastructure corridors by 2018.

Last year, India started construction on a satellite ground station in Vietnam, to complement others in Brunei, Indonesia, and Mauritius. The deal riled China. State media said the facility could be employed for military purposes to monitor the South China Sea.

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An engineering team confers in a facility run by Team Indus, a Bangalore space-technology startup.

## Competing Constellations

India is trying to keep pace with the space programs of much richer countries.

### Navigation satellites

	Launched	Planned
China (BeiDou)	23	12
U.S. (GPS)	31	
EU (Galileo)	18	12
Russia (Glonass)	27	
India (NavIC)	7	
Japan (QZSS)	1	6

### Imaging satellites\*

U.S.	58
EU	36
China	26
India	21
Japan	13
Russia	10

\*Government and research, excludes commercial

†Includes both EU and national agencies

Sources: National space agencies; United Nations

THE WALL STREET JOURNAL.



A model of a Team Indus rover.

its rockets for the first time.

In December, Team Indus, a Bangalore-based startup, aims to be the first private Indian company to send something into space from an ISRO rocket when it launches a moon lander as part of the Google Lunar XPrize competition. Team Indus is also designing a standardized satellite that it hopes to sell to other countries.

"I see India as a leader for providing space technology in developing markets," said Rahul Narayan, one of Team Indus's founders.

Astrome Technologies Pvt., another Indian startup, plans to launch 150 satellites to provide wireless internet to places difficult to reach with cables such as Indonesia's archipelagos and Bangladesh's river deltas.

China launched an experimental satellite this year that it says can beam internet into remote areas.

India's main edge is cost. Engineers there are often paid \$1,000 a month, around a tenth of wages in the U.S. and Europe, and companies have been able to innovate frugally.

—Josh Chin contributed to this article.

light particles over distances that even the U.S. and Europe have yet to achieve. India's recent test satellites have focused on improving lenses for its satellite cameras.

"Most of India's recent space diplomacy has been a rear-guard action against China," said Vidya Sagar Reddy, an analyst at the Observer Research Foundation, a New Delhi think tank.

India is also facing new competition from Elon Musk's SpaceX, and Richard Branson-backed OneWeb Ltd., which are offering to make space launches and satellites cheaper than ever. And China has been offering support to local startups such as One-

Space and ExPace.

In response, the Indian Space Research Organization is trying to rapidly increase the rate of rocket launches by offering its technology to the private sector.

This year, it announced plans to sell its small launch rocket, the PSLV, to a new private joint-venture company by 2020. It is also planning to license production of the larger GSVL rockets it is testing to

local industrial firms, as well as to outsource the design and production of its smaller navigation and remote-sensing satellites, a senior space-agency official said.

India is also letting local startups launch payloads from

## FROM PAGE ONE

# UBER

Continued from Page One

taken a toll. In interviews, some employees expressed sadness over the company's now-tainted reputation, while others said they were upset with management for allowing its dirty laundry to be aired. Some said they hoped Uber could restore its reputation after adopting nearly 50 changes to improve workplace culture that resulted from an internal investigation into workplace conduct by former U.S. Attorney General Eric Holder's law firm.

Some employees are standing by Mr. Kalanick. More than 1,000 signed an internal petition demanding that the board reinstall him. "Employees, we need to revolt this!" read the petition, reviewed by the Journal.

"We're focused on rebuilding trust with our employees and the communities we serve, and building a company and culture that we can be proud of," an Uber spokesman said.

Mr. Kalanick stepped down Tuesday after two venture capitalists at Benchmark confronted him with a signed letter from the firm and four other shareholders demanding his ouster, according to people familiar with the matter. After several hours of deliberation, Mr. Kalanick relinquished his post.

His exit followed the removal or resignation in recent months of more than a half-dozen of his direct reports and a number of other managers, including heads of finance, operations, business, marketing

and communications. A committee of 14 executives now runs Uber—an unwieldy structure for a company that centralized power and encouraged a confrontational management approach called "toe-stepping."

Uber plans to revise its core values, which in addition to toe-stepping include "principled confrontation" and "always be hustlin'."

On Thursday, the board met with three new directors and discussed the CEO search, an Uber spokesman told the Journal. Underscoring the urgency, the board has discussed a time frame of about six weeks for finding a new CEO, according to people familiar with the matter.

Some employees said the uncertainty has made it hard to work, especially as they have watched co-workers pack up their desks. Others said they are considering leaving, fearful that Uber could face a struggle to raise new funds.

On the other hand, some worry about missing out on a big payday if they leave before their stock options fully vest, which takes four years, or before a reinvention of the company culture.

"People are leaving because they feel like it's on fire," said Nora Hamada, a recruiter with Mirus Search, who said she has helped a handful of Uber employees find work at other startups.

Uber employees once were considered almost unpoachable, because of hefty equity stakes and Uber's rocketing growth, tech recruiters say.

Now, some employers are wary of hiring Uber employees out of concern they could bring the culture with them, recruiters note. One executive at a startup that has hired from Uber said the firm has deliberately recruited junior employees and not managers.

"There's a lot of peer pressure to quit Uber to work at a more ethical company," Ms. Hamada said. Some female employees she has spoken

with feel pressured by friends and peers at other tech firms to leave, she said.

"I've heard many of you mention that you're grappling with mixed emotions this week," Ann Bordetsky, an Uber business-development executive, wrote in an email Thursday to "the women of Uber." "Whatever you're feeling—surprised, nostalgic, optimistic,

sad or unphased [sic] (maybe all that and more)—we're here with you."

In coming weeks, managers are expected to deliver employee performance reviews, using an overhauled feedback and goal-setting framework shaped by two recent hires: Liane Hornsey, chief of human resources, and Frances Frei, senior vice president of leadership and strategy.

Rather than numerically ranking employees against one another and linking the ranking with pay, Uber is encouraging managers to help teams set three or four business goals and broader corporate "citizenship" goals, employees said. Other changes include training in diversity and adopting a version of the "Rooney Rule," which requires hiring managers to interview diverse candidates for all open positions, according to an email from Ms. Hornsey reviewed by The Wall Street Journal. Teams have been assigned an "owner" of human resources policies, to whom employees can quickly escalate concerns.

"We will not fail you again," Ms. Hornsey said in the email.

Ms. Frei, a Harvard Business School professor Uber hired earlier this month, has emerged as a leader in remaking the Uber culture. "The question of the moment right now is how to demonstrate to employees and to drivers that the company is truly changing its culture," said Michael Useem, a management professor at the University of Pennsylvania's Wharton School of Business.

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## IN DEPTH

# BILLS

Continued from Page One  
ripple through its profit margins, federal regulations and antitrust law.

T-Mobile US Inc. and Sprint Corp., the third and fourth largest carriers, recently rekindled talks about a merger, according to people familiar with the matter. The two previously discussed combining in 2014 but backed down in the face of regulatory opposition.

The rout could continue when the many consumers who haven't felt the effects of price drops, unaware they can lower their monthly bills, call their carriers to demand better deals.

Selina Sosa, who runs a nonprofit near Dallas, cut her monthly bill by about a third in less than six months. Last December, she switched carriers from AT&T Inc. to Verizon Communications Inc., reducing her payment for three phones from \$330 to \$279.

In April, Ms. Sosa called Verizon with a billing question and an agent offered to switch her into an unlimited-data plan and lower her monthly bill by another \$57. "I didn't even ask to reduce my payment," she said, adding she was relieved to save the extra cash.

Six years ago, the number of active cellphones surpassed the U.S. population. About 80% of Americans currently own a smartphone, according to CTIA, an industry trade group. Many have multiple devices. Consumers are also keeping their smart-

phones for longer periods, which means fewer customers are up for grabs.

Offers from wireless providers are becoming increasingly extreme. Sprint this month launched a short-term promotion to give away a free year of wireless service to new customers who supply their own mobile phones. The move comes months before Apple Inc. is expected to introduce its newest iPhone, which is when carriers typically roll out discounts.

The competition grew so intense during the first three months of this year that Verizon, the largest national carrier, suffered its first-ever quarterly subscriber loss. AT&T Inc. and Sprint also lost customers, and the industry's total revenue growth slowed to 1% from a year ago, its lowest-ever rate, according to research from investment bank UBS. The quarter's big winner was T-Mobile, which has been offering plans with favorable features.

A major reason for the steep decline in the wireless consumer-price index is companies' return to unlimited-data plans. Back in 2010 and 2011, AT&T and Verizon ended their all-you-can-eat plans for smartphone customers and imposed monthly caps on usage. Executives for years said unlimited plans made little economic sense.

In February, Verizon brought

back unlimited plans to counter a wave of customer defections to T-Mobile and Sprint, which had both rolled out aggressive unlimited offers. Days later, AT&T responded with an unlimited plan of its own. With the new plans, making calls and texting are essentially free. Overage fees carriers impose when users exceed their monthly usage limit are also going away.

Verizon now charges \$80 a month for an unlimited talk, text and data plan for a single line. Sprint charges \$50 for a similar plan in the first year. In 2011, an unlimited Verizon plan cost \$120 and one from Sprint cost \$110.

### 'Ebb and flows'

Verizon Chief Executive Lowell McAdam said at a conference in May that adopters of its current unlimited plan are mostly people who used to have pricier subscriptions. He also predicts many customers with lower-price, capped-data plans will soon start paying more for unlimited service to avoid having to keep track of their monthly data usage.

"There are ebbs and flows for sure," said Jeffrey Moore, head of Wave7 Research, which tracks wireless competition, "but I think that the past year has been the most aggressive time in wireless history."

Cellphones are a major expense for many families. The average American household spent \$1,074 for cellular service in the year to June 2016, up 77% from a decade earlier. Total household expenditures rose just 13% over that same period, according to Labor Department data.

If many people wind up paying less for their cellphone bills, it could free up consumer spending in other areas, similar to how a decline in gasoline prices can boost other parts of the economy.

For much of the past year, Niya Case, a human-resources specialist who lives near Tampa, Fla., was paying about \$400 a month for four smartphones and two tablets, which belonged to her and family members.

"Oh my God, people pay less than that for a brand-new car," the 38-year-old said she used to think when she looked at her bill from Sprint.

Ms. Case said she asked friends about less expensive offers and decided to switch a few weeks ago. She is now paying about \$155 a month for four phone lines at T-Mobile and plans to put the savings toward school clothes for her children and a family cruise in the fall.

### Falling revenue

The changes have been punishing for wireless companies. After rising every quarter for 17 years, revenue from wireless data plans fell 0.33% in the first quarter of this year, according to consultant Chetan Sharma.

The slowdown is making companies look outside the industry for growth. AT&T plans to buy Time Warner Inc. for \$85 billion, while Verizon has scooped up Yahoo and AOL to build a digital media business.

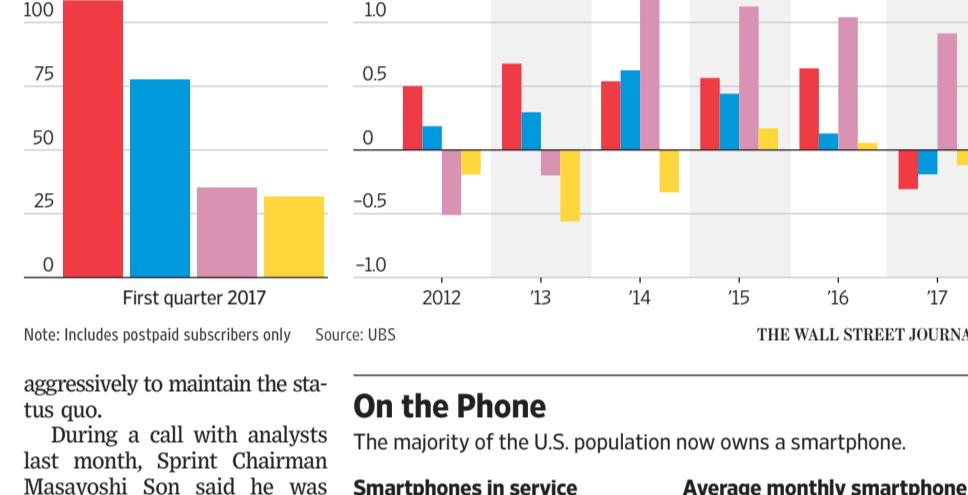
Some economists believe consolidation among the four national carriers could end the price war, because three competitors with roughly equal market share would behave less



Fernando and Selina Sosa and their son Jeremiah in Waxahachie, Texas, changed cell carriers in December to save money.

### Heated Competition

Major carriers have been offering price promotions and unlimited-data plans to fight for subscribers.



Note: Includes postpaid subscribers only. Source: UBS

aggressively to maintain the status quo.

During a call with analysts last month, Sprint Chairman Masayoshi Son said he was looking to merge Sprint with another company and that T-Mobile was "the first priority."

Sprint CEO Marcelo Claure said consolidation will make the industry even more competitive. "Sprint has been working hard to invest in its network and bring increased value to consumers, but as we look to the future, scale will be critical to sustaining competition," he said in a written statement to The Wall Street Journal.

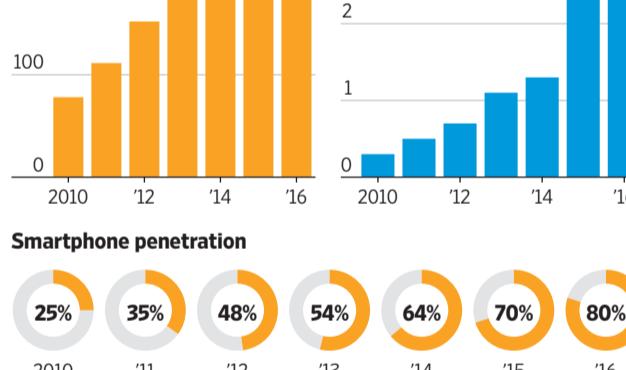
T-Mobile CEO John Legere spoke about consolidation in an April call with analysts. "I'm very comfortable that we could make a case that it is in the best interest of customers, of the country, of the industry versus the alternatives of the status quo," Mr. Legere said.

If a deal does materialize, regulators recently appointed by President Donald Trump will need to revisit the state of competition in the market. The U.S. wireless market is already one of the nation's most concentrated industries.

The big wireless carriers have acquired a host of national and regional cellular providers since 2000. In recent years, regulators have twice prevented the remaining four national

### On the Phone

The majority of the U.S. population now owns a smartphone.



\*Figures exclude usage over Wi-Fi. Source: CTIA

THE WALL STREET JOURNAL.

players from consolidating to three. The government in 2011 blocked a proposed merger between AT&T and T-Mobile and signaled three years later it would do the same for a Sprint and T-Mobile combination.

"This is one of the best examples of the benefits of anti-trust," said Gene Kimmelman, president of the consumer-focused group Public Knowledge.

Other businesses, too, face labor shortages, says Professor Hartwig, 53, but "it's without question more difficult to attract a worker into the insurance industry."

At a February Rutgers University event, lines of students waiting to meet recruiters from some tech firms ran 25 or more deep. Insurers' booths generally had trickles of guests.

In a queue for the consultancy Accenture, finance major Nicholas Appaluccio, 23, said he wasn't interested in insurers because he considered much of the work there "cut and dried."

Graduate student Shivani Sethi, 24, approached Liberty Mutual's booth upon seeing no line. "I'm open to trying new things," she said, but ultimately took an internship at an online brokerage. Liberty Mutual says it collected 78 résumés and offered interviews to four; two were offered jobs and took them.

Videos are the enticement at firms such as ICW Group Insurance Cos., which last autumn

and a former Justice Department antitrust official under President Barack Obama.

Berin Szoka, president of TechFreedom, a libertarian policy group, said nationwide high-speed networks couldn't have been built without the economies of scale that large companies have.

"The market is supposed to drive that balancing act," Mr.

To keep some new hires away from the rest of the company, Allstate, Liberty Mutual and Massachusetts Mutual Life Insurance Co. have put some data scientists, app developers and other innovation specialists in digs in neighborhoods popular with startups and given the operations catchy names.

Allstate's Arity operation in Chicago's Merchandise Mart has a full-time "creative culture leader" who helps in recruiting talent. "We're doing everything we can," says Allstate spokesman Justin Herndon, 36, "minus throwing out the red carpet to try to get them in the door."

At Liberty Mutual's Solaris Labs, says spokeswoman Adrienne Kaufmann, 49, there was "a deliberate decision to give it a distinct personality that was more entrepreneurial in feeling."

MassMutual opened a location it calls Haven Life in New York City where it wants "spaces that feel start-uppy" and "whimsical," says Gareth Ross, 41, who has responsibility for data analytics at the 166-year-old insurer.

The location has free beer anytime and some conference rooms named after "contributors to mortality": "Fallen Coconut," "Asteroid Impact," "Insect Attack," "Snake Bite."

# Hires

Continued from Page One  
really like to have fun around here."

Insurers have put in climbing walls, offered free beer and massages, and published at least one graphic novel to entice and retain new hires. At school-recruiting events last autumn, Acuity served mounds of freshly cooked bacon, whose aroma drifted around the grounds.

"All of the college students swarmed around," says Acuity Chief Executive Ben Salzmann, 61.

Americans under 30 generally aren't enthusiastic about the industry, according to Insurance Careers Movement, an industry group that seeks to inspire young people to pursue insurance careers. "When I think of insurance," one millennial said in recent research conducted for Liberty Mutual Insurance, "it is a sharp poke in the eye."

The industry needs more brains, and soon. It employs about 2.6 million but calculates it must hire 500,000 newcomers over the next several years as a wave of retirements hits, says Robert Hartwig, an insur-



ReSource Pro created a graphic novel, 'Tomorrow's Insurance,' featuring a mysterious character seeking insurance for a Mars colony.

ance professor at University of South Carolina's business school.

Some insurers are taking a page from Silicon Valley's hip offices. Allstate Corp. has a "happiness guru" in a building where it locates many data scientists.

Acuity has in recent years installed ping-pong tables, a working 65-foot Ferris wheel, a 45-foot climbing wall and a 27,000-square-foot fitness center. It has twice-monthly happy hours. Years ago, it dropped its clean-desk policy banning plants, family photographs and

food, Mr. Salzmann says.

A graphic novel is Dan Epstein's millennial lure. The CEO of ReSource Pro LLC, which provides processing and advisory services to the insurance industry, co-wrote what is essentially a fancy comic book, "Tomorrow's Insurance," to engage young people in his company and clients about a transformation in the industry around data analytics and machine learning.

At the novel's futuristic agency, Sigma 6 Insurance, the female owner walks among high-tech gear, escorting a mys-

terious guest who is assessing if the agency can insure a "Mars Colony One Project." The guest leaves definitely impressed.

"We wanted to step out," says Mr. Epstein, 46, "and envision what the industry could be like in 10 years."

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rounded up employees to freeze in position—at a time when "mannequin challenges" were an internet craze.

In a video, a camera pans the firm's San Diego offices capturing the poses: someone about to sip a drink, another pushing an elevator button, one in mid-step.

The video, says Trisha Rule, 34, an ICW senior marketing employee, tackles "this misconception about the insurance industry."

Among viewers was Leslee Edwards, 22, who researched ICW on Facebook and "thought it looked like a fun place to work." In May, she started in the workers'-compensation department.

Interns at MMG Insurance in Presque Isle, Maine, helped create a seven-minute video modeled after "The Office" television sitcom.

In it, Melissa McKenney plays an underwriter who uses clairvoyance to size up risks. To dispel conceptions that insurance is "boring or stale," she says, "we wanted to weave in a little bit of humor."

Ms. McKenney, now 23 and an MMG full-timer, says she previously figured insurance was monotonous but has learned it can be "very high-action, very fast-paced."

# OPINION

THE WEEKEND INTERVIEW with Angela Duckworth | By Kay S. Hymowitz

## Is There Anything Grit Can't Do?

**A**ngela Lee Duckworth has just returned from her 25th class reunion at Harvard. "People's lives really do turn out differently," she observes during an interview in a stylish boardroom. "And it certainly can't be explained by how intelligent you remember them being when they were sitting next to you in organic chemistry class. Some of it is luck, some of it opportunity." And some of it is "grit," as Ms. Duckworth has told the world in articles, lectures and a 2016 bestselling book, "Grit: The Power of Passion and Perseverance."

It's no hyperbole to talk about the 47-year-old University of Pennsylvania professor in international terms. More than eight million people have watched her 2013 TED talk on grit. That same year she won the renowned MacArthur "Genius" grant. U.S. and foreign government officials, CEOs and ordinary helicopter parents, teachers of every stripe, world-class coaches and award-winning researchers line up outside her office to pick her brain about how to make their employees, students, children or competitive swimmers grittier.

**The psychologist who champions 'passion and perseverance' explains the power of 'noncognitive skills.'**

She also runs a nonprofit, the Character Lab, with a staff of 12. Our interview took place immediately after the organization's board meeting—hence the snazzy conference room. After 90 minutes of anecdotes, research citations and quotes—Aristotle, Nietzsche and, unexpectedly, US Weekly—my disarmingly laid-back but highly practiced interlocutor shows no signs of flagging.

So what is this thing called grit, and why should we believe it is a key to success? "I define grit as the tendency to pursue long-term goals with passion and persistence," she explains, echoing her book's subtitle. A close cousin of what personality psychologists call conscientiousness, grit deserves its own entry in the social-science lexicon, Ms. Duckworth insists: "Conscientiousness also includes self-control, orderliness, punctuality, responsibility."

Ms. Duckworth has her own 10-question test called the Grit Scale. She asked West Point cadets to take the test; those who scored higher were likelier to make it through the notoriously grueling "Beast Barracks" training. She also tested salespeople at a time-share company, Chicago public-school students and National Spelling Bee competitors, among

others. High grit scores had the same predictive power for all of them. Persistence driven by passionate interest, she concluded after testing the various likely alternatives, predicts achievement in ways that neither conscientiousness nor IQ nor talent does.

Ms. Duckworth came to her topic through a straightforward observation. "I left management consulting to teach at a school on the Lower East Side before it got hip," she tells me. She then left New York and went on to a more affluent school in San Francisco. In the classroom, she noticed for the first time what she saw again at her Harvard reunion: The kids who seemed to have the greatest natural skill in, say, math, were often not the ones who aced the tests. Instead, the most dogged excelled. She wondered what makes resolute individuals tick—if that lightning could be bottled for the benefit of the less tenacious.

Those questions led her to graduate school in psychology at Penn and to a collector's enthusiasm for personal stories that might flesh out her intuition. She has amassed a gallery of portraits of "paragons of grit"—leaders in business, art, athletics, journalism, academia, medicine and law. The list includes plenty of eye-catching luminaries: Jeff Bezos, Julia Child, swimming gold-medalist Rowdy Gaines, New York Times crossword-puzzle master Will Shortz, Seattle Seahawks coach Pete Carroll, novelist John Irving, and Francesca Martinez, a British stand-up comic who was born with cerebral palsy.

With its connotations of industriousness and can-do spirit, grit has an obvious American pedigree. Ms. Duckworth, the daughter of Chinese immigrants, grew up in Cherry Hill, N.J., a Philadelphia suburb. In graduate school, she came under the tutelage of the quintessentially American psychologist Martin Seligman. He is known as the father of positive psychology, the scientific study of human well-being, and the creator of "learned optimism," the theory that people can learn to cultivate habits of happiness.

Like Mr. Seligman, Ms. Duckworth is committed to the idea of human malleability, though she tempers her hopefulness with scientific caution. "Both explanations could be right" and "We don't know yet" are frequent asides in her writing and conversation.

Ms. Duckworth has several thoughts about why parents and educators in particular have seized on grit as an answer to some of life's—and the schools'—problems. "It's just speculation, but there may be a reaction to the focus on standardized tests, on ability and tests of ability and aptitude," she says. Grit offers parents a different way of thinking about their children's futures: "It's not just about your talent and ability, it's also about how much

heart you put into it. Also, privileged parents worry their kids don't have enough grit—the path has been smoothed for them."

Grit also arrived at an opportune moment in American education. In the early 2000s, Ms. Duckworth was one of several researchers, among them the Nobel Prize-winning economist James Heckman, to find evidence that what have come to be known as "noncognitive skills" or "soft skills" could have a profound impact on children's achievement.

In 2012 the journalist Paul Tough popularized the new thinking in "How Children Succeed: Grit, Curiosity, and the Hidden Power of Character." That book's immense success boosted Ms. Duckworth's visibility. Around the same time, the rising charter-school movement was giving educators freedom to experiment with new ideas. Ms. Duckworth has worked closely over the years with Dave Levin, one of the founders of the celebrated KIPP schools and a co-founder of the Character Lab.

The lab is an ambitious expansion of Ms. Duckworth's work on grit. Its mission is to "advance the science and the practice of character development." Her team, she says, relies on an "inclusive definition of character from Aristotle: everything that allows a person to live a good life. Not just grit but gratitude; not just gratitude but curiosity, imagination, social and emotional intelligence, empathy, kindness, delayed gratification, self-control, growth mindset. The

majority" of those being sent back to Iraq committed serious crimes, including murder, rape and kidnapping. The Detroit News reported this week that one of them, Louis Akrawi, is a convicted murderer who was known to police as the "Godfather of the Chaldean Mafia," and two others were his associates.

**More than 100 face deportation over crimes, some of them minor and committed decades ago.**

But in many cases, Iraqi Christians committed nonviolent crimes decades ago, in the folly of youth. Mr. Butris was put on probation after delivering seven pounds of weed in 1998. In another case, a mother of three was convicted for misdemeanor fraud 14 years ago. Neither has been charged with a crime since.

Until this year, the Iraqi government refused to take back immigrants, buying time for Chaldeans with criminal records. During that period, many have settled down, married their sweethearts, started businesses, and gotten involved in the church.

Mr. Butris has two daughters, 12 and 9, and a 3-year-old son. All born in America. "His kids, they're devastated," Mr. Butris's brother, Marty Mansor, says. "They keep asking when their dad is going to come back. I don't know what to tell them."

The harsh truth: Deporting these

Detroit Chaldeans to Iraq inherently exposes them to peril and persecution. Last month, Vice President Mike Pence accused Islamic State of carrying out genocide against Christians. "Our administration is fully committed in bringing relief and comfort to believers not only across the Middle East but across the world," Mr. Pence said.

And it's not just ISIS that threatens Iraqi Chaldeans. Last month, a cleric who oversees the government's Shia endowment fund publicly said Christians must convert to Islam and pay a tax "or else they are killed." And just before Christmas, gunmen shot up Christian-owned shops in Baghdad, killing several people.

A famed Baghdad vicar has since bemoaned that his faith will soon be extinct in his homeland. In 2003, roughly 1.5 million Christians lived in Iraq. Four-fifths of them have fled abroad.

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## OPINION

### REVIEW & OUTLOOK

## A Taxpayer Dike for Flood Insurance

**A** classic example of government dysfunction is a federal insurance program that helps pay to drain basements in millions of America's second homes. Congress has tried for decades to fix the national flood insurance program, and the latest worthy attempt is coming from the House.

The Financial Services Committee recently passed bills updating the Federal Emergency Management Agency's (FEMA) flood insurance program, which runs out of money on Sept. 30. The 1968 program insures more than \$1 trillion in property, with about five million policies in 2016 for those who live in areas prone to flooding. The program is more than \$24 billion in debt.

One reason for the hole is that about 20% of policies are directly subsidized. More than 75% of such policies are in counties in the top 30% for home values, according to a Government Accountability Office analysis, and many dot the affluent coasts of Florida, California and Texas. In other words, this is a wealth transfer from low and middle-income families to the folks who own real estate on Nantucket.

A 2012 law phased out subsidies when a home is sold to a new owner, among other improvements, though the real-estate lobby staged a meltdown. A Republican Congress repealed the measure in 2014 and instead hit all policy holders with a new surcharge.

Financial Services Chairman Jeb Hensarling fought the repeal and is now pushing this rock up the hill again. A House bill from Rep. Sean Duffy (R., Wis.) would require 8% annual premium increases for certain policies, and premiums are supposed to be a proxy for liability.

The bills force FEMA to raise collection rates for a reserve fund by 1% each year until there's more cash to weather the next Hurricane Sandy

**Republicans try to plug the leaks in a program for affluent homeowners in coastal states.**

or other big payout, as law requires.

The House bills also remove barriers to private competition. This would be great for families on the plains of Kansas, who subsidize policies in more risky areas. More alternatives also help reduce the federal balance sheet. One bill would remove a regulation that forbids a company from selling both government and private insurance instruments, and another would clarify that private insurance can meet standards for mortgages.

Another good idea is shutting off the spigot for new subsidies. The House package would bar policies for certain expensive or risky new homes, effective 2021. FEMA would be required to disclose how the agency calculates premiums, and it would have to improve transparency and risk modeling for maps, which are closer to Lewis and Clark's trail guides than Google Earth.

If these changes seem modest, they read like Ayn Rand compared with ideas in the Senate, where Marco Rubio (R., Florida Gold Coast) and Elizabeth Warren (D., Cape Cod) have teamed up to protect rich homeowners. Their plan would suspend interest on the program's debt, among other plugs. An open question is whether any improvement can pass the Senate Banking Committee, where Republicans with a one-vote majority will have to persuade Senator John Kennedy of flood-prone Louisiana.

Congress will have to pass something by the fall or risk a lapse that disrupts the real-estate market. The best reform would be to convert the program into a private operation, though Members of both parties would pile together like sandbags to block it. So credit to Mr. Hensarling and his colleagues for proposals that would at least start to impose some market discipline.

#### The Journal Editorial Report on FOX News Channel

On this weekend's program, the Editorial Page panel will discuss the Democrats' internal strife after losing the special election in Georgia; the politics ahead as the Senate moves to a vote on the health-care bill; U.S. strategy toward North Korea after Otto Warmbier's death; Amazon's consumption of Whole Foods; and an interview with John Bolton on mounting tensions with Russia.

Saturday and Sunday at 3 p.m. (EDT), 12 p.m. (PDT).

## The Blackstone Entitlement

**T**he financier and occasional Journal contributor Stephen Schwarzman took us to task in a letter Monday for our May 26 editorial ("The Ivanka Entitlement") on President Trump's family leave proposal. We welcome the riposte because the Blackstone Group founder helps us make the crucial policy distinction.

"At Blackstone, contrary to your view," Mr. Schwarzman writes, "we have found that paid family leave isn't only smart policy, it's good for business." He says his company expanded paid maternity leave to 16 weeks from 12, and he says this has reduced turnover and supported a more loyal workforce.

Bully for Blackstone, Steve. Employers and workers are free to negotiate compensation, and if Blackstone thinks even six months or a year of leave helps recruit and retain talent, then go for it. In a tight labor market, employers expand benefits to compete for workers, which is why a growing economy is the best antidote to inequality.

But our point wasn't to oppose family leave.

**Steve Schwarzman illuminates the family leave debate.**

The editorial opposed a government plan to create a new spending entitlement through unemployment insurance, as the Trump Administration proposes. This would inevitably require higher payroll taxes or some other tax on business, especially when Democrats triple the leave benefits when they return to power.

One irony is that a new entitlement could crimp what has been a decadeslong expansion of benefits by private business. If taxpayers will be subsidizing some minimum leave, many companies with thinner margins than Blackstone may see little point in broadening their own coverage.

The left's reflex is that if something is good then the government ought to provide it, and some conservatives are falling into the left's political trap. As we're learning the hard way this year with ObamaCare and Medicaid, once an entitlement is in place it is nearly impossible to repeal. Middle-class taxpayers shouldn't have to pay higher taxes to finance family leave for the employees of Wall Street giants.

## A Taking by Any Other Name

**T**he Supreme Court has made some large missteps on property rights in recent years (see *Kelo v. City of New London*) and on Friday it did it again. The Justices ruled 5-3 that adjacent parcels of land can be counted as a single piece of property, without any compensation to the owner for the change. Count that as a missed opportunity for the Court to brush back burdensome regulations that often amount to unconstitutional takings.

Under the Takings Clause of the Fifth Amendment, property may not be taken by the government for public use without just compensation. In the 1990s four Murr siblings inherited two pieces of adjacent property that their parents had purchased in the 1960s. Ten years later, when the children sought to sell one of the lots, the sale was blocked by a 1975 zoning ordinance that counted the two properties as a single parcel.

The pieces of land had been deeded and taxed separately, but that didn't sway the majority, written by Anthony Kennedy and joined by the four liberal justices. "The governmental action was a reasonable land-use regulation," Justice Kennedy wrote, "enacted as part of a coordinated federal, state, and local effort to preserve the river and surrounding land." (*Murr v. Wisconsin*)

The right to sell a piece of property seems fundamental, but the Court offered an exhausting list of considerations that state courts may consider while deciding whether a landowner should expect two adjacent properties to be treated separately or together. Among those, Justice Kennedy offered, are "the treatment of the land under state and local law; the physical

**The Supreme Court extends its bad record on property rights.**

regulatory takings, noting that governments routinely "infringe private property interests for public use not only through appropriations, but through regulations as well. If compensation were required for one but not the other, 'the natural tendency of human nature' would be to extend regulations 'until at last private property disappears.'

But Justice Roberts' dissent, like Justice Kennedy's opinion, wades more deeply through balancing tests than first principles. In a separate dissent, Justice Thomas gets it right. "I join the Chief Justice's dissent because it correctly applies this Court's regulatory takings precedents, which no party has asked us to reconsider," he writes, "The Court, however, has never purported to ground those precedents in the Constitution as it was originally understood."

The Court has interpreted the Takings Clause to cover a "direct appropriation of property," Justice Thomas continues, but has fallen short in extending the law to the real loss of value inherent in the web of government regulations. Instead of digging in the weeds, Justice Thomas wrote, it would be good for the Court to "take a fresh look at our regulatory takings jurisprudence, to see whether it can be grounded in the original public meaning" of the Constitution. We await that day.

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](mailto: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.

## LETTERS TO THE EDITOR

### Progressives Are the New Puritan Busybodies

In "Believers Need Not Apply" (op-ed, June 16), Sohrab Ahmari cites recent instances of progressive attacks on current and prospective public servants, both liberal and conservative, who adhere to evangelical or fundamentalist Christian theology. Sen. Bernie Sanders deemed Russell Vought, a Christian who asserted that belief in Jesus as the only begotten son of God, savior of humanity and path to everlasting life, as being "hateful" and that Mr. Vought is "not someone who is what this country is supposed to be about."

Why do progressive fundamentalists pick primarily on believers in Judeo-Christian scripture? One doesn't hear Democrats insisting that Muslims express a belief that all Christians, Jews and atheists can enter paradise without converting to Islam. Not that long ago, classic liberals were defending John F. Kennedy from scurrilous attacks for being a Catholic believer; but now, if one doesn't worship at the altar of progressivism, one is a bigot who must be blackballed from government. Jesus told his followers, "Blessed are you when people insult you, persecute you, and falsely say all kinds of evil against you because of Me" (Matthew 5:11).

Christians fear for their lives in much of the world today, so being barred from the Washington swamp is a small price to pay for a Christian conscience—but for the body politic in a free state, the cost is incalculable.

Accommodation to progressive orthodoxy requires a Christian to reject the belief that Judeo-Christian scripture is God's holy word or to consider scripture to be suggestions subject to circumstances and higher and mightier human ideals. Believers can thrive in the Washington swamp, but nowadays only progressive believers need apply.

GLEN REEVES  
Washington

Sen. Sanders must realize that he was saying, in effect, I will not tolerate your Christian convictions. How-

ever, my not tolerating your Christian beliefs must never be construed as intolerance on my part. If a failure to tolerate another's beliefs isn't intolerance, what is it?

DAVID ROSE  
Canton, Miss.

Mr. Ahmari's piece seems to be based on the premise that all Christians are conservative on social issues. I object. All Christians aren't anything. Christianity is a broad, diverse religion and to assume we all believe the same thing is absurd and, candidly, insulting. As a Christian and a member of the United Church of Christ (which voted to support marriage equality in 2005), I believe "liberal" describes me well.

Please don't assume or represent that all Christians hold conservative social views. It is patently false.

DAVE MOOK  
Wheaton, Ill.

Mr. Ahmari notes that liberals never seem to be satisfied with victory on an issue. Rather, they demand that individuals wholeheartedly endorse—indeed love—the ideas embodied in the victory. In essence they demand thought control.

His op-ed echoes George Orwell's words in a 1940s essay: Thought control "not only forbids you to express—even to think—certain thoughts, but it dictates what you shall think, it creates an ideology for you, it tries to govern your emotional life."

DAN WHELAN  
Cape May Point, N.J.

Don't Muslims believe that faith in God and his messenger Mohammed is necessary for eternal life? Such a private belief by Muslims isn't "bigotry." Furthermore, it is none of Sen. Sanders's business. The new "religious test" for public office (religious tests are explicitly forbidden in the Constitution) must be universalism.

LINDA AMES NICOLOSI  
Encino, Calif.

## Don't Let the 2% Inflation Target Hurt Growth

Glenn Hubbard discusses past "false model" failures of Federal Reserve policy and advocates a "healthy skepticism about prevailing models," yet he does not question the Fed's current obsession with its 2% inflation target ("How to Keep the Fed From Following Its Models off a Cliff," op-ed, June 15).

We can all agree that some inflationary pressures due to strong demand are desirable. But the Fed fails to recognize that favorable supply-side forces can keep inflation below its sacrosanct 2% target: forces such as increased retail competition, increased commodity supplies (particularly energy) and productivity increases. All these are good for economic growth, and they increase real incomes by keeping prices lower than otherwise. However, from the Fed's 2% viewpoint, they can be used as an excuse to delay interest-rate normalization, even though the economy is strengthening and can withstand an interest-rate increase.

Conversely, adverse supply-side trends do the opposite. They push up prices, restrain real incomes and weaken the economy. But the higher inflation rates could encourage Fed rate increases even when a weaker economy is on the horizon. This failure to recognize the underlying causes of inflation and disinflation has the potential to drive monetary policy off a cliff by encouraging the wrong policy at the wrong time.

EM. PROF. ROBERT F. STAUFFER  
Roanoke College  
Salem, Va.

Mr. Hubbard may be correct that the Federal Reserve's independence doesn't guarantee sound monetary policy, but his historical examples are not well chosen. Mr. Hubbard cites three periods in which the Fed made unwise policy, despite the fact that it had "substantial independence": the 1930s, 1965-1979 and the early 2000s.

Since the era of an independent Fed really didn't begin until the Fed-Treasury accord of 1951, the example of Fed policy in the depression era is surely irrelevant. The next period cited by Mr. Hubbard—1965-1979—encompassed the tenure of Arthur Burns, who had been notoriously bullied by President Richard Nixon into implementing overly accommodative monetary policy for Mr. Nixon's political ends.

As for the third period—the early 2000s, while the Fed was reasonably free of external political pressure, it had by then developed some dangerous habits of playing politics on its own. The "Greenspan put" may have kept other politicians at bay, but the consequences were ultimately disastrous.

STEVE STEIN  
Larkspur, Calif.

## Trump Is Offering Europe A Message It Needs to Hear

Josef Joffe's "How Trump Is Like Obama" (op-ed, June 14) is an incomplete review of the U.S. role in modern Europe. Comparing the Marshall Plan to NATO funding is patently ridiculous. After World War II, the U.S. spent billions in Europe to prevent the rise of destabilizing ideologies, thus giving France, Germany and the rest of Europe time to build or stabilize functional democracies. The intent never was for U.S. taxpayers to provide the entire European defense network.

The Journal previously reported that the Netherlands is selling its remaining main battle tanks. Germany cannot field a complete armored division in its own defense nor provide more than a squadron of attack helicopters to keep Russian tanks at bay. The U.S. is willing to pay more for European defense—just not for all of it.

JONATHAN BASTIAN  
Lexington, Ky.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"I'm not sure if I should try something new, or stick with my go-to tantrum."

STU HAAS  
Seattle

Robert F. Stauffer

Roanoke College

Salem, Va.

## OPINION

# America Shouts While Europe Shrugs



**DECLARATIONS**  
By Peggy Noonan

**H**ere is a column on two very different topics. If my editor is clever he will find a common theme.

The first has to do with the national media climate at this time of political uncertainty, anxiety and division. I suspect at least half the country (those who support President Trump, have reserved judgment about him, or just want the news straight) feel they can no longer trust, or feel actively excluded by, mainstream entertainment and news.

**The U.S. media capitalize on division. Meantime, Parisians hardly notice a terror attack.**

What we need from media folk is a kind of heroic fairness. What we have instead is endless calculation.

Last week the subject was the divisive nature of so much of our entertainment culture, especially late-night talk shows.

We are living in a time of the politicization of everything. You cannot, at the end of a long day, relax with a talk show because it will take a highly political point of view, in a dominant and aggressive manner, as if politics were not part of life but life. It is obnoxious and assaultive. It effectively tells the audience: 'We only want you here if you agree with us. If you like Donald Trump, get lost.' Some news shows take a similar approach.

Dislike of Mr. Trump within the mainstream media is unalterable. It permeates every network, from in-

tern to executive producer and CEO.

Here is a theory on what they're thinking: They're thinking attempts at fairness and balance in this charged atmosphere get them nowhere. They're attacked by both sides. And anyway they think Mr. Trump is insane.

They live on ratings, which determine advertising rates. Hillary Clinton got 2.9 million more votes than Mr. Trump, so the anti-Trump audience is larger. Moreover, people who oppose Mr. Trump tend to be more affluent, more educated, more urban. They're more liberal, of course, and they're younger. They're a desirable demographic. The pro-Trump audience is more rural, more working- and middle-class, older. A particularly heartless media professional might sum them up this way: "Their next big lifestyle choice will be death."

So, if you are a person who programs or sets the tone of network fare and you want to take a side—you shouldn't, but you want to!—you throw your lot with the anti-Trump demo, serving them the kind of journalistic approaches and showbiz attitudes they're likely to enjoy.

Mr. Trump, you are certain, won't last: He'll bring himself down or be brought down. You want to be with the winning side. So play to those who hate him, exclude others, call it integrity and reap the profits.

That is my theory: media bias now is in part a financial decision, instead of what it used to be, a good old-fashioned human and institutional flaw.

This contributes to public division—to the great estrangement we see in America. I talk to media folk a lot, being one, and haven't found anyone who's said, "Why yes, that's exactly what we're doing, deepening our national divisions for profit!" Although I shared my theory this week with a senior manager of a news organization who quickly mentioned another major news organization and said:



The Champs-Élysées after a terror attack, June 19.

"I think that's what they're doing."

But I do think it's part of what is going on. I add only that it's not only cynical and destructive, as a business strategy it's stupid. Bias is boring. It's predictable, rote, is an audience-limiter. What has value at a time like this is playing it straight and presenting the facts. That's what they ought to do instead of taking a side.

\* \* \*

I was traveling this week for work, in Europe.

When we arrived at Charles de Gaulle Airport in Paris, passport control was closed down. Many hundreds of people milled about confusedly. An airline worker said two unattended bags had been found and security personnel were on the scene. Officials might have to explode the bags where they are. Will there be any warning? Yes, I was told, they'll tell us before and we'll hear it. Does this sort of thing happen often? "A few times a day," an attendant said.

There was no air of alarm, and everyone around us was pleasant. After 35 minutes passport control opened, without an explosion. The attitude was that this was par for

the course, just another day at the office.

Two hours after I got to my hotel, word came of a terror attack three blocks away, on the Champs Élysées. I asked the woman at the desk for directions and she said, in low and measured terms, "I'm sorry madame, there has been a terrorist occurrence. You should not go there." I said "Yes, I'd like to go see it." She brightened: "In that case, go left, left, then final left!"

Soon I was in a small crowd being held back by a handful of police. They protested: *My work is there. I must go there.* I walked for a few blocks, to a small park off the Champs. Police had put up police tape, but as soon as they turned away people ducked under it and continued on their way.

No one in the crowd—workers in the shops, mothers with children, tourists—seemed the least put out or concerned, never mind scared, which they were not.

The next morning the story of what had happened on the Champs Élysées was not even the top story on the international news. Which is a wonder, since this is what happened:

A man had crashed his Renault into the front car of a police convoy. The assailant was later killed. Officers searched his car and found weapons and explosives, reportedly including gas canisters, handguns and a Kalashnikov. The assailant was said to be in his early 30s, from a Parisian suburb, and known to police.

A few hours later at an outdoor cafe I watched as people rode by on scooters and motorcycles. The sidewalks were busy, bright, sun-dappled at dusk. Young people were strolling by and staring down at their phones. Strolling and scrolling, all as carefree and relaxed as any other day.

I lingered over dessert. A colleague emailed an alert from a private security firm: Continue to avoid the vicinity of Champs Élysées and Avenue Montaigne. I replied: "I am literally on Avenue Montaigne and nothing is happening here but bitchy gossip in the cafe."

"At least you're having a very French experience then," my colleague replied.

I was. Forty-eight hours later, en route to England, I saw the front page of the Times of London: A suspected terrorist had been shot and killed by soldiers in a Brussels railway station. He had attempted to detonate an explosive vest or belt. The story was illustrated with a photo of a handsome young passenger who'd been staring at his phone and suddenly turned toward a flash of light behind him: the late terrorist.

Nothing feels different, all looks the same, no one is letting the discomfort get in their way, but in Europe, terrorism is the new normal.

And much is made of what remains of British stoicism, but something should be said for French sang-froid.

My editor discerns this theme: Perhaps there is a happy medium somewhere between bitter division and blasé complacency.

## Islamic State Wages War on the Middle East's Cultural Heritage

By Thomas Campbell

If you've ever been to the Metropolitan Museum of Art in New York City, chances are that you visited the glass pavilion containing the Temple of Dendur. One of only three such temples outside Egypt, it was built by the Roman emperor Augustus around 10 B.C. as part of an effort to cultivate the local Nubian population. This month marks its 50th anniversary overlooking Central Park, where it provides an unforgettable glimpse of Egypt's ancient culture for millions of tourists who will never travel to the Middle East.

**Just this week terrorists blew up Mosul's Grand al-Nuri Mosque, which had stood since 1173.**

But more important, at a time when the U.S. is questioning the nature of its longstanding relationships with countries across the world, the temple is a symbol of international cooperation. In the 1960s, 50 nations united to save 22 irreplaceable monuments—including the Temple of Dendur—set to be submerged during the construction of Lake Nasser. These countries were motivated not by their own national interests, but by an understanding that mankind has a common interest in protecting historic monuments.

With a final investment of \$16 million, the U.S. became the largest contributor to the \$100 million preservation project. As a demonstration of gratitude, Egyptian President Gamal Abdel Nasser gave the Temple of Dendur to the U.S. in 1965. After a competition led by the

newly created National Foundation on the Arts and the Humanities, President Lyndon Johnson decided that the 2,000-year-old temple should go to the Met.

The Middle East's fragile cultural heritage was in the news again this week. On Wednesday Islamic State blew up the historic Grand al-Nuri Mosque in Mosul, obliterating a cultural and religious site that had stood since 1173. Religious fundamentalism, illicit excavation, black-market trade and simple neglect have destroyed historic sites in the Middle East at an alarming rate. Wednesday's bombing underscores the most urgent problem: ISIS and its affiliates have turned cultural destruction in Iraq and Syria into propaganda, even as they sell looted works of art on the black market to raise money for arms.

Why should we worry about a bunch of old monuments when the human cost of the unrest is so high? There are two reasons. First, the Middle East is the cradle of civilization. As our forebears recognized when they acted to save the cultural heritage of Lower Nubia, these monuments are integral to our collective human story. Architectural monuments illuminate the complexity of our common past. So much has already been lost. We have a moral obligation to save what remains.

The second reason we should be concerned is simple pragmatism: A focus on history and heritage will be key to the eventual recovery of the Middle East. Cultural sites provide citizens with a sense of their value and self-identity beyond religious dogma. They also provide jobs, income and stability by attracting tourists. Iraq and Syria are home to some of the most significant sites in the history of civilization. It may be hard to conceive of a vacation in Damascus or Baghdad

today, but travel to Vietnam would have been equally inconceivable 40 years ago. In 2017, Vietnam projects tourist revenue of \$20 billion.

Countries with economies tied to tourism are motivated to maintain peace and internal safety. Thus it is in the U.S. national interest to protect Middle Eastern heritage sites.

Continuing conflicts across the region make modern preservation efforts more complicated than the drive to save the monuments threatened by Lake Nasser. Over the past year, Britain and France created funds to help protect and restore monuments in Middle Eastern conflict zones. Earlier this spring, the United Nations passed a resolution defining the destruction of historic monuments as a war crime,

creating the basis for future intervention and criminal prosecution.

This is all laudable and necessary preparation for a time when the region stabilizes. In the short term, local scholars and archaeologists, who often work in grave danger, may be the most effective avenue for aid. In late 2015, staff from the Met convened a conference in Istanbul for colleagues from museums in Syria and Iraq. They told us of their urgent need for basic photography and computer equipment to document collections that are at risk. In response, the Met developed portable documentation kits and sent them to these colleagues via Jordan. While this may sound like a drop in the bucket, it met an urgent need.

Nothing feels different, all looks the same, no one is letting the discomfort get in their way, but in Europe, terrorism is the new normal.

The next morning the story of what had happened on the Champs Élysées was not even the top story on the international news. Which is a wonder, since this is what happened:

This process of listening and responding to on-the-ground experts is both scalable and replicable. Governments and foundations should promote—and fund—similar collaborations. The U.S. government could certainly play a more active role than it has so far in this work.

As we reflect on the effort that saved the Temple of Dendur, let's not be deterred by the sheer complexity of present-day challenges. One way or another, Iraq and Syria will have peace once again. For the sake of future generations, let's play our part in safeguarding the cultural heritage of the Middle East.

*Mr. Campbell is director of the Metropolitan Museum of Art.*

## D.C. Shooter a Case for 'Pre-Crime'?



**BUSINESS WORLD**

By Holman W. Jenkins, Jr.

relax now.

Whatever his political views, something else was going on with James Hodgkinson. He had been living in his van for months. To locals in the area where the shooting occurred, he was a homeless man. He turned up at the adjacent YMCA every morning for several weeks to sit in the lobby and "look at his laptop or stare out the window," according to the Washington Post.

Now that reporters are digging into his past home and work life, they find the usual hair-raising warning signs of a personality off the rails, much of it documented in police and court reports.

The "snapping" of spree shooters is usually more of a slow burn, abruptly accelerated by a dissolving personal relationship, job or business venture. Ignore the testimony of semi-strangers who said Hodgkinson seemed like a "normal guy." The story will turn out to be the not unfamiliar one of personal dysfunction and breakdown thinly overlaid with political obsessions.

At best, the Hodgkinson episode might bring more attention to a paper by Eitan Hersh of Yale on "political hobbyism," which was already ringing bells with many people.

Its abstract begins: "For many citizens, participation in politics is not motivated by civic duty or self-interest, but by hobbyism: the objective is self-gratification.... Po-

litical hobbyism presents serious problems for a functioning democracy, including participants confusing high stakes for low stakes, participation too focused on the gratifying aspects of politics, and unnecessarily potent partisan rivalries."

**Big tech firms already may know enough to provide a list of future suspects.**

If this sounds like mental illness masquerading behind a veneer of political "engagement," the description might also seem to apply to half the people on cable TV. But these are performers. That's what they get paid for. They know how to drop the routine when the meter isn't running.

To those who insist the cure is gun control, show us you have the votes. No, show us you have *half* the votes to keep guns out of the hands of 10,000 non-maniacs, as likely would be required, to disarm a single prospective psycho. Gun controllers, you have a lot more work to do among the American electorate before sale and ownership restrictions would raise serious barriers to a determined killer. Good luck with that.

Hodgkinson looks more and more like a typical mass shooter, for whom going on a spree is a way to escape responsibility for his unraveling life, the factor that explains so many workplace shooters over the years (which is how this business column got interested).

Progress is possible without the pie-in-the-sky dream of ending private gun ownership in a society accustomed to private gun ownership. Businesses, led by the pioneering U.S. Postal Service, knocked down

workplace homicides by two-thirds since 1993, according to the National Center for Victims of Crime. And not by turning every office into a fortress, but rather by understanding who their workers are and paying attention to the threats they mutter.

Let's face it, with big data, with impersonal algorithms that could track every earthly resident's web activity, travels, purchases and electronic interactions with the world, it might be quite possible to know whose life and personality are disintegrating, who might seek to resolve the impasse by going on murder binges.

We don't doubt that if Google, Facebook, Microsoft and Amazon decided tomorrow morning to collaborate on a "mass shooter project," in about a month they could produce an interesting list of pre-crime suspects.

Yes, there would be false positives. You need false positives to refine the algorithms.

Pile on smart surveillance cameras, which not only see but interpret: The potential is inherent in digital technology; it's already being used (Google the words "predictive crime analytics"); it will have to be dealt with intelligently sooner or later.

How the "pre-crime" era of law enforcement will finally be accepted also seems fairly easy to predict. For better or worse, voters will give their permission only when and if domestic terrorism reaches levels experienced in the U.K. or France. Meanwhile, the lone American who, from non-Islamist motives, decides to shoot a bunch of his fellow citizens is a problem we will be living with. But there's still hope. The more the average citizen can understand and recognize the pattern, the more such incidents likely will be avoided without us even knowing it.

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# SPORTS

## AMERICA'S CUP

# Epic Comeback, or Epic Fail?

Larry Ellison's Oracle team lost its first four races and most experts say they have almost no chance.

In other words, it's a lot like 2013.



BY AARON KURILOFF

BERMUDA—Larry Ellison's third-consecutive America's Cup is within reach: All he needs to do is engineer one of the greatest comebacks in sports, version 2.0.

Ellison's Oracle Team USA has lost all four races to rival Emirates Team New Zealand and four more defeats in the races starting this weekend will secure the nearly 166-year old trophy for the Kiwis. New Zealand has outdistanced the U.S. with relative ease in each heat, erasing the one-point advantage Oracle enjoyed entering the finals after beating the Kiwis twice on the way to winning the qualifying series.

New Zealand now stands in a familiar position: riding a string of early wins toward an increasingly insurmountable advantage. That's how the Kiwis began the last Cup finals against the U.S. in 2013, stretching their lead to one race from victory, before Oracle ripped off eight straight wins for an improbable comeback. Many called it the greatest in sports history.

Though Oracle has a smaller hole to climb from this time, several sailors said overcoming the speed of New Zealand's 50-foot catamaran could prove difficult for the U.S.'s engineers and designers. America's Cup races are often decided by the slimmest of advantages, and the Kiwi's edge appears

more than slim.

"Except for the fact that we all lived through 2013, this would look like a sure thing," said Peter Isler, a navigator for two Cup-winning teams.

Memories of 2013 are still fresh for both teams involved. Back then, Oracle skipper Jimmy Spithill insisted time and again that the U.S. could still win, even as the Kiwi's wins mounted. Spithill called the team's 1-8 deficit "motivating," Ellison told reporters after the races.

The amusement with which sailors greeted Spithill's expressions of confidence faded as the U.S. crawled back. A requested one-race postponement, along with several weather delays, bought Oracle the time to tweak their boat and sailing style, while adding U.K. sailing hero Ben Ainslie to the racing crew also helped kick-start the team's recovery. Ellison said the team had finally "cracked the code" to the catamaran.

Spithill said that experience proved Oracle was capable of such a comeback and the five-day gap between races off Bermuda offered a lot more time to figure things out. He added that Ellison never lost



Oracle's crew has spent five days trying to retool their boat and their strategy before this weekend's crucial races.

faith in the crew during the 2013 Cup, and he had no doubt the software tycoon was still confident now.

"This isn't our first rodeo,"

Spithill told reporters after the racing last weekend. "We've been in this position before and we've had less time before. So we've got five important days and we'll be using every single hour of them."

A similar comeback will be challenging, some sailors and analysts said. Ainslie departed for his own team, and other squads also poached talent. The Kiwis reorganized after the 2013 defeat, returning with a relatively youthful crew and innovations including station-

ary bicycles that replace the typical hand-cranked winches used to power the boats' systems. There's even an Olympic medal-winning cyclist on the team.

In the races, the speed difference has been conspicuous, with the Kiwis winning the most-recent races by gaps of 49 seconds and more than a minute—hundreds of meters for boats that can go highway speeds. Ellison, who has been a visible presence watching races from a chase boat in white team gear, enjoyed the defender's privilege

of crafting the rules for this year's event, and a sweep would mark a significant blow to a team that entered the finals with what sailors said were many advantages.

Peter Burling, New Zealand's 26-year-old helmsman, told reporters his team knew better than to let up. New Zealand has also already overcome technical challenges in this Cup, such as a pre-start crash in a qualifying race against Ainslie's Land Rover BAR that necessitated rapid repairs. He said the team intended on spending every minute working to maintain its advantage.

"We know if we stand still these

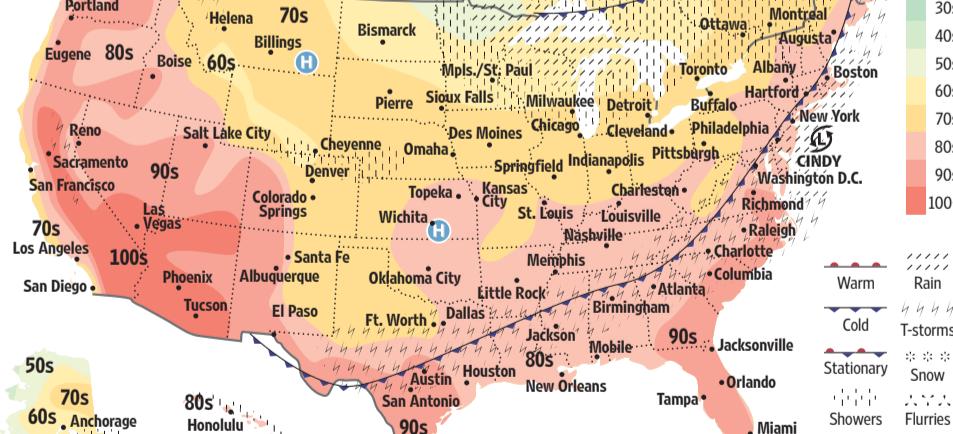
guys will be catching us," Burling said. A victory would delight the hordes of flag-waving New Zealand fans crowding the grandstands, reclaiming the Cup for the first time since 2000 and helping ease the sting of 2013 for a country that prides itself on its sailing prowess.

Spithill said he doesn't think the bikes are key to the Kiwis' speed, just one of many factors. Much of the design battle has taken place out of sight below the waterline, on the underwater wings known as hydrofoils that lift the vessels from the water so they soar above the waves. Control systems, such as the hydraulics that adjust those foils, are also a major area of development and likely to be areas of pre-race focus, several sailors said.

Even with the shore crew working round-the-clock this week, some sailors and experts doubt the U.S. team can pull off another shocking turnaround, noting many of those things are hard to adjust quickly.

It's a "very different situation this time," said Ken Read, a television analyst and veteran of many Cup races. "Last time there was heaps of untapped potential. This time, after three years of work and sailing, I think Oracle entered the contest feeling polished with their best foot forward. This will be very interesting. Don't know what else they have in their toy box."

## Weather



## U.S. Forecasts

S...sunny; c...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Tomorrow

Hi Lo W Hi Lo W

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Anchorage	64	52	pc	69	51	s		
Atlanta	81	70	t	83	63	c		
Austin	93	72	pc	90	71	t		
Baltimore	89	64	r	84	59	s		
Boise	90	59	s	96	67	s		
Boston	85	66	pc	83	64	s		
Burlington	81	60	pc	76	57	t		
Charlotte	88	70	t	86	63	c		
Chicago	74	54	pc	71	54	c		
Cleveland	79	60	pc	75	57	c		
Dallas	80	71	t	86	71	pc		
Denver	74	52	c	80	55	pc		
Detroit	77	56	pc	72	54	pc		
Honolulu	85	72	sh	86	74	pc		
Houston	88	75	t	87	73	t		
Indianapolis	75	54	s	72	53	c		
Kansas City	80	55	c	76	55	c		
Las Vegas	112	88	s	113	87	pc		
Little Rock	80	60	pc	86	61	c		
Los Angeles	80	65	pc	86	68	pc		
Miami	91	80	t	92	79	pc		
Milwaukee	73	54	c	71	54	pc		
Minneapolis	66	54	c	64	51	sh		
Nashville	84	58	pc	82	57	pc		
New Orleans	87	75	t	84	74	t		
New York City	86	70	r	82	64	s		
Oklahoma City	82	61	pc	84	62	c		

## International

Today Tomorrow

Hi Lo W Hi Lo W

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Amsterdam	68	60	sh	67	57	pc		
Athens	92	74	s	92	73	s		
Baghdad	107	80	s	109	82	s		
Bangkok	91	79	t	89	77	t		
Beijing	78	64	r	86	67	pc		
Berlin	71	62	sh	70	54	sh		
Brussels	73	58	sh	72	56	sh		
Buenos Aires	74	65	c	75	64	pc		
Dubai	104	88	s	103	88	s		
Dublin	63	49	pc	62	52	c		
Edinburgh	60	49	c	63	48	s		

CHRIS SZAGOLA/ASSOCIATED PRESS

## NBA DRAFT

# HEY WARRIORS, WATCH OUT

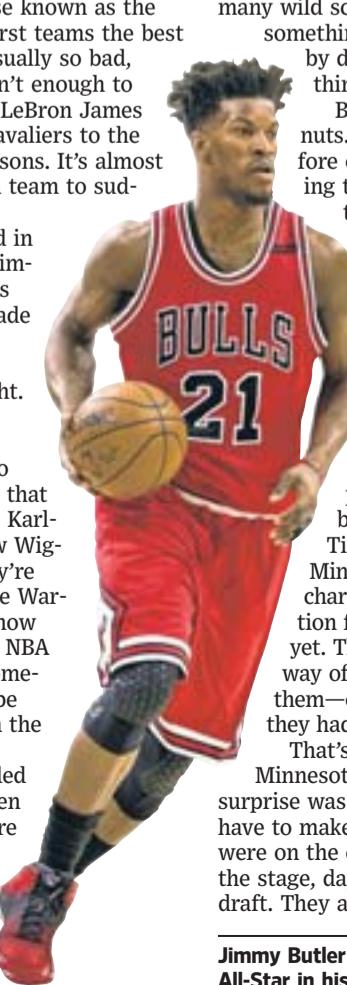
BY BEN COHEN

**THE ENTIRE POINT** of the annual exercise in labor allocation otherwise known as the NBA draft is to give the worst teams the best players. Those teams are usually so bad, however, that one player isn't enough to make them good. Not even LeBron James could drag the Cleveland Cavaliers to the playoffs in his first two seasons. It's almost impossible in the NBA for a team to suddenly transform itself.

But that's what happened in this draft. The Minnesota Timberwolves, who finished this season 31-51 and haven't made the playoffs in more than a decade, became one of the NBA's better teams overnight.

The Timberwolves were somehow able to swing a blockbuster deal for Chicago Bulls forward Jimmy Butler that secures their core of Butler, Karl-Anthony Towns and Andrew Wiggins for years to come. They're not beating the Golden State Warriors this year. But they're now one of the few teams in the NBA that have the makings of something that might—might!—be able to beat the Warriors in the next several years.

The Timberwolves provided the one twist on a night when what didn't happen was more notable than what did. Paul George didn't get rented by a title contender. Kristaps Porzingis didn't get traded, so Madison Square Garden didn't



burn. The presumptive lottery players didn't fall too far, and the fringe players weren't picked too soon.

The downside of so many rumors about so many wild scenarios before the draft is that something unforeseen occurring almost by default means it has to be something truly nuts.

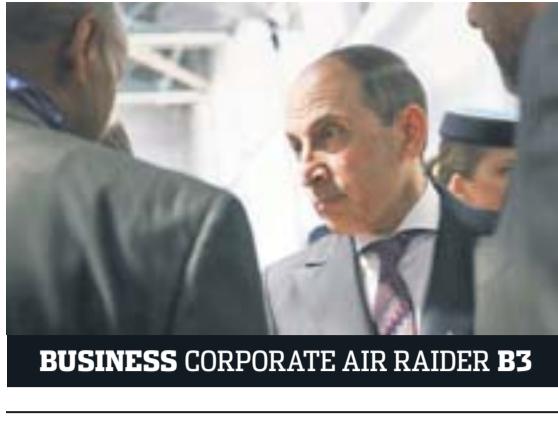
Butler to the Wolves was truly nuts. It was barely even a rumor before one of the league's most promising teams pulled the trigger on a trade for one of the league's most talented players.

Butler is a 27-year-old All-Star in his prime. But what makes him especially valuable is that he's under contract at a reasonable price for at least the next two years.

The Timberwolves already had foundational pieces in Towns and Wiggins, the No. 1 picks of the 2014 and 2015 drafts, because that's how a team like the Timberwolves had to be assembled. Minnesota is a lovely place with charming people. It is not a destination for NBA free agents. At least not yet. The Timberwolves' most reliable way of getting stars was drafting them—or trading for them with players they had already drafted.

That's why it wasn't a surprise that Minnesota improved on draft night. The surprise was how. The Timberwolves didn't have to make a brilliant decision once they were on the clock. They had already crashed the stage, dapped Adam Silver and stolen the draft. They already had Jimmy Butler.

**Jimmy Butler gives Minnesota an All-Star in his prime, at a modest price.**



BUSINESS CORPORATE AIR RAIDER B3

# BUSINESS & FINANCE



HEARD THE BILLS ADD UP B10

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\* \* \* \* \*

THE WALL STREET JOURNAL.

Saturday/Sunday, June 24 - 25, 2017 | B1

DJIA 21394.76 ▼ 2.53 0.01% NASDAQ 6265.25 ▲ 0.5% STOXX 600 387.62 ▼ 0.2% 10-YR. TREAS. ▲ 2/32, yield 2.146% OIL \$43.01 ▲ \$0.27 GOLD \$1,256.20 ▲ \$8.60 EURO \$1.1193 YEN 111.29

## Digital Currency Suffers 'Flash Crash'

Ether, a bitcoin cousin, plunged Wednesday before recovering to near record levels

BY PAUL VIGNA

The flash crash has come to cryptocurrencies.

Ether, the digital currency used on the Ethereum platform, experienced a surge in trading this week that led to debilitating bottlenecks and at one point a "flash crash," with one exchange reporting trades as low as 10 cents for an asset that was trading above \$300 just minutes before.

While the price recovered after Wednesday's mishap, it was the latest twist for a digital currency that has garnered much attention this year, with a big run-up in price. And it was a reminder that Ethereum

and other cryptocurrencies are still effectively under construction, and don't feature all of the protections that stock and bond investors are used to.

Both Ethereum, which started in 2013 and its eight-year-old cousin, bitcoin, have garnered enthusiasm among technology buffs who see the currencies as a way to transact more directly, without middlemen like banks.

Speculative investors have jumped onto the currencies, called cryptocurrencies because they incorporate concepts used in cryptography to shield user identities. This year, bitcoin is up 185%, while Ether has skyrocketed from \$8 to \$340.

But this week's volatility in Ethereum serves as a reminder to investors that these currencies basically trade on a technological Wild West, where undoing or altering trades to smooth out mistakes

is discouraged.

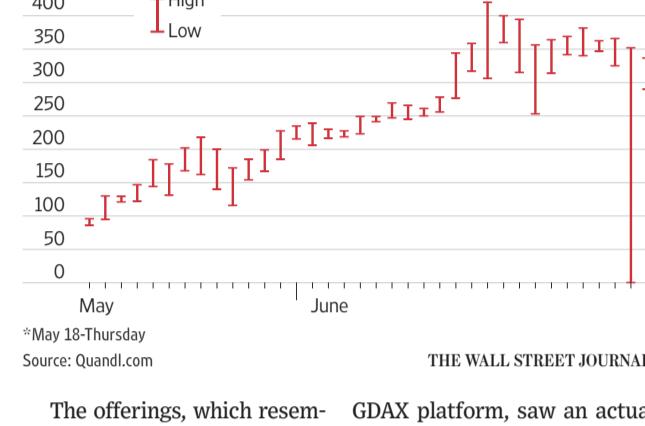
On Friday, the exchange operator at the center of the issue, Coinbase's GDAX platform, said it would credit some customers hurt by the volatility, but said it wouldn't reverse trades.

"We will establish a process to credit customer accounts which experienced a margin call or stop loss order," the company noted in a blog post late Friday. The credits will come from company funds and "allow eligible customers to restore the value of their account," it added. Customers are expected to be notified next week.

Trading in Ethereum has been on the rise since this spring. A surge in activity in the past few days was driven by investor demand for an initial coin offering that overwhelmed several exchanges that trade Ethereum.

### Sudden Shift

Ether prices, daily range\*



\*May 18-Thursday

Source: Quandl.com

The offerings, which resemble a crowdfunding effort for digital services, have proliferated in recent months.

Some exchanges, unable to process the backlog, simply froze trading, and one, the

volume from the start of the year. The surge seems to have caught many exchanges off guard.

The flash crash in Ethereum happened on Wednesday, at 3:30 p.m. EDT, when one "multimillion-dollar market sell" order was placed on GDAX, according to Coinbase's Adam White in an earlier blog post. That sell order sparked a cascade of about 800 automatic stop-loss orders and margin-funding liquidations, Mr. White noted.

At the end of that cascading wave, the currency briefly traded at 10 cents. Before the flash crash, it had been trading at about \$335.

There wasn't any indication that the trades were caused by any wrongdoing or fraud, Mr. White noted, and the exchange's matching engine worked as designed, even if

Please see COIN page B2

## Open Outcry Ends for Cheese Auction



CHUCK BERMAN/ASSOCIATED PRESS  
FONDUE FAREWELL: A daily auction that helps set the national price of cheese will go electronic Monday, ending its decadeslong open-outcry format. Traders talk on phones to dairy clients in 2004 at the Chicago Mercantile Exchange, now part of CME Group. B9

## Google to Curb Mining of User Emails for Ads

BY JACK NICAS

Google said its computers will soon stop reading the emails of its Gmail users to personalize their ads, a move that addresses a longstanding privacy concern about a product that is central to its growing corporate-services business.

The core unit of Alphabet Inc. has mined users' emails for personal data to serve them more relevant ads since it launched Gmail in 2004, which almost immediately sparked privacy concerns.

On Friday, the company said it would stop the practice later this year to align its free Gmail service with its corporate offering. Corporate Gmail already doesn't mine emails for information, but Google's business model of collecting user data generally has added to concerns about privacy that complicate its effort to sell more technology to corporations.

Google says that unlike with its free, advertising-supported services for consumers, it doesn't mine corporate clients' data for advertising. "Google's (corporate) customers own their data, not Google," the company said in an online post. Google is betting that selling online services, including Gmail, to other companies and hosting firms' data and systems on its computers can one day surpass the revenue of its massive advertising business, which brought in nearly \$80 billion last year.

Google doesn't report reve-

nue for its cloud business, but the non-advertising segment that it is part of grew 41% to \$10 billion last year. Google is increasing its sales push in that cloud industry to catch up to market leaders Amazon.com Inc. and Microsoft Corp.

Google's practice of scanning emails for user data is also the subject of a federal lawsuit that accuses the firm of violating privacy laws by scanning emails of non-Gmail users. A federal judge rejected a proposed class-action settlement in March, saying it didn't go far enough.

*The practice of scanning emails for user data has sparked privacy concerns.*

Even with the change, free Gmail users will still see ads above their emails, but those ads will just be personalized from the other data Google collects about the users, including their location, internet searches and web history. Still, losing data from email correspondence is likely to weaken Google's profiles of users, which enable the company to charge advertisers more to target specific groups of consumers. Google appears to be betting that reassuring its lucrative corporate customers that their emails are safe is worth the trade-off.

## Harley Circles Around VW's Ducati

BY WILLIAM BOSTON

BERLIN—Harley-Davidson Inc. is in talks to buy Ducati Motor Holding SpA from Germany's Volkswagen AG in a deal that could bring together two of the most storied motorcycle names and pave the way for further divestments by the German car maker.

The talks are still in very early stages and aren't exclusive, people familiar with the situation said. Audi, the luxury

Volkswagen brand that owns Ducati, commissioned investment bank Evercore to begin floating a potential sale of the boutique motorcycle maker to investors in March, according to the people, and is seeking up to €1.5 billion (\$1.68 billion).

Harley-Davidson, an iconic symbol of U.S. postwar culture, appears to be seriously considering a bid, these sources said. They said the company had engaged Goldman Sachs Group Inc. and

visited Ducati's plant and management in Bologna, Italy, in early May.

A Harley-Davidson spokeswoman said the company never commented on market speculation.

Volkswagen declined to comment. Goldman Sachs didn't respond to requests for comment.

One of the most technically advanced motorcycle makers in the industry, Ducati is renowned for its prizewinning

high-performance racing motorcycles. Harley-Davidson, whose bikes are known as hogs, faces an aging baby-boomer customer base and is eager to expand its business.

Ducati sold 55,451 motorcycles in 2016, an increase of 1.2% from the previous year. Audi doesn't publish Ducati sales or earnings.

The Italian brand is a small part of the Volkswagen empire, but analysts say a sale

Please see DUCATI page B2

## An ETF Star at Merrill Lynch Jumps to a Smaller Pond

Global X is counting on Jon Maier to help it boost growth

BY ASJYLYN LODER

Jon Maier may not rank among Wall Street's biggest money managers, but he is as close to royalty as the \$3 trillion exchange-traded fund industry gets.

Mr. Maier was, until May, the man who

picked the ETFs that go into the prepackaged investment portfolios sold by Merrill Lynch. During his eight years in the role, assets ballooned from less than \$1 billion to more than \$40 billion. He became so well-known as the head of the firm's ETF models that the

portfolios acquired the nickname "the Maier models," much to the dismay of Merrill Lynch.

Now he has walked away from his power perch to become the first chief investment officer of Global X Management Co., a privately held ETF issuer that just crossed \$5 billion in assets.

Global X is banking on Mr. Maier's name to help boost growth and plans to launch ETF portfolios of its own.

Hiring Mr. Maier "will help them open doors," said Joe Zidle, portfolio strategist at Richard Bernstein Advisors and a former colleague of Mr. Maier's.

ETFs are growing at a record pace, with the number of U.S. funds topping 2,000. There are ETFs investing in municipal bonds, African equities and complex derivatives, all bought and sold on exchanges just like company stocks.

To navigate the thicket of competing products, investors are turning to off-the-shelf ETF portfolios. That makes model managers some of the most influential investors in the business. Mr. Maier's picks for Merrill Lynch could make or break a fund's success.

"They're increasingly causing these huge swings in

assets," said Dave Nadig, chief executive of ETF.com, an industry news website owned by CBOE Holdings Inc., an exchange company.

Market insiders saw Mr. Maier's handiwork in a se-

ries of enormous trades that rolled through popular ETFs in late January. The Vanguard Short-Term Bond ETF drew \$1.27 billion in new cash, its biggest single-day gain. Investors yanked \$900 million from the Vanguard Growth ETF, the most since January 2008. The iShares Core MSCI EAFE ETF, which buys European stocks, took in \$540 million, at the time

Please see MAIER page B2



Jon Maier says he began to feel hemmed in at Merrill Lynch by the very success he helped create.

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## MAIER

Continued from the prior page  
its third-largest inflow.

Merrill Lynch declined to comment.

That Mr. Maier, 48 years old, became an industry hot shot is something of a joke to those who know him. One described him as a "cool nerd." He drives a 2015 Jeep Cherokee and owns a weekend house in East Hampton, though he points out that it isn't on the posh, oceanfront side of the highway. His partner, Peter Fletcher, is a computer-science teacher. They have a 6-year-old son and a rescue mutt named Rufus.

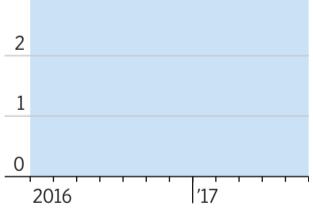
A New Jersey native, Mr. Maier began his Wall Street career after graduating from Emory University and serving a stint in the Peace Corps, where he helped newly privatized Ukrainian companies adjust to a market economy. He joined PaineWebber & Co. in 1996 as a fund analyst, and stayed after the company was bought by UBS Group AG in 2000. Merrill, now part of Bank of America Corp., hired him in 2007 and put him in charge of ETF portfolios two years later.

The models had been largely neglected until Mr. Maier took over, said Mr. Zidle, who was deputy director of Merrill's research investment committee. The committee decided which sectors and industries to buy and sell, and Mr. Maier's job was to pick the ETFs that fit.

Mr. Maier visited thou-

## X Factor

Global X exchange-traded funds are gaining new assets.



Source: Morningstar  
THE WALL STREET JOURNAL.

Continued from the prior page  
the trades were extreme. In other words, the trades were legitimate.

"It is important to note that these trades are final in accordance with our GDAX trading rules," Mr. White wrote. "Honoring properly executed orders is critical to maintaining the integrity of an exchange."

After the 2010 flash crash in the stock market, in which the Dow Jones Industrial Average fell by nearly 1,000 points, many of the most extreme trades were reversed.

Moreover, the exchanges that trade these assets don't

sands of advisers to pitch the models. Instead of buying dozens of ETFs, investors simply picked a portfolio, leaving the behind-the-scenes trading and rebalancing to the home office in New York.

Along the way, if advisers had a question, they knew Mr. Maier would answer his own phone. His approachability earned him a following, and the "Maier models" moniker stuck.

"The models will keep growing without me, but they grew initially because of me," said Mr. Maier.

For the sales staff at ETF issuers such as BlackRock Inc. or State Street Corp., getting added to the Maier models was reason to pop Champagne and start mentally spending next year's bonus, according to people who have dealt with him, but who declined to be named because their employers' policies prohibit it.

As the models gained assets, Merrill Lynch executives became uncomfortable that the "Maier model" sobriquet placed too much emphasis on one employee, according to people familiar with the matter. Mr. Maier said he began to feel hemmed in by the very success he helped create. The bigger the models became, the less say he had on the direction of the business.

When Global X offered him a chance to build something new, he took it. Morningstar Inc. ranks the eight-year-old firm 11th in ETF inflows this year. Last year, J.P. Morgan Chase & Co. bought a 10% stake for an undisclosed sum. Mr. Nadig estimated the firm's value at \$150 million to \$250 million.

At Global X's Manhattan offices, in a conference room equipped with a foosball table, Chief Executive Bruno del Ama outlines what he calls his "stretch goal" for the 40-person firm: 1% of the ETF market within five years—or about \$30 billion, six times current assets.

The Global X sales staff is already using Mr. Maier's weekly talking points to gain traction with advisers. New ETF portfolios may not be far behind.

They've already decided on a name: The Global X Maier Models.

have trading curbs, or circuit breakers, or even a closing bell. These automated exchanges run 24 hours a day, seven days a week. Some exchanges offer more sophisticated "stop" orders, options and leveraged trading tools for individuals, though critics say some of them essentially amount to layering risky borrowing on top of an already volatile asset.

Ethereum is a digital relative of bitcoin, but differs from the latter in important respects.

Bitcoin is a protocol designed to support trading of an asset also called bitcoin. Ethereum makes use of the concepts behind bitcoin, but is designed to support online

## BUSINESS & FINANCE

# Silent Disease Stirs Interest

BY ANNE STEELE

The next frontier for multi-billion-dollar drug therapies is a silent disease many people don't know they have.

Dozens of pharmaceutical companies including Gilead Sciences Inc., Allergan PLC and Intercept Pharmaceuticals Inc. have joined the fray to bring a treatment for nonalcoholic steatohepatitis—a common but often undetected fatty-liver disease—to market. Interest in the disease, known as NASH, has spurred at least six deals over two years valued at \$3.52 billion or more.

Overall, more than 40 drugs in mid- and late-stage trials are targeting various aspects of the complex metabolic disorder.

NASH is the progressive form of nonalcoholic fatty-liver disease. Fat buildup causes inflammation, cell damage and eventually fibrosis, or scarring of the liver.

The companies are lured by the prospect of a large and growing pool of patients for whom there is currently no treatment. As much as 12% of the U.S. population is believed to have the disease, which is linked with other metabolic conditions on the rise including obesity and Type 2 diabetes, according to the National Institute of Diabetes and Digestive and Kidney Diseases. NASH generally has no symptoms early on but can lead to cirrhosis and liver cancer.

SunTrust Robinson Humphrey analyst Edward Nash, who has called NASH "one of

the last untapped multibillion-dollar therapeutic areas," forecasts the market to grow to more than \$5 billion in the U.S. alone by 2028.

With so many players in the chase, some analysts are concerned there aren't enough patients to support multiple treatments. A definitive diagnosis requires an invasive biopsy, and awareness of the disease is low. Pricing could also come under pressure from payers that have experience playing hepatitis C drugs against each other to win rebate concession. A drug would need to demonstrate clear clinical benefit over rivals to command premium pricing.

But companies say it is likely different treatments will be used in combination to treat patients in different stages of the disease. Some drugs attempt to reduce fat in the liver while others aim at symptoms such as inflammation and fibrosis. Some drugs address combinations of these.

"This is a race," says Mark Pruzanski, chief executive of Intercept, which has one of the drugs furthest along in development. "But it's not a zero-sum game."

Drug-company interest got a boost in January 2014, when the National Institutes of Health halted a clinical trial of Intercept's drug obeticholic acid in NASH patients because the drug significantly improved measures of liver health versus a placebo. That disclosure nearly quadrupled Intercept's market value,

## Drugs in the Pipeline

Companies are spending billions of dollars to develop treatments for NASH.

Drug count at various stages

15 drugs	Research project
47	Pre-clinical
21	Trials
38	Phase I
6	Phase II
	Phase III

Source: EvaluatePharma

THE WALL STREET JOURNAL.

though it ebbed amid reports of the drug's effects on cholesterol levels. Results from a study released later that year eased concerns over cholesterol and the company's stock surged again.

Those positive results suddenly lit a fire under the field and woke people up to the possibility that this is an untapped market," said Scott Friedman, liver-disease chief at the Icahn School of Medicine at Mount Sinai Hospital in New York.

Intercept had an early advantage because its obeticholic acid, whose brand name is Ocaliva, is already approved for

another liver disease. Mr. Pruzanski said Intercept intends to position the drug as the first-line treatment to which others can be added.

Other companies say they have their own particular edge. Last year Allergan snapped up Tobira Therapeutics Inc. and Akarna Therapeutics Ltd. for \$1.7 billion and \$50 million, respectively, adding a trio of NASH therapies to its pipeline. It also is collaborating to combine one of its drugs with one of Novartis AG's liver treatments, which is in phase 2 trials.

A Novartis spokesman said the company believes combination therapy that treats both the metabolic and fibrotic components of NASH will be critical.

"NASH is not a single disease for everybody, it manifests differently," said Allergan's chief medical officer, Gavin Corcoran.

Gilead last year bought Nimbus Therapeutics LLC's liver-drug program and now also has three NASH candidates in its pipeline. Mani Subramanian, senior vice president of liver-disease therapeutics at Gilead, says the company's program is aimed at patients in the later stages of sickness, where the liver is scarred and losing function. "It is by far the biggest clinical need because it's what leads to mortality," he said.

Mike Burgess, Bristol-Myers Squibb Co.'s head of cardiovascular, fibrosis and immunoscience development, insists the company's phase 2 candidate has the trifecta: It reduces fat in the liver and is anti-inflammatory and antifibrotic.



ISSEI KATO/REUTERS

Ducati, which is based in Bologna, Italy, is renowned for its high-performance racing motorbikes.

## DUCATI

Continued from the prior page  
could generate momentum for further streamlining, including the much-awaited public offering of the company's truck business that includes the MAN and Scania brands.

Arndt Ellinghorst, an analyst at Evercore ISI, a London-based brokerage, said "a deal would serve to increase our conviction that VW will carve out its trucks business, a much larger piece of the pie."

Andreas Renschler, head of the truck business, has said repeatedly that spinning off the business was an option but that no decision had been made.

At the height of the diesel emissions-cheating scandal, when Volkswagen was still unsure of the ultimate costs of resolving the affair, Ducati was one of a number of assets it marked for disposal should it

need to raise cash, according to a person familiar with the situation.

Since then, Volkswagen Chief Executive Matthias Müller has begun slashing costs and streamlining the company. He bundled some activities, such as the components business, fueling speculation that Volkswagen could spin off the business.

Mr. Müller had his executives pull together what company insiders call the "Best Owner List"—assets that might best be owned by someone else—a person familiar with the situation said.

In the early part of its 80-year history, Volkswagen was a one-product auto maker, churning out Beetles in Wolfsburg for export around the world. It has since amassed a varied stable in all market segments, including Audi, Spanish car maker Seat and Czech auto group Skoda.

As CEO and later as chair-

man, Ferdinand Piech, scion of Beetle designer Ferdinand Porsche, took the Volkswagen brand upmarket as he had done previously with Audi, turning it into a competitor to BMW and Mercedes-Benz.

He scooped up three prestigious nameplates—Bentley, Lamborghini and Bugatti—in 1998 and acquired Ducati through Audi in 2012 from Industrialinvest, a private-equity group, for about \$1.2 billion.

A sale of Ducati isn't certain and could face opposition from labor, according to two of the people familiar with the situation.

"Ducati is a jewel and its sale isn't supported by the labor representatives on the supervisory board," a spokesman for Volkswagen's works council, the in-house labor representative, said.

"Technically, Harley-Davidson is miles behind Ducati. So, this can't be serious," the spokesman said.

—Andrew Tangel in Chicago contributed to this article.

## COIN

Continued from the prior page  
the trades were extreme. In other words, the trades were legitimate.

"It is important to note that these trades are final in accordance with our GDAX trading rules," Mr. White wrote. "Honoring properly executed orders is critical to maintaining the integrity of an exchange."

After the 2010 flash crash in the stock market, in which the Dow Jones Industrial Average fell by nearly 1,000 points, many of the most extreme trades were reversed.

Moreover, the exchanges that trade these assets don't

have trading curbs, or circuit breakers, or even a closing bell. These automated exchanges run 24 hours a day, seven days a week. Some exchanges offer more sophisticated "stop" orders, options and leveraged trading

## BUSINESS NEWS

# Move on Rival Puts Airline Boss On 'Strange' Path

BY ROBERT WALL

PARIS—When Akbar Al Baker took over management of **Qatar Airways** 20 years ago, the state-owned carrier flew just four planes and the Persian Gulf country kept a low profile.

Now, with Qatar Airways flying about 200 jets and its host nation a financial and political powerhouse, Mr. Al Baker is shaking up the industry with an unsolicited bid to build a 10% stake in **American Airlines Group Inc.**

But this foray of his is different from others. American Chief Executive Doug Parker called the bid "puzzling and strange" and American's pilots and flight attendants unions oppose the bid. The opposition has thrust Mr. Al Baker into an unfamiliar role: corporate raider.

Qatar Airways has usually delighted other airlines around the globe when it has taken stakes in them. When Mr. Al

baker 4.75% of American on the open market. The Mideast carrier said it would only increase that if it won American board approval but would keep just a passive stake.

Other tensions color the attempted transaction.

American accuses Qatar Airways and other Persian Gulf carriers of benefiting unfairly from state backing and is pursuing a subsidy claim. Qatar denies the allegation. Qatar's Gulf neighbors, meanwhile, recently cut diplomatic and transport links with the country, accusing it of supporting Islamist groups and extremists in the region. Qatar denies those accusations.

Earlier this month, Mr. Al Baker took a swipe at President Donald Trump, criticizing him for backing Saudi Arabia in its standoff with Qatar. "I thought he was more shrewd," he told The Wall Street Journal.

Mr. Al Baker serves his bosses in Qatar—the ruling Al-Thani family—in ways beyond his capacity as Qatar Airways' boss. He sits on the board of **Volkswagen AG**, for instance, representing the Qatari government's roughly 17% stake in the auto maker.

Aside from his sometimes abrasive image, Mr. Al Baker is regarded as a pragmatic executive.

"Business is what drives him," said analyst John Strickland, who has followed Mr. Al Baker's career for more than a decade.

In response to airspace restrictions imposed by Qatar's Gulf neighbors, for instance, Mr. Al Baker quickly moved to readjust plans for the airline and pressured international regulators to intervene. He "won't take things lying down," said Mr. Strickland.

Qatar Airways declined to make Mr. Al Baker available. A Qatar government spokesperson didn't have a comment.

Born in 1960, in Doha, Mr. Al Baker studied economics and commerce and joined the country's civil aviation administration, where he worked in a number of senior posts. In 1997, he was tapped to run fledgling Qatar Airways, at the time a regional carrier.

The sometimes combative Qatar Airways CEO says he doesn't want a fight in his latest move. But he isn't backing down. Qatar is seeking U.S. antitrust approval to buy just un-

der



Qatar Airways' Akbar Al Baker

Baker began investing in British Airways' owner **International Consolidated Airlines Group SA**—which has now grown into a 20% stake—the move was embraced by the airline.

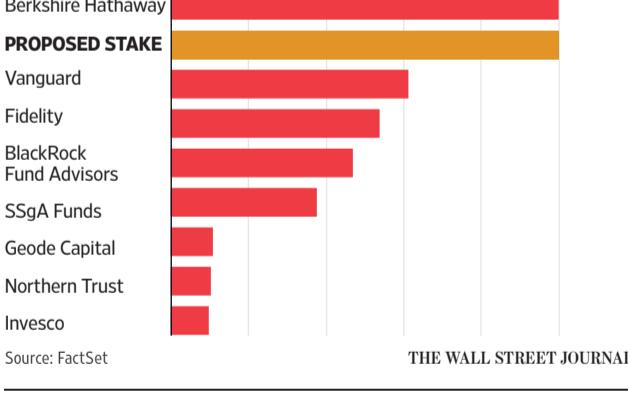
Mr. Al Baker holds a reputation for confrontation within the airline industry. He regularly calls out airplane makers for missed deadlines and what he considers quality shortcomings.

The sometimes combative Qatar Airways CEO says he doesn't want a fight in his latest move. But he isn't backing down. Qatar is seeking U.S. antitrust approval to buy just un-

### Who Owns American?

Qatar Airways has proposed buying a 10% stake in American Airlines.

#### Biggest shareholders



Source: FactSet

THE WALL STREET JOURNAL.



SPENCER PLATT/GETTY IMAGES

# What the iPhone Wrought

BY BETSY MORRIS

Ten years ago, hailing a cab required waving one's arm at passing traffic, consumers routinely purchased cameras, and a phone was something people just made calls on.

The iPhone, released a decade ago this month, changed all of that and more, sparking a business transformation as sweeping as the one triggered by the personal computer in the 1980s. **Apple Inc.**'s gadget, and the smartphone boom that followed, gave rise to whole new industries, laid waste to others and forced new business models.

By essentially compressing a powerful, networked computer into a pocket-size device and making it easy to use, Steve Jobs made the internet almost ubiquitous and fundamentally altered decades-old consumer habits in areas like music and books. What's more, the functionality packed into the iPhone made it a digital Swiss Army knife, supplanting existing tools from email to calendar to maps to calculators.

"It combined size, power and personalization," said Paul Nunes, managing director at global consulting and services firm Accenture and author of "Big Bang Disruption," a book about transformational technologies.

The upheaval triggered by the iPhone, and the launch of Google's Android operating system for smartphones the following year, led to innovations like apps that continued to transform industry.

Entrepreneurial coders and upstart businesses could now reach consumers directly, creating new modes of shopping, entertainment, travel and more. App stores today offer an estimated 3.5 million to 3.6 million choices, including games, fitness programs, shopping and dating, according to audience-measurement firm **Verto Analytics Inc.**

Apps also made it easier for

### High Hopes Dashed For Wireless Firms

Nowhere has the smartphone's impact been more pronounced—or unexpected—than in telecommunications. A month before the iPhone was launched, Randall Stephenson, chief executive of **AT&T Inc.**, Apple Inc.'s exclusive partner in the U.S. at the time, told a financial audience: "I believe the iPhone is going to be a game

changer."

It was, but not in favor of telecoms. The iPhone became such a hit with consumers, who lined up and camped out for days to buy it, that it tipped the balance of power. Manufacturers like Apple could now set tougher terms and demand more concessions from carriers.

Wireless companies were able to capitalize on soaring data use for a while, as consumers became more addicted to their smartphones. But the shift to data plans from texts

and calling minutes made it easier for users to treat their cellphone service like a commodity.

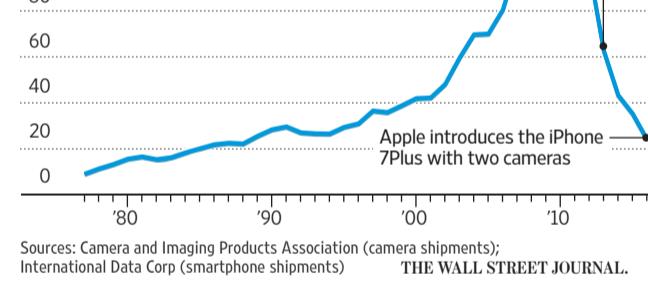
Wireless service revenue among the top U.S. carriers grew 5.9% in 2008, the first full year the iPhone was on the market, following years of double-digit growth, according to investment bank UBS Group AG. Revenue, which has been falling in recent years amid increased competition, slipped 1.6% last year.

—Drew Fitzgerald

### Gone in a Flash

Cameras are one of the many markets roiled by the smartphone

#### Global shipments of cameras



Sources: Camera and Imaging Products Association (camera shipments); International Data Corp. (smartphone shipments)

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least once a month. And as mobile audiences grew, so did the time individuals spent on their phones.

Advertisers have redirected their spending accordingly, wreaking havoc on established news companies. In 2015, total mobile-ad spending in the U.S.

overtook print ad dollars, according to eMarketer. Last year, Facebook captured 14% of the \$190.6 billion global digital advertising revenue, second only to Google's 32.8%.

Smartphones have also laid waste to the camera industry—even as they made photos more relevant than ever. Digital camera shipments fell 80% between 2010 and 2016 to 24

million, according to the Camera & Imaging Products Association. Among the casualties: Eastman Kodak Co., the iconic film company that was already reeling from the onslaught of digital cameras.

As existing businesses evaporated, the iPhone spawned new industries and business models. Ride-hailing firms Uber Technologies Inc. and **Lyft Inc.** are built on apps; a smartphone is the price of entry for both riders and drivers. The smartphone also accelerated a move away from that concept to effectively renting music from subscription services like Spotify and Apple Music.



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## WEEKEND INVESTOR

# As Stocks Climb, Safeguard Any Gains

By DAISY MAXEY

With the Dow Jones Industrial Average and the S&P 500 both closing at highs earlier this week, investors might want to consider ways to protect their portfolios.

While money managers differ on the value of hedging strategies for individual investors, some say options, stop-loss orders and managed futures are methods that can benefit some investors.

### Protective Puts

Put options—contracts that give the owner the right but not the obligation to sell an investment at a set price until the contract expires—offer one way for investors to stay in the market without risking all of their gains.

Put options essentially allow a stock owner to hold a stock he expects to appreciate, while offering protection in case it declines. The cost of the contract will reduce an investor's profit if the stock rises in value, but limit losses should the shares decline below the strike price, the price at which the put option can be executed.

For example, an investor may purchase 100 shares of a stock at \$40, and when the shares are trading at \$55, buy an options contract to sell them at \$52. If he pays \$4 a contract, the total cost to cover the 100 shares would be \$400.

If the stock rises in value, the put option will expire worthless. If the investor sold the stock at \$60, the pretax profit would be \$1,600, \$2,000 minus the \$400 paid for the contracts.

But if the stock declines to \$45, the investor may sell it at \$52 because he has the put in place. If he does so, the pretax



MICHAEL NAGLE/BLOOMBERG

The S&P 500 index has gained 8.9% this year. Some money managers suggest put options and stop-loss orders to protect portfolios.

profit would be \$800, \$5,200 minus the initial outlay of \$4,000 for the shares and \$400 for the puts options. Without the protection, the pretax profit would be just \$500, \$4,500 minus his initial outlay of \$4,000.

### Stop Orders

Stop-loss orders are also meant to limit an investor's downside on a specific holding. Made with a broker, such orders trigger the sale of an investment if its price falls by a specified level.

Because stop-loss orders execute automatically once set, they can take the emotion out of selling a holding, says Terri Spath, chief investment officer at Santa Monica, Calif.-based **Sierra Investment Management**. The orders are free except for the cost of any trade that gets triggered and any tax consequences.

Sierra, which manages \$2.4 billion, has trailing stop-loss orders on all of its 150 mutual-fund and exchange-traded-fund investments. Such orders set a certain percentage below the current price of an invest-

ment or a dollar price at which to trigger a sale. If the investment rises in value, the trigger price will rise with it. If a trailing stop order was set to sell a mutual fund at 10% below its price, for example, and the fund's price rose to \$300, the order would be triggered when the price falls to \$270.

One risk with this strategy is that if a stock is being sold off quickly, its price could fall further after the stop-loss order is triggered but before it can be sold, says Dan Moisand, principal and financial adviser

at **Moisand Fitzgerald Tamayo LLC** in Melbourne, Fla.

When a stock or fund hits the trigger price, the order becomes a market order, and the investor doesn't know how quickly after that the order will be executed, he says. A market order is an order to buy or sell to be executed immediately at the current market price.

To avoid selling at a price that is too low, investors can use a stop-limit order, which will prevent their order from being executed if a holding

drops below a certain price, says Ms. Spath. For example, if a stock is trading at \$30, and an investor has a stop-limit sell order in place specifying a stop price of \$20, the stock will be sold when it hits \$20 for \$20 or more if there are willing buyers. But if the stock falls to \$20 and continues to decline before a willing buyer is found, then it wouldn't be sold.

### Managed Futures

The funds gained notice during the 2008 financial crisis when the average managed-futures fund returned 9.7%, as the total return of the S&P 500 plummeted 37%, according to fund-tracker **Morningstar Inc.**

Managed-futures funds invest in futures contracts in a variety of markets, including currencies and stocks, and can diversify the risk of a conventional stock-and-bond portfolio. They aim to profit from current trends in the markets, taking long positions in a rising-price environment and short positions in a falling-prices world.

"It's always a good time to have your portfolio broadly diversified, and managed futures are definitely a part of that," says Michael Scherer, a senior financial adviser and director of research at **Summit Financial Strategies Inc.** in Columbus, Ohio. He has been using managed-futures funds in clients' portfolios since 2009 and appreciates them for their low correlation to stocks and the stability they bring to a portfolio, he says.

But that can also work against investors. Last year, as the total return of the S&P 500 rose about 12%, the average managed-futures fund lost about 2.9%, according to Morningstar.

## COMMODITIES

### Futures Contracts

#### Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
<b>Copper-High (CME)</b>	-25,000 lbs.; \$ per lb.	2,6345	2,6345	2,6220	<b>2,6230</b>	0.0250	764
June	2,6345	2,6345	2,6220	<b>2,6230</b>	0.0250	764	2,6030
Sept	2,6030	2,6625	2,6030	<b>2,6345</b>	0.0245	105,442	

	Contract	Open	High	Low	Settle	Chg	Open interest
<b>Gold (CMX)</b>	-100 troy oz.; \$ per troy oz.	370.50	373.25	385.25	<b>387.75</b>	-12.15	39
Aug	370.50	373.25	385.25	<b>387.75</b>	-12.15	39	305,897
Oct	375.30	373.60	375.40	<b>376.40</b>	7.00	14,081	375.30
Dec	375.00	376.10	375.00	<b>376.30</b>	7.10	9,445	375.00

	Contract	Open	High	Low	Settle	Chg	Open interest
<b>Palladium (NYM)</b>	-50 troy oz.; \$ per troy oz.	16.57	16.57	16.57	<b>16.62</b>	0.05	6,054
June	16.57	16.57	16.57	<b>16.62</b>	0.05	21	16.57
July	16.57	16.57	16.57	<b>16.70</b>	0.13	104,798	16.57
Sept	16.57	16.825	16.57	<b>16.70</b>	0.13	104,798	16.57

	Contract	Open	High	Low	Settle	Chg	Open interest
<b>Crude Oil, Light Sweet (NYM)</b>	-1,000 bbls.; \$ per bbl.	44.00	44.00	43.55	<b>44.08</b>	-0.245	2,547
Aug	44.00	43.20	42.53	<b>43.01</b>	0.27	535,511	42.80
Sept	42.99	43.46	42.76	<b>43.27</b>	0.30	298,398	42.99
Oct	43.24	43.69	43.00	<b>43.51</b>	0.32	111,215	43.24
Dec	43.77	44.22	43.55	<b>44.08</b>	0.34	311,972	43.77
June'18	45.13	45.35	44.92	<b>45.25</b>	0.27	120,179	45.13
Dec	46.00	46.24	45.71	<b>46.11</b>	0.13	158,380	46.00

	Contract	Open	High	Low	Settle	Chg	Open interest
<b>NY Harbor USLD (NYM)</b>	-42,000 gal.; \$ per gal.	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601
July	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601	1.3777
Aug	1.3777	1.3904	1.3679	<b>1.3787</b>	0.002	115,957	1.3777
<b>Gasoline-NY RBOB (NYM)</b>	-42,000 gal.; \$ per gal.	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601
July	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601	1.3777
Aug	1.3777	1.3904	1.3679	<b>1.3787</b>	0.002	115,957	1.3777

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<b>Gasoline-NY RBOB (NYM)</b>	-42,000 gal.; \$ per gal.	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601
July	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601	1.3777
Aug	1.3777	1.3904	1.3679	<b>1.3787</b>	0.002	115,957	1.3777
<b>NY Natural Gas (NYM)</b>	-10,000 MMBtu; \$ per MMBtu.	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601
July	1.3721	1.3839	1.3613	<b>1.3717</b>	0.001	38,601	1.3777
Aug	1.3777	1.3904	1.3679	<b>1.3787</b>	0.002	115,957	1.3777

	Contract	Open	High	Low	Settle	Chg	Open interest
<b>Silver (CMX)</b>	-5,000 troy oz.; \$ per troy oz.	16.57	16.57	16.57	<b>16.62</b>	0.05	

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**How to Read the Stock Tables**

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:**

I-New 52-week high.  
I-New 52-week low.  
dd-Indicates loss in the most recent four quarters.  
FD-First day of trading.

h-Does not meet continued listing standards.  
I-Late filing.  
t-Temporary exemption from Nasdaq requirements.  
t-NYSE Stock.

v-Trading halted on primary market.  
v-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

**Friday, June 23, 2017**

YTD % Chg	52-Week Hi	Lo Stock	Stock Sym	Yld %	Net PE	Last Chg	YTD 52-Week						YTD 52-Week						YTD 52-Week																																																																																																																																																																																																																																																																																																																																																																																																													
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101.43 54.51 AlaskaAir	ALK 1.3	16 91.63	0.61	21.81 111.64 74.86 Albermarle	ALB 12.2	24 104.85	-0.35	10.72 39.78 20.10 Alcoa	AA ...	33 31.09	1.29	8.25 121.62 96.63 AlexandriaRealEst	ARE 2.9	29 120.60	-0.19	62.86 148.29 73.29 Alibaba	ABA 5.5	57 143.01	0.74	-3.90 667.19 51025 Alleghany	Y ...	20 584.39	2.10	27.27 27.61 61.47 Allegion	ALLE 3.8	33 81.45	0.28	1.44 33.35 29.30 AlticeUSA	ATUS ...	34 30	1.59	13.22 77.79 60.82 Altria	MO 3.2	30 74.69	0.01	3.78 50.39 35.72 BankNY Mellon	BK 1.5	35 49.17	-0.38	35.93 31.39 19.85 BlockHR	BHR 3.1	16 31.25	0.01	7.24 18.95 15.75 BoardwalkPipe	BWP 2.4	22 17.19	0.79	29.00 202.35 123.35 Boeing	BA 2.8	20 223.23	0.27	4.46 45.05 27.52 BorgWarner	BWA 1.6	43 42.01	0.34	18.98 21.88 19.67 BostonScientific	BBSV ...	38 28.10	0.24	3.04 73.17 51.70 Berkley	BVR 0.8	14 68.53	0.02	3.15 266.45 205.074 BerkHathwayA	BRAK/A ...	18 251.00	0.21	2.60 177.86 136.65 BerkHathwayB	BRAK/B ...	18 167.22	-1.10	17.05 58.95 34.98 BerryGlobal	BERY 2.5	40 10.04	0.12	29.32 61.95 59.05 BestBuy	BK 2.5	16 25.51	-0.09	1.71 23.47 20.98 BlackRock	BKR 0.3	30 315.98	0.02	18.71 23.84 19.67 Blackstone	BLS 1.3	30 42.07	0.22	17.36 261.27 184.50 Allergan	ALL 0.8	33 81.45	0.04	1.35 31.99 29.57 BlackstoneProp	BLS 1.3	30 42.07	0.22	18.71 23.84 19.67 BlackRock	BLS 1.3	30 42.07	0.22	17.36 261.27 184.50 Allergan	ALL 0.8	33 81.45	0.04	1.35 31.99 29.57 BlackstoneProp	BLS 1.3	30 42.07	0.22	18.71 23.84 19.67 BlackRock	BLS 1.3	30 42.07	0.22	17.36 261.27 184.50 Allergan	ALL 0.8	33 81.45	0.04	1.35 31.99 29.57 BlackstoneProp	BLS 1.3	30 42.07	0.22	18.71 23.84 19.67 BlackRock	BLS 1.3	30 42.07	0.22	17.36 261.27 184.50 Allergan	ALL 0.8	33 81.45	0.04	1.35 31.99 29.57 BlackstoneProp	BLS 1.3	30 42.07	0.22	18.71 23.84 19.67 BlackRock	BLS 1.3	30 42.07	0.22	17.36 261.27 184.50 Allergan	ALL 0.8	33 81.45	0.04	1.35 31.99 29.57 BlackstoneProp	BLS 1.3	30 42.07	0.22	18.71 23.84 19.67 BlackRock	BLS 1.3	30 42.07	0.22	17.36 261.27 184.50 Allergan	ALL 0.8	33 81.45	0.04	1.35 31.99 29.57 BlackstoneProp	BLS 1.3	30 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## MARKETS DIGEST

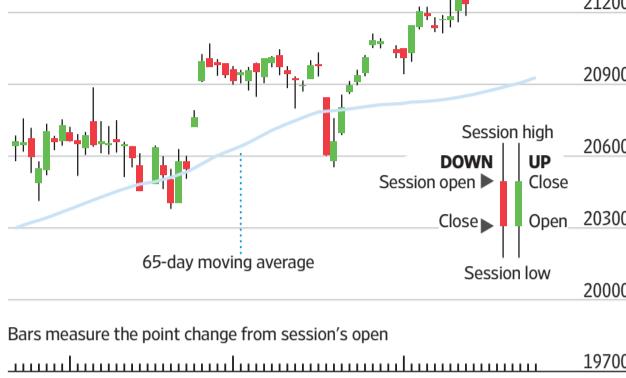
### EQUITIES

#### Dow Jones Industrial Average

**21394.76** ▼2.53, or 0.01%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 20.82 18.54  
P/E estimate \* 18.17 17.02  
Dividend yield 2.32 2.65  
All-time high 21528.99, 06/19/17

Current divisor 0.14602128057775



Bars measure the point change from session's open

Mar. Apr. May June 19700

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

#### S&P 500 Index

**2438.30** ▲3.80, or 0.16%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.09 24.22  
P/E estimate \* 18.76 17.93  
Dividend yield 1.95 2.17  
All-time high 2453.46, 06/19/17



Mar. Apr. May June 2270

#### Nasdaq Composite Index

**6265.25** ▲28.56, or 0.46%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.15 22.54  
P/E estimate \* 21.33 19.00  
Dividend yield 1.10 1.29  
All-time high 6321.76, 06/08/17



Mar. Apr. May June 5530

#### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.	
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	New Residential Inv	CVS Health	
Industrial Average	21421.79	21333.89	<b>21394.76</b>	-2.53	-0.01	21528.99	17140.24	<b>23.0</b>	8.3	<b>8.1</b>	
Transportation Avg	9422.86	9305.55	<b>9388.67</b>	68.83	<b>0.74</b>	9593.95	7093.40	<b>28.3</b>	3.8	<b>4.8</b>	
Utility Average	730.95	724.05	<b>725.27</b>	-2.17	-0.30	737.51	625.44	<b>5.8</b>	10.0	<b>8.7</b>	
Total Stock Market	25281.12	25160.97	<b>25257.11</b>	62.85	<b>0.25</b>	25399.65	20583.16	<b>20.2</b>	8.5	<b>7.1</b>	
Barron's 400	645.79	640.91	<b>645.48</b>	3.79	<b>0.59</b>	650.48	491.89	<b>27.2</b>	7.3	<b>6.5</b>	

#### Nasdaq Stock Market

Nasdaq Composite	6269.37	6218.78	<b>6265.25</b>	28.56	<b>0.46</b>	6321.76	4594.44	<b>33.1</b>	16.4	<b>12.8</b>
Nasdaq 100	5810.31	5759.70	<b>5803.11</b>	23.24	<b>0.40</b>	5885.30	4201.05	<b>35.4</b>	19.3	<b>15.1</b>

#### Standard & Poor's

500 Index	2441.40	2431.11	<b>2438.30</b>	3.80	<b>0.16</b>	2453.46	2000.54	<b>19.7</b>	8.9	<b>7.5</b>
MidCap 400	1748.14	1735.11	<b>1743.95</b>	7.53	<b>0.43</b>	1769.34	1416.66	<b>19.6</b>	5.0	<b>7.0</b>
SmallCap 600	853.66	845.33	<b>853.17</b>	7.75	<b>0.92</b>	866.07	670.90	<b>23.3</b>	1.8	<b>8.0</b>

#### Other Indexes

Russell 2000	1415.77	1402.77	<b>1414.78</b>	10.24	<b>0.73</b>	1425.98	1089.65	<b>25.5</b>	4.2	<b>6.1</b>
NYSE Composite	11750.33	11702.10	<b>11733.20</b>	20.68	<b>0.18</b>	11833.34	9973.54	<b>15.2</b>	6.1	<b>2.1</b>
Value Line	520.88	516.78	<b>520.77</b>	3.51	<b>0.68</b>	529.13	435.06	<b>15.9</b>	2.9	<b>1.2</b>
NYSE Arca Biotech	4022.70	3945.02	<b>4016.86</b>	27.70	<b>0.69</b>	4016.86	2818.70	<b>37.0</b>	30.6	<b>13.8</b>
NYSE Arca Pharma	549.13	546.98	<b>548.92</b>	-0.28	-0.05	554.66	463.78	<b>8.9</b>	14.0	<b>1.7</b>
KBW Bank	92.72	91.21	<b>91.54</b>	-0.76	-0.82	99.33	60.27	<b>44.1</b>	-0.3	<b>8.5</b>
PHLX® Gold/Silver	83.49	82.21	<b>83.43</b>	1.67	<b>2.05</b>	112.86	73.03	<b>-11.0</b>	5.8	<b>-5.9</b>
PHLX® Oil Service	128.39	126.69	<b>127.94</b>	0.77	<b>0.60</b>	192.66	127.17	<b>-23.4</b>	-30.4	<b>-25.3</b>
PHLX® Semiconductor	1094.37	1081.88	<b>1088.48</b>	3.53	<b>0.33</b>	1138.25	648.32	<b>61.2</b>	20.1	<b>19.8</b>
CBOE Volatility	10.69	9.85	<b>10.02</b>	-0.46	-0.43	25.76	9.75	<b>-61.1</b>	-28.6	<b>-3.0</b>

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

#### Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Mkt and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

#### Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Groupon	GRPN	16,760.2	3.50	0.03	<b>0.86</b>	3.59	3.47
Exelixis	EXEL	16,431.4	23.78	...	unch.	24.64	23.77
eBay	EBAY	15,195.6	35.57	...	unch.	35.65	35.46
Avon Products	AVP	14,528.5	3.48	...	unch.	3.48	3.43
FNB Corp	FNB	14,404.8	13.44	...	unch.	13.44	13.44
BGC Partners CIA	BGCP	13,916.8	11.89	...	unch.	12.05	11.88
New Residential Inv	NRZ	13,193.1	16.70	0.11	<b>0.66</b>	16.70	16.56
CVS Health	CVS	13,006.3	77.80	0.39	<b>0.50</b>	77.90	77.39

#### Percentage gainers...

Company	CDW Corp.	Immunogen	Fox Factory Holding	Patriot National	Steris
CDW Corp.	CDW	430.6	68.49	3.27	<b>5.01</b>
Immunogen	IMGN	253.8	6.30	0.24	<b>3.96</b>
Fox Factory Holding	FOXF	557.7	33.60	1.00	<b>3.07</b>
Patriot National	PN	6.2	2.39	0.06	<b>2.58</b>
Steris	STE	1,511.2	84.50	1.99	<b>2.41</b>

## NEW HIGHS AND LOWS

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE MKT and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.  
% CHG-Daily percentage change from the previous trading session.

Friday, June 23, 2017

	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg
<b>NYSE highs - 104</b>	BaxterInt'l	BAX	61.51 1.2	ExtendedStay Amer	STAY	19.82 2.1	Teladoc	TDCC	36.90 3.9	FdnBuilding	FBBM	13.31 2.0	DirecTV	DVXX	27.31 2.0	Biogen	BIIB	46.00 1.0	PolyArtif	COLD	29.36 1.6
AberdeenGrChInfd GCH	ADSK	11.45 -.02	BlockHr	DXMT	32.47 1.0	FirstNet	FDX	216.94 1.0	ThomsonReuters	TRU	46.83 1.2	Imax	IMAX	25.20 1.3	BigShoe	TEC	117.80 1.2	PortWells	PTLK	57.90 4.6	
AdvinSix	ASPH	33.55 9.4	Brunswick	BA	202.35 1.4	FirstAmerFin	FAF	45.43 0.8	TransUnion	TRU	44.49 1.7	IndependenceContr	ICD	3.21 2.1	Bio-Phat	BLIV	25.23 2.4	PwrsShdGf	PSCH	62.35 1.0	
AllstateDeb	ALLP	28.27 0.2	CGI Group	GIB	62.91 1.3	FirstRep&Pfdh	FRCPh	25.29 0.6	TylerTech	TYL	177.60 1.7	Manning&Napier	MN	3.85 -2.5	Blackbaud	BLBK	89.83 1.2	ProvService	PRSC	50.71 3.6	
AnalGlbPlProp	AWP	6.41 0.8	Centene	CNC	185.15 1.4	Forestar	FOR	17.77 0.7	UniversalHealth	UHT	80.00 1.7	MarathonOil	MRO	11.41 -.05	iOmergeArbitrage	MNA	30.59 1.3	Qsi	QSI	17.55 0.8	
AlticeUSA	ATVI	16.35 2.9	ChinaUnicom	CHU	15.15 1.3	Fortistar	FTS	35.39 0.7	VersumMaterials	VSM	33.79 5.5	MidstatesPetro	MPO	10.87 1.3	BlueprintMed	BPMC	50.14 4.6	Quidel	QDEL	27.75 3.4	
AnnalyCap	NYL	12.63 1.5	ColonyNthStp	CLNSpl	26.81 0.4	ForBandsHome	FBHS	66.09 1.5	PenneyMacTr	PMT	16.55 3.6	NationalGrocers	NGVC	7.92 1.7	iShCrnHdgNtkd	HDX	27.14 1.1	RIT Surgical	RTIX	5.75 2.8	
AnworthHtg	ANW	12.55 1.2	ColonyNthStp	CLNSpl	25.74 0.4	GlobusMedical	GMD	34.00 1.0	PennyMacTr	PMT	18.42 1.7	VoyaGlbAdvantage	IGA	10.82 0.2	iShMSAudiArabia	KSA	27.44 0.9	Repugen	RGEN	46.81 10.3	
AppaloosaMgmtPfc	APC	25.29 -.02	CorporationMtg	CDR	65.54 1.0	FidelityNtFin	FNF	44.61 0.9	Wabtec	WAB	89.43 1.0	YogaGlbAdvantage	IGA	10.82 0.2	iShMSAudiArabia	KSA	27.44 0.9	SLMBP	73.15 0.6		
AppaloosaMgmtPfc Aoppb	APC	25.99 -.02	CorporationMtg	CDR	65.54 1.0	FidelityNtFin	FNF	44.61 0.9	Wabtec	WAB	89.43 1.0	YogaGlbAdvantage	IGA	10.82 0.2	iShMSAudiArabia	KSA	27.44 0.9	SLMBP	73.15 0.6		
Armark	ARMK	11.11 1.1	DigitalRealty	DLR	121.50 1.1	GpoAeroport	PAC	110.95 1.0	WellsFrgPfdY	WFCp	26.94 0.2	WeightWatchers	WTW	3.20 -.2	Blackbaud	BLBK	88.31 1.1	ProvideService	PRSC	50.71 3.6	
AristaNetworks	ANET	16.97 1.8	DupontFabros	DEA	21.39 1.8	Hersha Pfd E	HTPE	25.34 0.8	PackagingCoAm	PKG	109.55 1.6	WellCareHealth	WCG	6.21 0.4	Blackbaud	BLBK	88.31 1.1	ProvideService	PRSC	50.71 3.6	
ArrowElec	ARW	79.42 2.3	EasterlyGovtProp	DEA	21.39 1.8	Hersha Pfd E	HTPE	25.34 0.8	PaycomSoftware	PWC	73.61 1.7	Workiva	WVA	1.95 1.0	Blackbaud	BLBK	88.31 1.1	ProvideService	PRSC	50.71 3.6	
Atento	ATTO	11.05 1.0	ElliottRsltdMtg	EARN	15.74 2.8	Instructure	INST	29.60 4.7	Penumbra	PMT	18.42 1.7	YumBrands	YUM	75.35 0.4	RAIT Financial	RAS	1.88 1.0	Edge	EDG	27.75 3.4	
Ball	BL	42.30 1.0	EnzoBioChem	ENZ	11.61 4.7	InterXion	INXN	46.24 1.0	Penumbra	PMT	18.42 1.7	YumBrands	YUM	75.35 0.4	RAIT Financial	RAS	1.88 1.0	Edge	EDG	27.75 3.4	
Bankrate	RATE	12.35 2.1	EquityLife	ELS	87.62 0.9	LibertyASGfd	ASG	4.92 1.2	ProLogis	PLD	59.07 1.5	VoyaGlbAdvantage	IGA	10.82 0.2	iShMSAudiArabia	KSA	27.44 0.9	Repugen	RGEN	46.81 10.3	

## A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 10.48 points, or 0.05%, on the week. A \$1 change in the price of any DJIA stock = 6.85-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$32,611, or a gain of 8.70%, on the \$30,000 investment, including reinvested dividends.

— The Week's Action —  
Pct. Stock Price Point chg  
chg (%) change in average Company

			\$1,000 Invested (year-end '16)
	Symbol	Close	\$1,000
5.07	3.19	21.85	<b>Merck</b>
3.64	1.20	8.22	<b>Pfizer</b>
3.42	1.75	11.98	<b>Nike</b>
2.95	5.79	39.65	<b>Boeing</b>
2.82	4.01	27.46	<b>Apple</b>
1.99	3.62	24.79	<b>UnitedHealth Group</b>
1.74	2.65	18.15	<b>McDonald's</b>
1.73	1.21	8.29	<b>Microsoft</b>
1.55	2.08	14.24	<b>Johnson &amp; Johnson</b>
1.50	1.41	9.66	<b>Visa</b>
1.49	1.79	12.26	<b>United Technologies</b>
1.45	0.46	3.15	<b>Cisco Systems</b>
0.95	0.77	5.27	<b>American Express</b>
0.79	0.68	4.66	<b>J.P. Morgan Chase</b>
-0.13	-0.06	-0.41	<b>Coca-Cola</b>
1.16	-0.34	-2.33	<b>3M</b>
-0.27	-0.24	-1.64	<b>Procter &amp; Gamble</b>
-0.53	-0.40	-2.74	<b>Wal-Mart Stores</b>
-0.82	-1.27	-8.70	<b>IBM</b>
-1.09	-1.15	-7.88	<b>Walt Disney</b>
-1.38	-1.78	-12.19	<b>Travelers</b>
-1.79	-1.48	-10.14	<b>DuPont</b>
-2.08	-4.62	-31.64	<b>Goldman Sachs</b>
-2.25	-1.88	-12.87	<b>Exxon Mobil</b>
-2.66	-1.24	-8.49	<b>Verizon</b>
-2.90	-1.02	-6.99	<b>Intel</b>
-3.09	-3.35	-22.94	<b>Chevron</b>
-3.24	-3.49	-23.90	<b>Caterpillar</b>
-3.40	-5.33	-36.50	<b>Home Depot</b>
-4.93	-1.43	-9.79	<b>General Electric</b>
14 FIA 458 GT3		\$475K	
11 GTU Blk/2k		\$719K	
05 SuperAmerica Red/Bge		\$450K	
04 575M Sil/Blu		\$149K	
99 355 Spider Series Fiorano Blk/Bge		\$149K	
83 BB3/21 Red/Blk 1 owner		\$349K	
<b>MODERN 12 CYLINDER</b>			
17 FCA Clsso		On Display	
17 F2 Red/Tan		DEMO	
16 F2 Blk/Blk 8k		\$299K	
16 F2 Red/Bge 1k		\$309K	
15 FF Wht/Blk 6k		\$209K	
15 FF Sil/Blk 6k		\$199K	
15 FF Blu/Bge 3k		\$199K	
14 FF Gr/Bk 8k		\$179K	
11 GTD Blk/Blk 2k		\$719K	
04 575M Sil/Blu		\$149K	
<b>488 MID ENGINE</b>			
17 Spider Blk/Bk 1k		Call	
17 Coupe Blk/Bk 1k		Call	
458 MID ENGINE			
One of the finest selections of concours-quality, high, low, mileage, Ferrari-certified vehicles available.			
14 FIA Red/Tan 1k		\$255K	
14 FIA GT3 Rare		\$475K	
14 Coupe Blk/Bk 4k		\$236K	
13 Spider Nero/Couio 11k		\$229K	
13 Spider Blu/Bge 2k		\$249K	
13 Spider Red/Bk 1k		\$259K	
12 Coupe Gr/Bk 8k		\$209K	
11 Coupe Sil/Blk 8k		\$179K	
<b>360 MID ENGINE</b>			
03 Spider Blk/Bge 13k		\$94K	
03 Spider Red/Bk 13k		DUE	
01 Spider Gry/Gry 19k		\$79K	
<b>348 TS</b>			
91 Targa Blk/Bk 23k		\$46K	
90 Targa Red/Bk 20k		DUE	
<b>328 GTS</b>			
89 GTS Wht/Red 20k		\$119K	
<b>INTERESTING OTHERS</b>			
17 AM DB11 Mag Silver		DEMO	
17 AM DB11 Lms White		DEMO	
16 Jaguar F-Type R Coupe AWD Wht 2k		\$87K	
14 FIA GT3 Rare		\$475K	
13 Aston Martin Volante 5k		DUE	
13 Aston Martin Vantage ProDrive GT4		\$	

## FINANCE & MARKETS

# Chicago Traders Are Blue Over Cheese

By ALEXANDER OSIPOVICH  
AND BENJAMIN PARKIN

People wearing colored jackets in Chicago were shouting at each other about cheese for the final time on Friday.

A daily 10-minute auction in Chicago that helps set the national price of cheese will go electronic on Monday, after being held in a traditional open-outcry format for decades. CME Group Inc., the exchange operator that oversees the auction, ran it Friday in its old form for the last time.

"We're all going to miss the yelling and the screaming," said Dean Kinnas, a dairy options trader at the CME-owned Chicago Board of Trade, or CBOT, exchange.

The "spot call" cheese auction is among the smaller and more obscure markets in CME's empire. Until Friday, it was held in a corner of the CBOT trading floor in downtown Chicago each weekday at 10:45 a.m. Central time. There are often only a handful of trades—each representing a "carload" of 40,000 to 44,000 pounds of cheddar—executed each day by a small group of dairy brokers.

CME hopes the electronic platform will boost participation, with companies able to access the auction and monitor prices from anywhere in

the world.

Earlier this year, CME shifted similar auctions for butter and nonfat dry milk to the new format, and it said participation has increased.

Increasing volumes could also bolster confidence in the benchmark cheese price that is determined by the auction. The cheese benchmark has been dogged by allegations of market manipulation over its centurylong history.

Last year, around 50 million pounds of cheese were traded in the auction, less than 1% of total U.S. cheese production, dairy-market observers say. Despite the relatively small volumes, the daily spot price from the auction is widely used in the U.S. cheese business.

More than 80% of the wholesale cheese transactions in the U.S. are priced off the CME spot cheddar price, said Dave Kurzawski, a senior dairy broker at INTL FCStone Inc.

Other types of cheese are typically bought and sold at a premium or discount to cheddar. For instance, a dairy-plant operator might agree to sell mozzarella for 10 cents a pound above the average price of CME spot cheddar from the previous week.

"Cheddar is kind of the lowest common denominator of cheeses," Mr. Kurzawski said.

The number of open-outcry



GETTY IMAGES

Farmers in front of the Wisconsin Cheese Exchange in 1941 in Green Bay, where the auction began.

trading floors has dwindled amid the inexorable shift to electronic markets. In December, CME shut down the trading floor of the New York Mercantile Exchange in Manhattan, the longtime home of pits for oil and gold futures, following a long decline in open-outcry volumes.

At the spot cheese auction on Thursday, some 20 brokers barked and haggled, phones pressed to their ears as they relayed orders from customers

such as dairy plants and food processors.

Factors that could affect the price include demand from food processors for cheese, as well as the cost of milk.

Cheese at the auction is traded in both barrels and blocks at different prices. Both have fallen this year.

A barrel of cheddar, which is used primarily for processing, rose 2.2% to \$1.37 a pound on Friday but was down 14% for the year. A block of

cheddar, used for cutting, fell 0.3% to \$1.54 a pound, down 7% for the year so far.

Pete Turk, a co-owner of Rice Dairy LLC who has been a broker at the cheese auction since 2005, said that going electronic would deprive the market of the emotional buzz that comes with face-to-face trading. "You can't feel a screen," he said on the sidelines of the auction on Thursday. "People like to see and feel that emotion to under-

stand what's going on."

The cheese auction traces its history back to the founding of the Wisconsin Cheese Exchange in 1918. Later renamed the National Cheese Exchange, it was based for decades in Green Bay, Wis. In 1997, it closed down, and the market shifted to Chicago.

Rumors of market manipulation tarnished the reputation of the National Cheese Exchange, with dairy farmers accusing Kraft Foods Inc. and other big food companies of using it to keep prices artificially low. Multiple lawsuits filed by farmers against Kraft in the late 1990s were all eventually thrown out, and regulators never filed charges against the food company, which denied the accusations.

Moving the market to Chicago put the cheese auction under CME's surveillance and regulation, but that didn't end concerns about possible manipulation. In 2008, the Dairy Farmers of America Inc. and two of its former executives paid \$12 million to settle allegations by the Commodity Futures Trading Commission that they had attempted to manipulate the price of milk futures by repeatedly buying cheddar in the auction. DFA, a nationwide farmers' cooperative, neither admitted nor denied wrongdoing.

## Brazil Plans to Be More Rigorous in Meat Inspections

By JEFFREY T. LEWIS

SAO PAULO—Brazil's agriculture minister promised Friday to take the measures necessary to reopen the U.S. market after the U.S. Agriculture Department suspended imports of Brazilian beef over concerns about its safety.

The decision by the USDA, announced Thursday, came after Brazil suspended beef exports to the U.S. from five Brazilian slaughterhouses. Some of the beef from those abat-

tors was found to have abscesses caused by a vaccine against foot-and-mouth disease. Brazil's agriculture ministry said the abscesses aren't a health risk.

Brazilian agriculture minister Blairo Maggi said he is ready to travel to the U.S. to hold talks to re-establish exports. He said there has been "strong pressure" from U.S. beef producers to block beef from Brazil, but added the Brazilian government agrees with the U.S. position and in-

tends to correct the problems.

The ministry said it would introduce more rigorous inspections and will make changes to the foot-and-mouth vaccine to try to avoid the problem with abscesses, among other actions. "We have to fight [to resume exports] because it's an important market," Mr. Maggi said.

The USDA didn't comment Friday. The agency on Thursday said since it began analyzing all meat shipments from the country in March, inspec-

tors have rejected about 11% of Brazilian fresh beef products because of "public health concerns, sanitary conditions, and animal health issues." The rate of rejection of beef shipments from the rest of the world is only 1%, the USDA said.

Beef from Brazil, one of the world's biggest exporters of the meat, came under increased scrutiny three months ago after the Brazilian authorities unveiled a corruption probe targeting food inspectors.

Brazil's biggest agricultural

association, National Confederation of Agriculture and Animal Husbandry, questioned the USDA's reasons for the suspension, saying the issues pose no risk to Americans' health. "We hope the U.S. government will divulge the technical and scientific justifications upon which they based the decision, which can also be seen as a protectionist measure," the group said.

The U.S. allowed imports of fresh Brazilian beef to resume only last year after a 13-year

ban and is still a small market for the South American country's cattlemen. The U.S. bought only 3% of Brazilian beef exports in the first five months of this year, according to exporters group Abiec.

Shares of Brazilian meatpackers JBS SA and Marfrig Global Foods SA declined Friday in Brazil, by 1.6% and 0.3%, respectively.

In the U.S., shares of meat producers rose, with Tyson Foods Inc. up 1.7% and Hormel Foods Corp. up 1.5%.

## Brexit Reignites Debate on Euro-Denominated Clearing

By TOM FAIRLESS

FRANKFURT—The European Central Bank lodged a formal request for greater powers to supervise euro-denominated clearing, stepping up a tug of war between European Union authorities and Britain over the future of the lucrative business line after Brexit.

Britain's looming departure from the EU has rekindled a debate about whether big U.K.-based clearinghouses should decamp within the bloc, given the importance of their activities for the stability of eurozone financial markets.

The ECB said Friday it lodged a request with EU authorities for changes to its statute that would allow it to exercise "a clear legal competence in the area of central clearing." The move, a year after the Brexit vote, underlines the ECB's eagerness to supervise a vast and lucrative business centered beyond the eurozone's borders.

London-based clearinghouses, such as London Stock Exchange Group PLC's LCH.Clearnet, clear about 90% of euro-denominated interest-rate swaps of euro area banks and 40% of their euro-denominated credit-default swaps, according to ECB estimates.

Those figures "should give you a sense of how relevant these [clearinghouses] are for the stability of the euro," Benoit Coeuré, who sits on the ECB's six-member executive board, said in a speech this past week. He argued that Britain's departure from the EU made it urgent to review current supervisory arrangements.

The European Commission, the EU's executive arm, proposed a plan this month that would force parts of London's clearing business to relocate within the EU.

Mr. Coeuré welcomed those plans as "a step in the right direction."

"We certainly need to play a strong role here," he said. The current regimen "relies to a large extent on local supervision, and provides EU authori-

### Two Italian Banks Ordered to Dissolve

FRANKFURT—Troubled Italian lenders Veneto Banca SpA and Banca Popolare di Vicenza SpA will be wound down after the European Central Bank decided they are likely to fail.

The decision Friday by the eurozone's top banking supervisor indicates Italy is moving closer to addressing its slow-moving banking crisis, which has been fueled by a mountain of nonperforming loans.

Italy's Treasury had been seeking European Union approval for a rescue of the two lenders, which have combined assets of around €60 billion (\$67 billion) and are based in northeastern Italy.

But in a statement published Friday evening, the ECB, which became the highest Eurozone banking supervisor in late 2014, said the banks' plans to raise additional capital had proved inadequate.

Ties with very limited tools for obtaining information and taking action in the event of a crisis.

The ECB has long pushed for a greater role in overseeing euro-denominated trades. It lost a legal battle over the issue two years ago in the EU's second-highest court, but Britain's departure from the EU has lent fresh impetus to its efforts.

The ECB's proposed amendments to its statutes would allow it "to monitor and address risks associated with central clearing activities that could affect the conduct of monetary policy, the operation of payment systems and the stability of the euro," the central bank said.

Still, Britain is expected to push back hard during Brexit negotiations, which kicked off this past week in Brussels.

Responding to the EU's proposals, Mark Carney, governor of the Bank of England, warned this past week

The two banks "repeatedly breached supervisory capital requirements," the ECB said. They had been given time to present capital plans but "had been unable to offer credible solutions going forward," it said.

The Single Resolution Board, which is in charge of dealing with Europe's failing banks, accepted that the two lenders should be wound down under national Italian insolvency laws.

The two banks needed to fill a multibillion-euro capital shortfall identified by the ECB during bank stress tests in 2014.

Their financial positions have since deteriorated further as they struggled with high levels of nonperforming loans and challenges to their business models, the ECB said.

A €3.5 billion capital investment in 2016 from Italy's government-sponsored banking fund, Atlante, didn't solve the problems.

—Tom Fairless and Julia-Ambra Verlaine

against fragmenting Europe's clearing market.

"Fragmentation is in no one's economic interest," Mr. Carney said. "Nor is it necessary for financial stability. Indeed it can damage it."

But it is unclear how receptive the EU's 27 other members will be to such arguments.

Speaking on the sidelines of a gathering of EU leaders in Brussels on Friday, Austrian Chancellor Christian Kern said it was sensible to give the ECB greater powers over clearing given its successful efforts to support the eurozone during the bloc's recent crisis.

"The ECB has done a great job, an amazing job—Mario Draghi has saved Europe," Mr. Kern said, referring to the bank's president. "Therefore, it makes sense to give them more means to do their job."

—Paul Hannon in London and Emre Peker in Brussels contributed to this article.

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# MARKETS

## U.S. Stock Indexes Notch Weekly Gains

Health care's rise is biggest since election; energy posts its worst performance this year

By RIVA GOLD  
AND CORRIE DRIEBUSCH

The S&P 500 rose Friday and posted a second straight week of gains, as a rise in health-care stocks offset a drop in energy shares in recent sessions.

Though the S&P 500's health-care sector slipped Friday, it notched its biggest weekly rise since the presidential election.

Shares of pharmaceutical companies and biotechnology firms jumped this past week following some encouraging data on drug development. Health-care companies joined the climb, including Thursday when Senate Republicans unveiled their plans to overhaul the Affordable Care Act.

The broad S&P 500 index rose 3.8 points, or 0.2%, to 2438.30 on Friday, while the Nasdaq Composite added 28.56, or 0.5%, to 6265.25. The Dow Jones Industrial Average slipped 2.53 points, or less than 0.1%, to 21394.76.

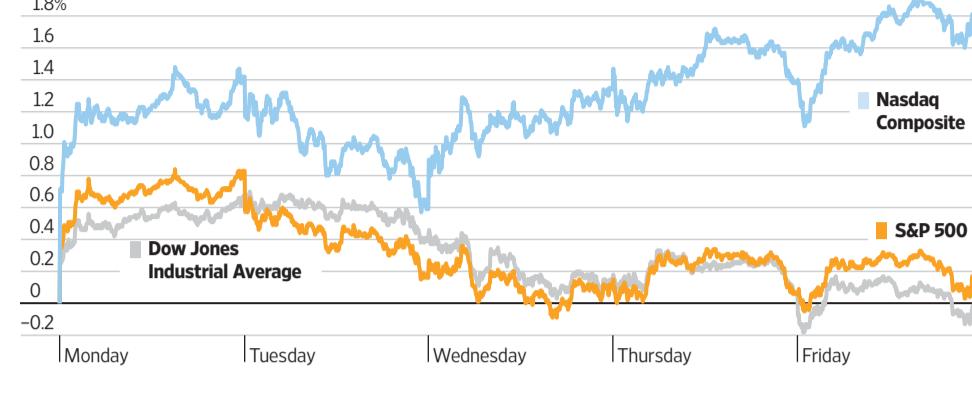
For the week, the S&P 500 gained 0.2%, while the Nasdaq Composite added 1.8%—helped by a rise in biotech and technology shares. The Dow industrials rose less than 0.1%.

Energy companies and equipment makers fell in recent days as U.S.-traded crude oil tumbled, since lower oil prices can hurt their profit margins. Investors are watching the energy market closely since it has been critical for the earnings recovery in the U.S. The sector is expected to account for nearly half of the S&P 500's earnings growth in the second quarter, according to FactSet.

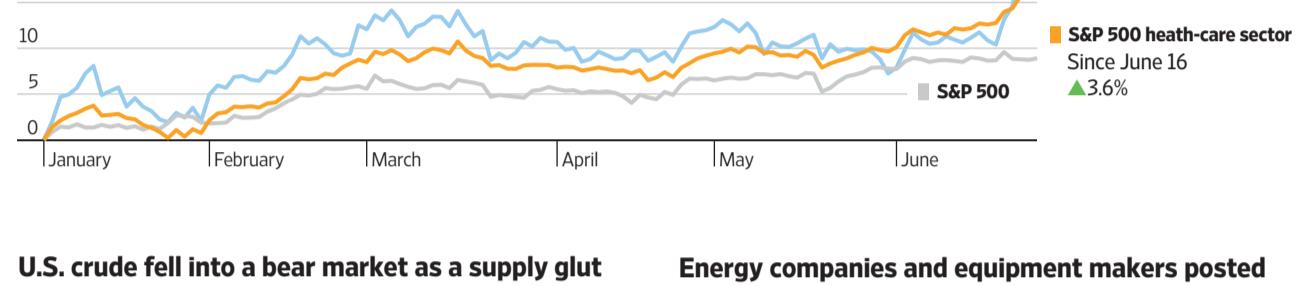
"There's now a bit of a con-

### Mixed Week

Health-care, biotechnology and technology stocks extended their 2017 gains and supported major U.S. indexes this past week, while tumbling oil prices dragged down energy shares.



Health-related segments of the market posted their biggest weekly gains of the year.



### U.S. crude fell into a bear market as a supply glut continued to roil the market.



Sources: FactSet (indexes; energy; health care); Thomson Reuters (oil)

cern that energy companies will not be able to meet earnings forecasts going forward for the year," said JJ Kinahan, chief market strategist at TD Ameritrade.

The energy sector in the S&P 500 gained 0.8% on Friday, but the shares fell 2.9% for the week—the sector's worst performance of the year.

U.S.-traded crude oil declined 4.4% for the week and entered a bear market, having fallen more than 20% from a recent high in February. Prices edged higher on Friday, rising 0.6% to \$43.01 a barrel.

Shares of Bed Bath & Beyond fell \$4.09, or 12%, to \$29.65—its lowest close since 2009—after its earnings

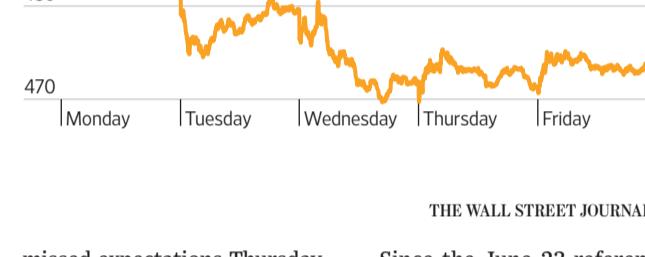
missed expectations Thursday, the latest disappointing quarterly results from a retailer.

The British pound rose on the first anniversary of the U.K.'s vote to leave the European Union, adding 0.3% to \$1.2718 and paring the week's declines. London's export-heavy FTSE 100 declined 0.2% as the pound climbed.

Since the June 23 referendum last year, the FTSE 100 index, which generates roughly two-thirds of its revenue overseas, has risen about 17%, while the pound has fallen roughly 15%. The pound now looks cheap compared with historical levels. But U.K. interest-rate expectations have fallen significantly since the

THE WALL STREET JOURNAL.

### Energy companies and equipment makers posted their biggest weekly decline since September.



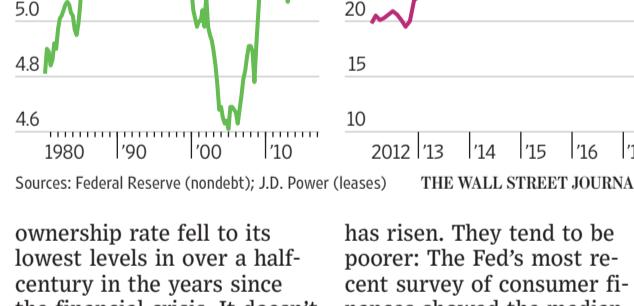
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Sources: FactSet (indexes; energy; health care); Thomson Reuters (oil)

## Americans: Less Debt, More Bills

### On the Hook

Nondebt financial obligations as a share of after-tax income



Sources: Federal Reserve (nondebt); J.D. Power (leases) THE WALL STREET JOURNAL.

ownership rate fell to its lowest levels in over a half-century in the years since the financial crisis. It doesn't look likely to recover soon. That has tightened the supply of rental units, pushing rents up 18% over the past five years even as inflation away from housing has been nearly nonexistent.

So while many people who own homes have benefited from rock-bottom mortgage rates, renters' monthly nut

has risen. They tend to be poorer: The Fed's most recent survey of consumer finances showed the median annual income of families that rented was \$27,800 versus \$63,400 for owners.

More people are leasing cars rather than taking out loans to buy them, leaving them with lower debt but still putting them on the hook for monthly payments. In May, 31% of new vehicles booked as sold by auto mak-

ers were financed via leases versus 21% five years earlier, according to J.D. Power.

Leased cars aren't merely for the well-off: About a quarter of new car sales going to subprime and deep subprime borrowers are leased.

Then there are the payments not included in the Fed's data on financial obligations. Mobile phone and internet plans, for example, have become essential for most households. The Labor Department estimates that spending on information and communication processing services—a category including mobile telephone, landline telephone and internet services—now counts for 3.2% of the average consumer's spending versus 2.3% in 2000.

For richer Americans who are benefiting from lower mortgage rates, buoyant incomes and rising asset prices, the rise in nondebt payments counts as an afterthought. But for the less well-off, it could count for plenty.

—Justin Lahart

### OVERHEARD

Everyone knows the S&P 500 and that trillions of dollars track or are indexed to it. The Schwab 1000 index is quite a bit less popular.

But the discount brokerage wants investors to use its index, and especially its index fund, instead of the S&P 500. To make the case, Charles Schwab shows in ads that the Schwab 1000 has beaten the S&P 500 in the long run. Having 1,000 stocks, they argue in the ads, is better than 500.

The problem is, indexes and index funds aren't the same thing. Schwab's fund has often lagged behind the index it is supposed to track. It also lagged behind the S&P 500 during many periods, including those in which the Schwab index beat the S&P.

Arguing that your index beats their index gets uncomfortably close to active management, whose failure to beat indexes made passive investing so popular. Schwab needs to watch what it promises or investors will flee when its index falls behind.

## Change Afoot For Markets In the U.K.

One year on from the Brexit vote, discerning the U.K.'s future outside the European Union is still difficult.

Markets, however, distilled things into a more straightforward proposition: For much of the past year, Brexit has been bad for sterling but good for the FTSE 100 stock index. That might be changing.

Sterling has been the key barometer of the U.K.'s fortunes. The more disruptive the prospect of Brexit appeared to be, the more the pound fell. That helped the FTSE 100, home to large multinational companies whose foreign earnings are inflated by a weaker pound.

Sterling and stocks, uncorrelated before the vote, became negatively correlated. Sterling has made a big difference to returns. In local-currency terms, the FTSE 100 is up 17% since the vote; in dollar terms, it is little changed.

Sterling is up 3% against the dollar this year. The last week saw a surprising shift toward tighter monetary policy from several Bank of England rate-setting officials. Uncertainty around Brexit means sterling faces challenges in strengthening further, but the currency tailwind has faded.

And economies on the other side of the negotiations are now on the march. Eurozone stocks have fared better this year. Meanwhile, the U.K. economy faces a wage squeeze, and the reality of Brexit may lead to disruption for companies.

The clock is now ticking on Brexit talks, and harder times lie ahead. For U.K. stocks and sterling, it may not be such a simple equation.

—Richard Barley

## China's Broad Debt Crackdown Could Get Out of Hand

China is poised for a once-in-five-years conference this fall, in which the next generation of Communist Party leadership will be chosen. Nothing dramatic can happen before that, right?

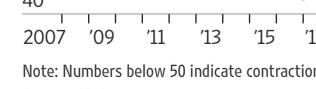
Wrong. The winter of 2016 and spring of 2017 have already proved to be among the most volatile in memory, particularly in the bond market as yields shot higher, but also in stocks, which felt the heat from the broad regulatory crackdown on debt in April and May. The latest victims are China's highly levered overseas deal makers: Anbang Insurance Group, HNA Group, Fosun International and Dalian Wanda

market as well, the key to political stability that the Communist Party prizes above all.

Although some surveys paint a brighter picture, China's official purchasing managers' indexes show the job market moving back into contraction: Nonmanufacturing, which includes construction, peaked in November, while manufacturing peaked in March. Tightening financial conditions could accelerate this trend. After falling since late 2015, real borrowing costs for Chinese firms probably started rising again in the second quarter. Chinese factory gate inflation peaked in March, the same time as industrial profits.

### No Raise

China purchasing managers' indexes, employment component



Note: Numbers below 50 indicate contraction

Source: CEIC

The early warning signs of a slowdown mean that the pressure from President Xi Jinping to keep raising the heat on financial-sector leverage will soon ease.

But regulatory crackdowns can take on a life of their own. In April, regulators competed to show leaders they were heading Mr. Xi's call to tackle risks. The 2015 stock crash, triggered in part by regulators' belated crackdown on margin borrowing, was a classic example of the danger of too little action, too late.

Chinese regulators may succeed in tamping down just enough on leverage, at just the right time, to postpone a debt reckoning once again. But that is a tricky needle to thread, and the consequences of failure large indeed.

—Nathaniel Taplin

The Federal Reserve likes to keep markets calm. It should surprise us more  
**C3**



# REVIEW



A book proposes fascinating rules of nature—but stumbles when it analyzes society  
**C5**

BOOKS | CULTURE | SCIENCE | COMMERCE | HUMOR | POLITICS | LANGUAGE | TECHNOLOGY | ART | IDEAS

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# Venezuela's Sinister Turn

Under Nicolás Maduro, a country that had been one of Latin America's wealthiest is having its democratic institutions shredded amid rising poverty and corruption.

BY DAVID LUHNOW AND JOSÉ DE CÓRDOBA

**A**LMOST TWO DECADES after Venezuela's late president, Hugo Chávez, came to power in an electoral landslide, his country's transformation seems to be taking an ominous new turn. A country that was once one of Latin America's wealthiest is seeing its democratic institutions collapse, leading to levels of disease, hunger and dysfunction more often seen in war-torn nations than oil-rich ones.

Mr. Chávez's successor, President Nicolás Maduro, has called for a National Constitutional Assembly to be elected on July 30 to draft a new constitution, in which ill-defined communal councils will take the place of Venezuela's traditional governing institutions, such as state governments and the opposition-dominated Congress. The new assembly appears to be rigged to heavily represent groups that back the government.

The Maduro government says that the new assembly will find a peaceful way forward for a country enduring an economic depression and standing on the brink of civil conflict. The government says it is building on the legacy of Mr. Chávez, a military man who vowed to fight corruption, dismantle the venal old political establishment and be a voice for millions of poor Venezuelans. But the opposition, which is boycotting the assembly vote, calls it a naked attempt to end democracy and turn the country into a Cuba-style communist autocracy. The government's own attorney general calls the vote illegal.

The 545-member assembly, a modern-day soviet, would hold unlimited power while it writes a new governing charter, which could take years. Meantime, the assembly is widely expected to scrap next year's presidential elections.

"This is the last battle for democracy in Venezuela," says David Smilde, a Venezuela expert at Tulane University.

For the U.S., the prospect of a new Cuba sitting atop trillions of dollars of oil reserves is profoundly unpleasant. For the past decade, Venezuela has aligned itself with Russia, China, Iran and Syria. Whether it thrives or implodes, Mr. Maduro's petrostate could cause far greater headaches to the U.S. and Latin America than

isolated Cuba. An implosion could mean bigger shipments of cocaine to Central America and the U.S., as well as a massive increase in the current flow of tens of thousands of refugees already fleeing the country for the U.S., Colombia, Brazil and elsewhere. And a consoli-

dation of power could let Mr. Maduro deepen his partnership with U.S. adversaries.

The Trump administration has criticized Mr. Maduro's plans to change the constitution, urging "respect for democratic norms and processes." The U.S. has called for Venezuela to free political prisoners, respect the opposition-controlled congress and hold free and democratic elections.

Mr. Maduro's move has aggravated Venezuela's political crisis. The opposition, sensing a do-or-die moment, plans to ramp up daily street protests. Some 80 people have died in such demonstrations in the past three months, and the president is unlikely to ease off on the tear gas, rubber bullets and water cannons.

"Maduro's ultimate aim is to turn Venezuela into

Cuba. And we will not accept being put in that cage," says Julio Borges, the head of the opposition-dominated National Assembly.

Venezuela's momentous new step isn't taking place amid the kind of revolutionary euphoria that Mr. Chávez may have imagined before he died of cancer in 2013. Rather, it is being pushed by an unpopular government trying to keep power amid an economic implosion.

By year's end, Venezuela's economy will have shrunk by nearly a third in the past four years—a plunge similar to Cuba's after the fall of the Soviet Union, and one rarely seen outside of conflict zones. In a nation estimated to be sitting on as much oil as Saudi Arabia, it is common to see poor families rummaging through garbage for food, even as the wealthy pack nearby gourmet restaurants.

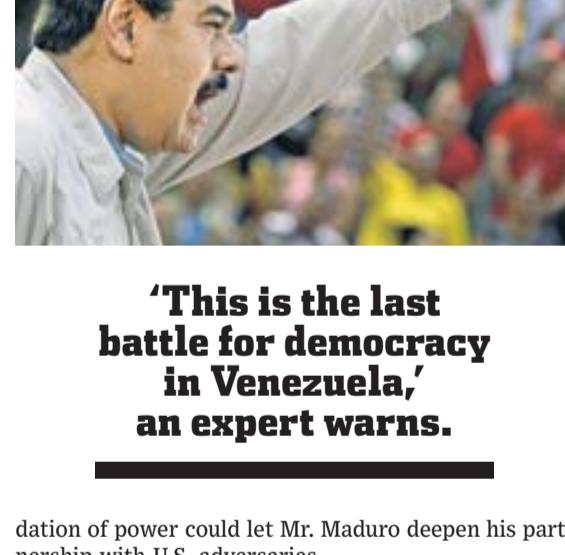
Inflation was estimated by the International Monetary Fund at 720% this year; it is expected to surpass 2,000% next year. Shortages are so acute that three out of four Venezuelans lost an average of 18 pounds last year, according to a survey by Venezuelan universities. Diseases not seen there in decades, such as malaria, are back.

"The government is desperate because they know the next presidential election will be their last," says César Miguel Rondón, a popular radio host. When the host recently tried to leave Venezuela on a business trip to Miami with his family, he had his passport seized. "I'm a hostage in my own country," he said.

Amid the economic crisis and protests, the government has headed down an increasingly authoritarian path. It has raised the number of political prisoners over the past year to 391, according to the Venezuelan human-rights group Foro Penal—nearly four times the total from a year ago. Most are being tried in military courts. And the government is seeking to remove its rebellious attorney general through a case in the supreme court. The government didn't answer requests for comment.

The so-called Bolivarian revolution has become less about ideology and more about money. Venezuelans often call it a "robolution" rather than a "revolución," using the

Please turn to the next page



**'This is the last battle for democracy in Venezuela,' an expert warns.**

IN SIDE



**WEEKEND CONFIDENTIAL**  
A Houston engineer is battling infant mortality in Africa with simple, low-cost devices.



**MOVING TARGETS**  
Socially responsible? No way. Joe Queenan on lucrative investor advice from evil bots.

**C11**



**ESSAY**  
How to live a long, healthy life: secrets of the centenarians from China's 'Longevity Village.'

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**EXHIBIT**  
From Jefferson's desk to wagons promoting suffrage, treasures of U.S. democracy.

**C12**



**BOOKS**  
A celebration of salmon: the perils they face and their amazing migrations.

**C7**

## REVIEW

# Will Venezuela Become a New Cuba?

Continued from the prior page

Spanish word for robbery. If Cuba is an ideologically motivated communist dictatorship, Venezuela is something different: as oil-rich as Saudi Arabia, as authoritarian as Russia and as corrupt as Nigeria.

Spectacular accusations of drug trafficking and corruption have sullied Mr. Maduro's own family. Two nephews of Venezuela's first lady, Cilia Flores, are awaiting sentencing in New York after being found guilty last year of conspiring to import 800 kilos of cocaine to the U.S. through Honduras. They pleaded not guilty.

The interior minister, Gen. Néstor Reverol, has been indicted in the U.S. for drug trafficking; Vice President Tareck El Aissami is on the U.S. Treasury Department's kingpin list for allegedly protecting drug traffickers; and the head of Venezuela's supreme court is on another Treasury blacklist for gutting the country's democratic institutions. They all say that they are innocent and accuse the U.S. of trying to destabilize Venezuela.

In some ways, analysts say, the extent of these accusations has made a negotiated solution to Venezuela's crisis more difficult. "The regime's connection to crime and drugs is what makes it difficult for them to give up power," says Harold Trinkunas, an expert on Venezuela at Stanford University. "Many have to be worried that if they step down, they will be put on a plane to the U.S."

In Cuba, the Castro dynasty has kept power despite decades of disastrous economic policies due to devotion to the charismatic Fidel, popular achievements such as universal free health care, ideological loyalty to Marxism, discipline enforced by security forces, and the nationalist frisson of facing off against the U.S. In Venezuela, aside from a similar devotion to Mr. Chávez, the glue that has held the regime together is simpler: oil-soaked corruption on an epic scale.

Former planning minister Jorge Giordani, one of Mr. Chávez's closest confidantes, said in 2015 that of an estimated \$1 trillion in oil revenue received during the Chávez years, two-thirds had been distributed to workers through subsidies and cash transfers. The rest, more than \$300 billion, had "fallen through the cracks," he said. Mr. Giordani quit Mr. Maduro's government in disgust in 2014 and now lives in a quiet neighborhood of Caracas.

This year, the U.S. Treasury Department put Samark López, a Venezuelan businessman, on a blacklist, accusing him of being a frontman for Vice President El Aissami, an alleged drug trafficker. Announcing the seizure, Treasury Secretary Steven Mnuchin said that the U.S. had frozen assets worth "tens of millions" of dollars when it seized a slew of properties and firms owned or controlled by Mr. López in the U.S., the U.K. and elsewhere. In a statement, Mr. López denied any wrongdoing and called the accusations "politically motivated."

The government didn't respond to requests for comment, but in the past, Mr. Maduro and other officials have dismissed accusations of corruption, economic mismanagement and repression as part of an "economic war" being waged by Venezuela's private sector, in cahoots with the U.S., to destabilize and overthrow the socialist government.

As in many petrostates, oil accounts for 95% of Venezuela's foreign-currency earnings. Since the government administers the oil, one sure way to get ahead is not by creating a new business but by getting close to the government to secure access to oil rents. Venezuelans call the enterprising class following this model "*los enchufados*"—the plugged-in ones.

The path to power in Venezuela is often said to run through the army and oil. Once in power, the populist Mr. Chávez went after the oil, eventually firing 19,000 employees of the state-run oil firm Petróleos de Venezuela to stack the company with his yes-men. After a brief and unsuccessful coup against him in 2002, he also cleaned out the barracks, handing over indoctrination and training to his Cuban allies.

In the following years, oil prices rose sharply, and Mr. Chávez spent lavishly. He saved none of the windfall, ran large budget deficits even at peak-oil prices, raided the country's rainy-day oil fund, and borrowed heavily, first from Wall Street and then from the Chinese and the Russians. He handed out billions of dollars worth of cut-rate oil to Cuba, Nicaragua and even Boston and London to show off Venezuela's growing energy clout.

The number of government employees doubled, to five million, and spending skyrocketed. Printing so much money caused inflation, so the government set prices, sometimes below the cost of production. Companies that refused to sell at a loss were seized, aggravating shortages. Less local production made the country ever more reliant on imports.

But once the price of oil began to drop in 2014, Venezuela could no longer afford the imports, which have fallen from \$66 billion in 2012 to about \$15.5 billion this year. And there is little domestic industry left to pick up the slack.

"It is classic Latin American populism on steroids, and now we have the worst hangover in history," said Juan Nagel, a Venezuelan economist living in Chile.

Beyond some new public housing, little was built. Mr. Chávez left Venezuela littered with the bones of ambitious, half-finished public-

works projects. Among them was a \$20 billion scheme to build a train network, which now lies abandoned. In Caracas, a new subway line ended up being just one additional stop on an existing line, prompting local wags to call it the Centi Metro (centimeter) rather than just a plain Metro.

Unperturbed, the flamboyant leader focused on projects like changing Venezuela's time zone by half an hour. He renamed the country the Bolivarian Republic of Venezuela. And to mark the shift in Venezuela's political course, he changed the direction of a wild stallion on the country's coat of arms, making the horse gallop left instead of right.

Mr. Chávez's revolution attacked the old elites, sending nearly two million Venezuelans—and billions of dollars—packing in the past 10 years. But in their stead rose a new elite: the so-called *Boliburgueses*, or Bolivarian bourgeoisie, who enjoyed a life of premium wines, Scotch and cars as poverty levels rose.

"You don't see that in Cuba or Vietnam. But here, you see Hummers, private jets and obscene new mansions," says Miguel Pizarro, an opposition leader whose father was a Marxist guerrilla in Venezuela and whose mother served in Mr. Chávez's first political party in the mid-1990s. "These guys literally bought the homes where Venezuela's elite lived, tore them down and built even bigger ones."

Few enjoyed la dolce vita of Caracas more than Wilmer Ruperti, a businessman who earned Mr. Chávez's loyalty in 2002 when he helped break an oil strike. Mr. Ruperti was a familiar sight in Caracas, riding in an armored Jaguar accompanied by two North Korean bodyguards. The magnate cemented his friendship with Mr. Chávez by buying a pair of Simón Bolívar's pistols for \$1.7 million in a New York auction and presenting them to the Venezuelan leader.

Last year, Mr. Ruperti paid the multi-million-dollar legal fees for the criminal defense of Mr. Maduro's nephews. At the same time, Mr. Ruperti's firm won a \$138 million contract from the state oil company. Mr. Ruperti said it was his patriotic duty to pay the nephews' legal fees as a way of relieving the pressures on Mr. Maduro. He denied any link between the payment of the fees and the state oil-firm contract.

Corruption helps the government maintain political control. And no tool has been more effective than exchange controls, initially adopted by Mr. Chávez in 2002 during a national strike to control capital flight. Fifteen years later, they have reshaped Venezuela's economy and given the government enormous power to pick who gets dollars from the country's oil wealth—often at absurdly low rates.

For instance, firms and others who import food get dollars at the official rate of 10 bolivars. But they can turn around and sell those dollars on the black market for 8,300 bolivars.

Venezuela's army recently got the rights to set up its own mining and oil companies, and the armed forces are in charge of most critical imports. In 2016, 18 generals and admirals were tasked with importing key foods and sanitary items. One brigadier general was put in command of acquiring black beans; another was charged with acquiring toilet paper, feminine napkins and diapers. Logically, an admiral was placed in charge of acquiring fish.

No one knows how much money has been lost. Mr. Giordani estimated that a third of the \$59 billion that the government handed out to companies to bring imports into the country in 2012 might have ended up in fraudulent schemes.

"It's a terrible economic model, but it's great for politics and power," says Asdrúbal Oliveros, a prominent Venezuelan economist.

The opposition and the regional governments don't know how to turn the tide. An Organization of American States resolution this week urging Venezuela to return to democracy was supported by every major country in the hemisphere but blocked by Venezuelan allies like Nicaragua and a handful of statelets like St. Kitts and Nevis.

Many in Venezuela hope that parts of the army haven't been tempted by money and will want to honor the country's democratic past. Ibsen Martínez, who helped write some of the country's most beloved soap operas, says that hope is likely in vain.

"The army is now a criminal organization," he said in an interview from Bogotá, where he now lives in exile. "But in every culture, there are mythical creatures. In Venezuela, it is the idea of an institutional military man, who will come out like Captain America to resolve everything." That instinct, he added, led to Mr. Chávez in the first place.

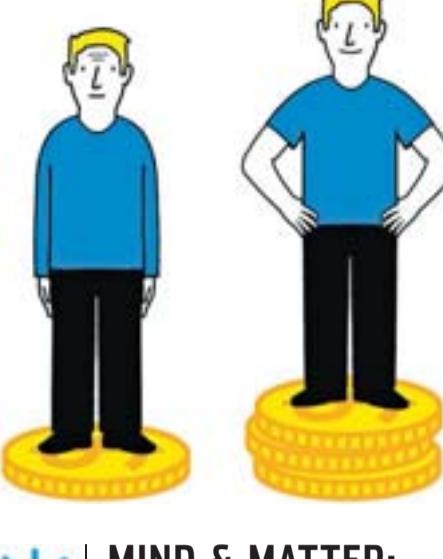
His revolution's mournful impact can be seen everywhere. Venezuela's national baseball league now plays to empty stadiums and is considering suspending this year's season. The Teresa Carreño theater, an architectural masterpiece in Caracas, used to produce some of the region's best operas and dramas; it now mostly hosts government rallies. In the nearby Caracas Museum of Contemporary Art, water drips into buckets near paintings by Picasso and Mondrian. The museum is so empty that a thief replaced a Matisse portrait with a fake without anyone noticing for several years.

Alberto Barrera, the author of a biography of Mr. Chávez who now lives in Mexico City, thinks that the time is fast approaching when he and the opposition may need to say goodbye to their hopes. "I wonder when I will wake up and realize, 'They beat us.' That it's all over and the country I knew is gone," he said.



FROM TOP: JORGE UZON/AGENCE FRANCE PRESSE/GETTY IMAGES; JUAN BARRETO/AGENCE FRANCE PRESSE/GETTY IMAGES

MIND & MATTER:  
SUSAN PINKER



## Can an Entire Generation Change Its Personality?

WHEN THE cartoon character Popeye proclaims, "I Yam what I Yam," he personifies the idea that personality traits are more or less fixed in adulthood.

Whether shy or outgoing, a leader or a follower, we are—notwithstanding minor tweaks—who we are.

But what if a whole generation can learn a new set of tricks?

A new study suggests as much. Published this month in the Proceedings of the National Academy of Sciences, the research shows a shift in many personality traits in men that could make them more successful in the workplace. This huge study included 80% of the male population born in Finland between 1962 and 1976, or 419,523 young men. All of them had taken standardized cognitive and personality tests when they entered the Finnish Defense Forces under a compulsory male draft at the age 19 or 20.

The researchers then looked at these Finnish men's average annual earnings at age 30 to 34, which the scientists considered a good predictor of their lifetime earnings.

What struck researchers the most was that self-confidence, sociability and leadership motivation all rose on average from the group of men born in 1962 to those born in 1976. Striving, deliberation and dutifulness crept up too, though not as much. Levels of intelligence or family income didn't seem to be driving these generational shifts, given that they surfaced at all cognitive levels and social strata.

And here's the kicker: When the researchers compared personality scores when the men entered the draft with earnings at age 30 to 34, they found that even small upward shifts in personality ratings predicted a higher income 10 years later—with the 1976 group earning as much as 12% more than its 1962 counterpart, when other factors such as inflation, overall wage rises and education were stripped away.

"We don't want to say that personality improves, because reasonable people can perfectly well disagree on what constitutes a good personality," wrote Matti Sarvimäki, one of five authors of the

## Linking personality ratings to eventual increases in income.

study and an economist at Aalto University in Finland. "What we show is that the types of personality traits that predict higher earnings rise" from birth year to birth year.

Of course, we should be cautious when extrapolating from the experience of Finland, a country of about 5.5 million people, to the U.S. Nor is it clear whether these results would have a positive effect on the American labor pool. In addition, the Finnish study, due to the male-only draft, was limited to men.

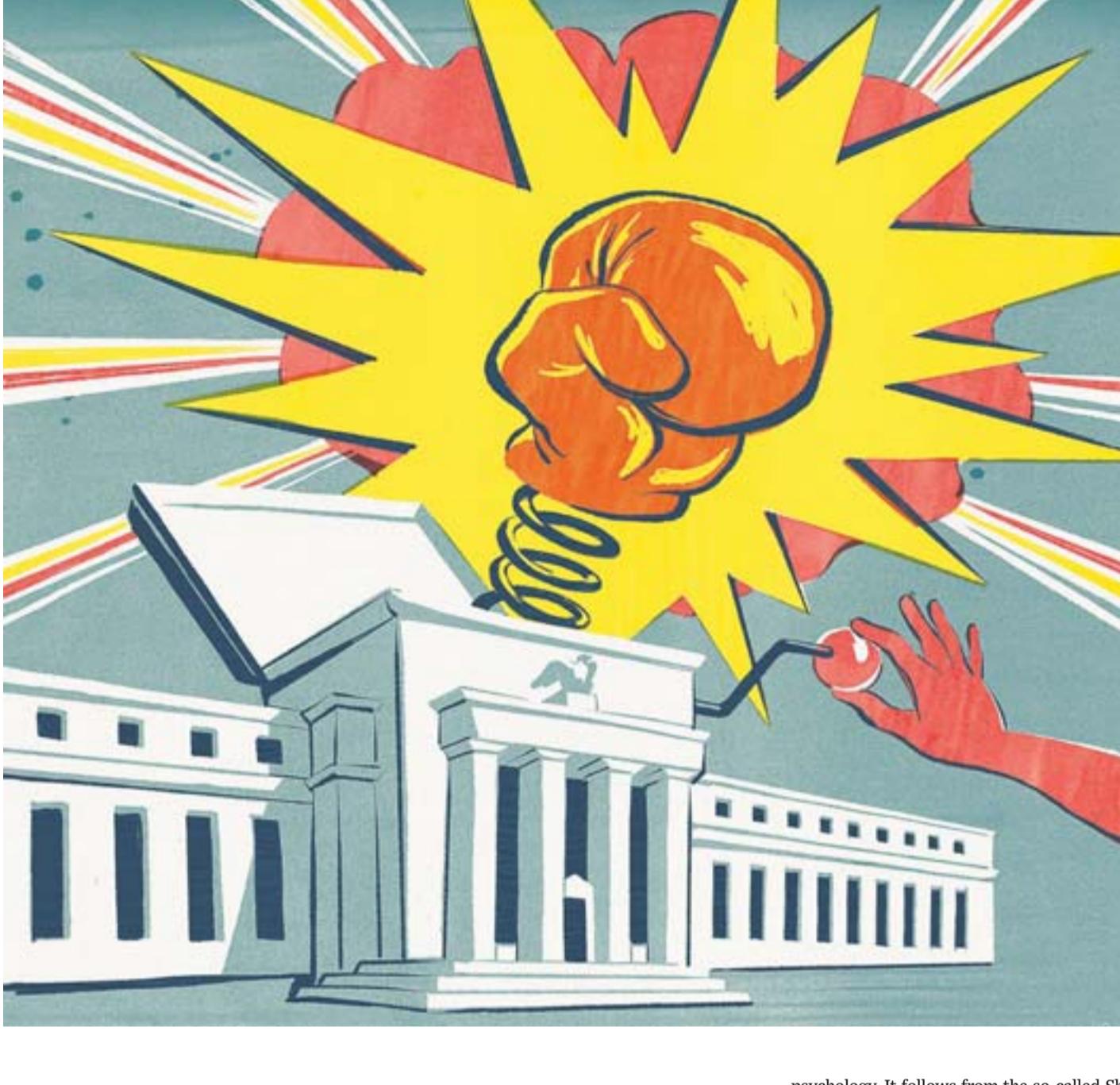
Still, this study's findings line up with some other positive trends. U.S. college students have become more outgoing, self-confident and self-absorbed—though that last trait may not be quite as positive as the others. Another rising measure: IQ scores are improving about three points a decade, a phenomenon known as the Flynn effect.

As with IQs, we don't know why personality traits are changing. "It's kind of a mystery," says Richard Haier, an emeritus professor at the University of California, Irvine, and the author of "The Neuroscience of Intelligence."

If extraversion is rising, he said, then—as is the case with IQ-test levels—improvements in general health and nutrition could be affecting the change.

Education too could play a role, he says—for example, more exposure to problem-solving at school. Indeed, education is one of the factors Prof. Sarvimäki will explore next.

## REVIEW



ALEX NABAUM

# The Fed Should Surprise Us

Its habit of calming markets may help set up a crash

BY SEBASTIAN MALLABY

**WITH EVERY** passing month, the U.S. economy feels, ominously, more like it did in 1999 and in the mid-2000s. Both were times when a promising mix of full employment, low inflation and buoyant spirits gave way to a financial convulsion that triggered a recession. Unfortunately, the Federal Reserve under Janet Yellen is ignoring a relatively painless policy that would reduce the danger of a sequel.

The debate surrounding the Fed's interest-rate decisions tends to follow a familiar script: Should the federal-funds rate be nudged lower or higher? Inevitably, this means parsing conflicting signals: Lately, inflation has been below the Fed's annual 2% target, which argues for low interest rates; but at the same time, unemployment is very low, and loose money may have pumped up asset prices unsustainably, both of which argue for higher interest rates.

A different debate could help the Fed out of

this bind. Even if Ms. Yellen's current, rather gradual pace is appropriate, the Fed can reduce the odds of a financial bust by tweaking the manner of its tightening.

To do so, the Fed should examine a tenet of the central-banking faith: that transparency is always virtuous. By being less transparent—and reserving the option of deliberately ambushing investors with a shock move—the Fed could discourage them from taking too much risk.

Such an ambush would unsettle markets, to be sure; but that would be the point. The painfully learned lesson from the late 1990s and mid-2000s is that excess financial serenity leads to excess risk-taking, which in turn increases the chances of a blowup. In the first case, that meant the tech bust of 2000; in the second case, it meant the planet-shaking subprime-mortgage meltdown. Since market convulsions caused the last two recessions, reducing the probability of the next one must be a Fed priority.

This link between serenity and excessive risk-taking isn't just an observation about market

**Central bankers can be fatally attracted to simplicity.**

psychology. It follows from the so-called Sharpe ratio, named after William Sharpe, a Stanford economist who won a Nobel Prize in 1990. The Sharpe ratio states that the attractiveness of an investment—a stock, a bond or some bundled combination of financial instruments—can be measured by its expected return (technically, the excess return over the risk-free rate, such as on Treasury bonds) divided by its expected volatility. A financial bet that you think will earn, say, 6% a year is extremely attractive if its volatility is low. But if markets are choppy and the risk looks large, 6% won't be worth it.

It follows that, when risks seem modest,

Wall Street borrows to make bets that look great based on the Sharpe ratio. Many algorithmic trading systems do this automatically: They are programmed to borrow more and bet bigger when recent market history indicates serenity. Human traders do this too, loading up on positions as volatility falls, in a strategy known as "vol targeting."

Then there is what Wall Street calls "selling volatility." When markets are calm, a tempting way to juice returns is to sell insurance against future disruptions. Traders do so by selling options, collecting a premium for shouldering the risk that markets could collapse. The more traders do this, the more they induce trading behavior that makes their predictions of stability come true.

The expectation of calm becomes self-fulfilling, until a shock causes a spike in fear—at which point the alchemy of options intensifies the instability. A similar dynamic exacerbated the drama-

tic crash of 1987.

In the past month, I have heard traders in London, New York and Singapore worry about the dangers of volatility selling. Frank Brosens, the co-founder of Taconic Capital, a hedge fund, has tried to gauge the size of this practice in U.S. equity markets: He isn't alarmed enough to bet aggressively on a collapse, he told me, but he has bought some cover against the risk of one.

The longer the eerie calm in the market continues, the greater the danger that vol selling will spread. And the longer the real cost of short-term borrowing can be counted upon to remain negative or near zero, the likelier it is that financial excess will ultimately destabilize the economy.

Given all this, why does the Fed accentuate this risky calm? Part of the answer is that its leaders don't like to play the villain. Chastened by the experience of the 1970s, they accept that they must raise interest rates and destroy jobs when inflation threatens. But the equally hard lesson of 2008 hasn't yet been absorbed: that they should embrace modest, short-term market instability to head off truly disruptive crashes over the horizon. Instead, the calmer markets remain, the prouder the central bankers feel.

The other part of the answer is that, facing an immensely complex task, central bankers are fatally attracted to simplicity. In the "monetarist" era of 1979-82, the Fed, like many central banks, presumed to steer economies by targeting a single measure—the rate of growth of money. But it soon abandoned this project because "money" proved hard to define or measure.

Similarly, in the 1990s, many central banks aspired to abolish exchange-rate volatility by pegging their currencies to the dollar. That project was ditched when it turned out that weaknesses within an economy can turn a currency peg into a currency crisis.

The central-banking fashion now is to target inflation and to communicate prodigiously about coming interest-rate adjustments. Fed officials publish their expectations for interest rates over the next three years and telegraph changes via statements, speeches and interviews. But stable finance often matters more than stable prices. And transparency about future interest-rate moves can induce disruptive speculation.

In January 2004, some three years before the subprime mortgage bust, the Fed saw financial risks building. With inflation low, the federal-funds rate was down at just 1%, which ran the risk of pumping up asset markets unsustainably. "The potential snapback effects are large," Fed Chairman Alan Greenspan acknowledged at the Fed's first interest-rate meeting that year. "In my view, we are vulnerable at this stage to fairly dramatic changes in psychology."

Like today's Fed, in other words, Mr. Greenspan and his colleagues faced the danger that the interest rate that would stabilize consumer prices would also destabilize asset prices. The Fed could have escaped this dilemma by acting less predictably. Instead, it telegraphed its intentions and avoided surprises. The resulting calm in the markets was "a central banker's dream," as one of Mr. Greenspan's colleagues said. "The market now pretty much anticipates how we're going to respond to various events," Mr. Greenspan rejoiced in May 2005. The Fed's interest-rate moves, he added, were causing "as little reaction...as possible."

With the unfair benefit of hindsight, we know that this lack of market reaction was a curse: One central banker's dream became another central banker's nightmare. The Fed needs to absorb this lesson—and soon.

*Mr. Mallaby is a senior fellow at the Council on Foreign Relations and the author of "The Man Who Knew: The Life and Times of Alan Greenspan" (Penguin Press).*

## THE CENTENARIANS' GUIDE TO LONG LIFE

BY JOHN DAY

**LIKE ALMOST** everyone else in the U.S., I have tried a lot of diets and exercise regimens over the years, without much success or benefit. I was suffering from high blood pressure and high cholesterol and consulted fellow doctors and nutritionists. Everyone seemed to have a different answer. But everything began to change as I came to know Bapan, China—a place I read about after it was featured in a medical journal. It's known as "Longevity Village" due to its concentration of older residents. With a population of about 550, it has around one centenarian for every 100 people living there. The average ratio of centenarians in the U.S. is 1 in 5,780.

In Bapan, people age very slowly and don't struggle with obesity; villagers in their 90s and even 100s are often still out in their gardens and farms. There is virtually no heart disease or cancer. Dementia is all but unheard of.

To be honest, I found all of this a bit destabilizing. It stood in stark contrast to much of what I'd learned in medical school. I'd been taught that chronic medical problems were just part of aging and that we can treat them with medications and surgeries. In this way of looking at life, a painful decline was pretty much inevitable. All we could do was make it more tolerable.

So what do the villagers of Bapan do to live such long, healthy lives? A good diet free of added sugars and processed foods naturally plays a role, as does physical activity. The older residents of Longevity Village never intended to exercise, but they did get exercise—lots of it. Almost every waking moment of their lives was spent in motion. But I also discovered that some



man named Li Yu, who told me he was 50 years old. When I mentioned that working in the field seemed like difficult work, he said, "It is hard work. By the time I am back at my home, though, I don't think about how hard it is. I am always feeling satisfied about what I have accomplished during the day."

**Don't forget to play.** Many of us spend at least some of our lives engaged in exercise and athletics, but most of us don't *play*. The villagers incorporated play throughout their days. Mawen, for instance, told me about the ad-libbed songs that she and her husband would sing as they worked in the fields. You can add play even in small ways. When I'm on call, I am often running from one end of the hospital to the other. Now, to make it a game, I try to see how many steps I can log on my iPhone.

**Look forward to aging.** In a study of 660 older Americans published in 2002 in the *Journal of Personality and Social Psychology*, researchers found that regardless of socioeconomic status or even age, people who embraced the aging process and felt like life would continue to get better lived nearly eight years longer than those with a more pessimistic view. Indeed, all of the centenarians I've spoken to in Bapan told me that they are living the best years of their lives. Looking forward to later years that could be truly golden might be one of the best things you can do for your health.

*Dr. Day is a cardiologist at the Intermountain Medical Center Heart Institute in Salt Lake City. This piece is adapted from "The Longevity Plan," written with Jane Day, to be published on July 4 by HarperCollins (which, like The Wall Street Journal, is owned by News Corp.).*

simple changes in mind-set can help, too.

**Smile more.** Mawen, who told me she was 107 years old when we first met, was feisty, funny and always smiling. When I asked if she smiled even through the hard times in her life, she replied, "Those are the times in which smiling is most important, don't you agree?" One clever study published in *Psychological Science* in 2010 showed that baseball players who smiled in their playing card photographs lived seven years longer, on average, than those who looked stern. So the next time you're standing in front of a mirror,

grin at yourself. Then make that a habit.

**Rethink stress.** At least 70% of all visits to the doctor are estimated to be for stress-related ailments such as high blood pressure, chest pain or palpitations. Rachel Lampert of Yale University has found that feelings of sadness, anger, stress, impatience or anxiousness increase a person's risk of suffering from atrial fibrillation nearly 600%.

But among the people of Bapan, I found an exceptionally low level of perceived stress. One day, I found myself picking vegetables with a

## REVIEW

### WORD ON THE STREET: BEN ZIMMER

### Lawyering Up, Aided by 'NYPD Blue'

**AS SPECIAL COUNSEL** Robert Mueller's investigation into alleged Russian interference in the 2016 election continued to widen in recent days, extending to President Donald Trump's firing of former FBI Director James Comey, some people in Mr. Trump's orbit were reportedly to be "lawyering up."

In addition to Mr. Trump himself, Vice President Mike Pence and even Mr. Trump's personal attorney Michael Cohen have recently retained their own lawyers.

Democrats didn't let this go unnoticed. "When lawyers are lawyering up, that means that something is not right," Rep. Ruben Gallego (D., Ariz.) told CNN.

"Lawyering up" entered the popular lexicon back in the mid-1990s, thanks to the hit ABC police procedural, "NYPD Blue," which aired from 1993 to 2005. Starting in the show's second season, the cops often spoke of suspects "lawyering up"—typically in ominous terms, when detectives became worried that they weren't going to extract the hoped-for confession.

On an episode broadcast on Nov. 22, 1994, Bobby Simone (played by Jimmy Smits) warned of one suspect, "He would lawyer up in 10 seconds." The following week, Detective Simone said of another character, "His father threatened to lawyer him up."

When I checked with "NYPD Blue" co-creator Steven Bochco, he was quick to give credit for the use of the phrase to Bill Clark, who drew on his experience as a New York Police Department detective for more than two decades to ensure that the show remained authentic.

Mr. Clark said that by the second season, he had retired from the NYPD so that he could work full-time on the show as a writer and producer, entrusted by Mr. Bochco and his collaborator

### A former detective's contribution.

David Milch to craft stories from his own experience. Mr. Clark infused the scripts with police lingo like "lawyering up," "reaching out" (for contacting someone who could help in a case) and "skell" (for a small-time perp).

These bits of cop-speak became so associated with the show that the TV critic Alan Sepinwall created a drinking game out of them, published on his website. Whenever anyone used "lawyer up," for instance, viewers had to take a drink. "A lot of the show's slang tended to filter into the vernacular," said Mr. Sepinwall, who wrote for many years for the Star-Ledger newspaper in Newark, N.J.

As for "lawyering up," Mr. Clark said that it was a "sensitive expression" for police detectives intent on eliciting confessions. "If a guy lawyered up, the ballgame's over as far as the interrogation goes," he said.

At least two legal scholars have critiqued the show's depiction of "lawyering up." In a 1998 article for the journal *Green Bag*, law professors Susan Bandes and Jack Beerman said "NYPD Blue" gave the consistent impression that "lawyering up is the worst thing a suspect can do."

Nowadays, the phrase applies to the hiring of attorneys more generally. Mr. Clark said he was happy that his introduction of "lawyering up" to the show helped popularize the expression. Where will all the White House lawyering up end? Tune in tomorrow.

### R&D: DANIEL AKST

## Images That Age You Automatically

**IN OSCAR WILDE'S** novel "The Picture of Dorian Gray," a portrait ages while its subject looks unchanged by time.

In real life, of course, it is the other way around—a situation that poses problems when someone goes missing, years pass, and the only existing photos don't reflect the changes wrought by time. Forensic artists can produce "aged" photos, but the process requires talent, training and patience. Outdated images can also be a problem in routine security settings, when passport images, for example, fail to keep up with the years.

That is why facial-age progression is a hot topic for researchers. Scientists are enlisting computers to automate the creation of facial images that age in sync with the people they portray. Now scientists at Britain's University of Bradford have adapted a statistical technique that they say can improve the accuracy of synthetically aging humans in photos.

To make this method work, the scientists first used a database of roughly 30,000 images, many from the movie website IMDb.com. Some of these images portrayed the same person at different points in life—an actor over the course of a career, for instance. The database also included some people who were relatives. The scientists annotated images so that the software—a self-educating mathematical model, or algorithm—would learn to take account of facial landmarks, differences in aging according to ethnic background and, finally, kinship, through the use of multiple relatives' faces.

The resulting aged images were so good that a computer trained in standard facial-recognition techniques could match them to an image of the right person—no matter what age—from among a database of thousands with roughly 98% reliability, says Hassan Ugail, one of the Bradford scientists. That suc-



RUTH GWILY

cess suggests that the technology might be useful in automatically aging a passport photo to see if it matches the live person facing the camera at a national entry point.

The scientists acknowledged that, to the naked eye, some of their synthetically aged images look a little generic. One reason: The synthesized images were produced without hair and ears, because these were either inconsistent over time or missing in many of the training images. But this poses no problem for properly trained computers, which are more detail-oriented and less dependent on factors such as gender, age and expressions. "The

way humans recognize faces is completely different from the way a computer does," says Dr. Ugail.

Creating synthetically aged faces that remain recognizable to humans—in other words, that retain a more consistent identity—would be useful for finding missing persons or in security settings. A team of European researchers, including Grigory Antipov from France's Orange Labs, has attacked this problem with two mathematical models, one to generate aged faces and the other to see if those images can be matched to the original. If the second model can't make a match, the first has to keep trying new faces until the portrait

is both aged and recognizable.

The Bradford researchers were able to make some headway on this issue in working with a single face—that of Ben Needham, who vanished on the Greek island of Kos in 1991, when he was 21 months old. The Bradford technique produced images, complete with hair and ears, of Ben over the years that 29 human volunteers found more recognizable than the aged images produced using more traditional techniques.

*"Facial Age Synthesis Using Sparse Partial Least Squares (The Case of Ben Needham)" by Ali M. Bukar and Hassan Ugail, Journal of Forensic Sciences (June 6)*

### WILCZEK'S UNIVERSE: FRANK WILCZEK No, Truth Isn't Dead

they speak of "truth" or "reality." Science builds on experience, using logic—and a little more.

Argument and mathematical deduction play important roles in that process, but they aren't enough. To do science, we must make assumptions. Early on, people learned the benefits of assuming, as working hypotheses, the stability of physical laws and the irrelevance of faraway events.

Those presumptions weren't obvious, let alone logically necessary. Indeed, notions that contradict them, including creation myths, miracles and astrology, were—and still are—quite popular. But the brilliant success of classical physics, epitomized in Newton's laws of motion and gravity, has earned those basic assumptions great authority.

As science progresses, the most successful "working hypotheses" evolve into authoritative assumptions—also known as fundamental laws. Scientists often say, "Yesterday's sensation is today's calibration"—a sort of trail guide for our scientific adventure. Yet a hall-

mark of science is that we spell out and continually check our assumptions—and, if necessary, modify them. That discipline keeps science honest, reliable and on-track. Yesterday's theory is tomorrow's query.

Recently, some scientists have started talking about a conception of "post-empirical" scientific truth—the idea that we can validate scientific ideas by their logical coherence and mathematical elegance, even if they can't be checked against experience. That's a bad idea, for several reasons.

For one thing, it promotes complacency. Why do the hard work of trying to test your ideas—and maybe discovering that they're wrong—if you "know" that they're "true" from the warm feelings they give you?

Also, we've been there before. Impressed by the beauty and success of Euclidean geometry, philosophers—most notably Immanuel Kant—tried to elevate its assumptions to the status of metaphysical Truth. Geometry that fails to follow Euclid's assumptions is, ac-

cording to Kant, literally inconceivable. But creative mathematicians, undaunted, played with different assumptions—and their work paid major dividends for physics. Non-Euclidean geometry is central to Einstein's brilliantly successful theory of gravity, the general theory of relativity.

Finally, science plays a vital role in defining the boundaries of rational discourse. "Truth," in the context of morality, law and politics, is a very different concept from logical or scientific truth. In those domains, science, with its cautious attitude, can't provide all the answers. Different groups of people make different assumptions, which will sometimes lead to very different conclusions. But when any version of "truth" contradicts scientific truth (let alone empirical truth), sensible people must reject it. That special authority of scientific truth depends upon its integrity, which talk of "post-empirical science" undermines.

So: What is truth? It is different things, in different contexts. Is it dead? Capital-T "Truth," the dream of theologians and metaphysicians, remains a troublesome zombie. But truth itself, exalted through its humility, is alive, kicking and worth defending.

### PHOTO OF THE WEEK



FABRICE COFFRINI/AGENCE FRANCE PRESSE/GETTY IMAGES

### Jumping Into Summer

Young men leaped into the river Aare in Bern, Switzerland, on Wednesday as a heat wave kept much of Europe sizzling.

**Answers**  
To the News Quiz on page C13

1.A, 2.D, 3.D, 4.C, 5.B, 6.B,  
7.C, 8.A

# BOOKS

THE WALL STREET JOURNAL.

Saturday/Sunday, June 24 - 25, 2017 | C5

## Nature's Rules for Growth

A simple mathematical relation might explain how everything—from plants to people to cities—develops

### Scale

By Geoffrey West  
Penguin Press, 479 pages, \$30

BY CHARLES C. MANN

LIKE A HARDCOVER version of the Veg-o-Matic in those old television commercials, Geoffrey West's "Scale" is three—three!—three books in one. The first is among the most fascinating popular-science books I've read in a long while, and the other two are consistently provocative. But like that Veg-o-Matic on the shelf, it's unclear how useful the whole package will be in the end.

Mr. West is a particle physicist whose career was disrupted in 1993 when Congress, with the acquiescence of President Bill Clinton, canceled the Superconducting Super Collider, an enormous particle accelerator that had been in the works for years. The end of the SSC marked the end of U.S. dominance in physics; thousands of Ph.D.s saw their research programs turn to ash. Mr. West, then director of the particle-physics program at Los Alamos National Laboratory, switched to biology and after that, more boldly, to the study of society.

Beginning in the late 1990s, Mr. West and a raft of collaborators argued in a series of articles that a single phenomenon called "scaling" could explain many of the fundamental properties of living organisms. In some sense, this is no surprise. As far back as 1932, the Swiss physiologist Max Kleiber had noted that the metabolic rates of creatures of every sort—the amount of energy they need to stay alive—exhibit what Mr. West calls "an extraordinarily systematic regularity."

The regularity is shown most commonly by drawing a special kind of graph, in which every increment on the x- and y-axis is 10 times bigger than the previous increment—instead of running from 1 to 2 to 3 and so on, the increments run from 1 to 10 to 100 and so on. When organisms' metabolic rates are plotted on the vertical axis and their mass on the horizontal one, the result is a dead-straight line—a relationship that holds true for animals as tiny as a mouse (typical weight, .02 kilograms) and as enormous as an African elephant (typical weight, 6,500 kilograms).

This is a scaling law: a relationship between two quantities that holds true at many orders of magnitude. In this case, every species' metabolic rate "scales" with increasing size. After Kleiber, researchers found that his rule holds true for fish, amphibians, insects and plants—indeed, for every creature from the smallest microorganism to the biggest whale. "Overall," Mr. West says, this relationship "encompasses an astonishing twenty-seven orders of magnitude, perhaps the most persistent and systematic scaling law in the universe." And the correspondence is no isolated phenomenon. "Similar systematic scaling laws hold for almost any physiological trait or life-history event across the entire range of life," Mr. West writes, including quantities as disparate as "genome lengths, lengths of aortas, tree heights, the amount of cerebral gray matter in the brain, evolutionary rates, and life spans."

This is remarkable. It was as if Mr. West and his colleagues had discovered that the number of doors, bathrooms and chimneys in every building in the world—a Mongolian yurt, a Cairo apartment and Tom Brady's moat-surrounded castle in Los Angeles—were described by a single mathematical rule that specified details down to the number of doorknobs. For real estate, the idea is ridiculous. But not, it seemed, for biology.

With two colleagues, Mr. West proposed an explanation in 1997. Roughly



GREEN THOUGHTS Plants and animals deliver energy through branching networks—veins and vessels—that shape the path of growth and determine its limits.

organisms to the biggest whale. "Overall," Mr. West says, this relationship "encompasses an astonishing twenty-seven orders of magnitude, perhaps the most persistent and systematic scaling law in the universe." And the correspondence is no isolated phenomenon. "Similar systematic scaling laws hold for almost any physiological trait or life-history event across the entire range of life," Mr. West writes, including quantities as disparate as "genome lengths, lengths of aortas, tree heights, the amount of cerebral gray matter in the brain, evolutionary rates, and life spans."

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speaking, they said that our bodies, like those of every other living creature, are bags of cells. These cells are in some ways surprisingly similar; all must be nourished and directed, and most of them are about the same size, no matter what species they belong to (a few exceptions exist, like brain and fat cells). Thus living things must contain networks—blood vessels, plant veins and so on—that distribute energy, materials and information to cells. Because the cellular endpoints of every network are all about the same size, the "terminal units" of the distributive system must also be about the same size. That is to say, the capillaries (the smallest blood vessels) of all mammals are roughly the same size, as are those of every fish and insect, as are the endpoint veins of leaves and a host of other things.

Big species need more nutrients and energy than small ones, so the network centers—the heart, for mammalian blood systems; the big xylem at the roots, for vascular plants—vary in dimension. Because the endpoints are always the same small size, the network needs to consist of what Mr.

West calls a "hierarchical branching network structure," with big branches unraveling tree-like into smaller ones. But when the big tubes divide into smaller tubes, the branch points will cause eddies or otherwise interfere with the flow—unless they obey certain precise physical properties. Un-

lengths of successive blood vessel branches in every species must decrease by a single constant factor. That the volume of blood in every species is a constant proportion of the body volume, regardless of size. That measures ranging from lung volume to the pumping action of the heart to the frequency of breathing are all covered by scaling laws.

A certain type of reader (me, for example) will find this stuff fascinating—I kept underlining phrases and putting exclamation points in the margins. And this kept going as Mr. West showed how fractals (structures like snowflakes, in which similar patterns repeat at progressively smaller scales) and network dynamics govern birth, growth and development, again in species of every sort. But then, around page 200, "Scale" takes a radical shift.

Mr. West begins what amounts to a second book about social science, and here my exclamation points turned into question marks.

There is a long, rich tradition of physicists contributing to biology. Physicist Erwin Schrödinger's "What Is

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### Laws of scale can predict a city's crime rate—but also such trivia as its residents' walking speed.

surprisingly, evolution keeps nudging organisms toward those properties, which again are similar for every species, because they depend on physical laws that are independent of biology.

As physicists do, Mr. West and his collaborators looted this new understanding to produce all kinds of eye-brow-raising results. That blood pressures in the various branches of the network are the same for every mammal, regardless of size. That the

## Chronicle of a Damned Generation

### Young Radicals

By Jeremy McCarter  
Random House, 368 pages, \$30

### Max Eastman: A Life

By Christoph Irmscher  
Yale, 434 pages, \$40

BY RICHARD ALDOUS

TOM BROKAW famously called those born around 1917 "the Greatest Generation." The epithet for the young men and women who had already come of age by 1917 was less inspirational.

World War I changed the calculation for New York radicals as ideals slammed into harsh realities.

"Sometimes," wrote Walter Lippmann, one of their number, "I think we are a damned generation."

This damned generation is the subject of Jeremy McCarter's dazzling and occasionally exasperating "Young Radicals." Among other things, Mr. McCarter has been the theater critic for New York magazine and spent five years on the staff of New York's Public Theater. He co-wrote a best seller with Lin-Manuel Miranda, the creator of the musical "Hamilton." It's not difficult to

see why Mr. Miranda would have been attracted to Mr. McCarter as a writing partner. He has a breezy and engaging style. He shifts between the present and the past tense, often inserts himself into the narrative and can be highly colloquial. "An ideal is a product of our life experiences, our hopes for our futures, the intimacies we develop among those who value the same things we do," he writes in typical fashion

when two of his characters fall out. "Uproot a deeply held belief, and you're likely to take some of the trellis with it."

Yet the style serves a purpose. In "Young Radicals," it is to convince us that the damned generation in its own way is also one of America's most important and that it has something to teach us in its painful battles over ideals and ideas.

Mr. McCarter picks "a constellation" of five radicals "whose ideals led them to travel a similar trajectory across the sky of their era." Lippmann would become for half a century arguably America's most influential journalist. ("Lippmann always has his own foreign policy," President John F. Kennedy wryly noted. "Sometimes it coincides with ours.") John Reed, Lippmann's Harvard

classmate, was one of the first on the scene during the Russian Revolution in November 1917 and wrote "Ten Days That Shook the World" about the experience. Alice Paul was a suffragette whose activism helped women win the vote in 1920 through the 19th Amendment. Max Eastman was the

queer and crotchety people who make up so large a proportion of human folk." In other words, Mr. McCarter adds, "the people like him."

Much of the early action in "Young Radicals" takes place in New York's Greenwich Village, then not only a center of outré chic but also a cheap part

as Reed did, to re-enact their strike in a new musical pageant at Madison Square Garden? Surely even Mr. Miranda would have struggled to make a hit out of that one.

World War I changed the calculation for everyone as ideals slammed into harsh realities. "Everybody has to grow up," writes Mr. McCarter (characteristically in the present tense).

Reed ran toward that reality,

embracing the dangers of front-line reportage and,

through his growing personal connection with the Bolsheviks in Russia, dabbling in febrile revolutionary politics.

Alice Paul ran toward reality too, single-mindedly recognizing that her commitment to women's suffrage trumped her opposition to America's entering

World War I.

Sometimes the clash between reality and ideals brought relationships to an end. "Fresh alliances form," writes Mr. McCarter; "old friendships collapse."

Bourne idolized Lippmann, but the hero worship, and their friendship, ended when Lippmann went to work for the Wilson administration. Bourne could never bring himself to denounce Lippmann personally, but his view was clear enough. "Only in a world where irony was dead," he wrote sadly,

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RED ALL OVER The socialist monthly the Masses.

## BOOKS

'My experience is what I agree to attend to. Only those items which I notice shape my mind.' —William James

# The Image as Event

### Slow Art

By Arden Reed

California, 325 pages, \$60

BY ANN LANDI

**MORE THAN** 20 years ago, Arden Reed, a professor of English at Pomona College, happened upon Édouard Manet's "Young Lady in 1866" while wandering through New York's Metropolitan Museum of Art. That arresting full-length portrait of the artist's favorite model posed in a pink peignoir led to an eight-year infatuation as Mr. Reed revisited the painting whenever he could. "I found myself drawn to the picture, resisted by it, and then drawn back," he writes. "How long, I mused, could I sustain this conversation?" He discovered from that prolonged enchantment that a work of art could "behave like a moving picture," offering an experience "as rich and as thorny as any literary or philosophical text."

Subsequent encounters with works by other artists closer to our time, like Hiroshi Sugimoto and James Turrell—both of whom make art that compels rapt attention or "at least cultivates patience"—led him to write a book-length study called "Slow Art: The Experience of Looking, Sacred Images to James Turrell." And the reader thinks, Well, why not? Especially as we've recently had books and movements devoted to slow food and slow sex, with sage advice about lingering over experiences even as the culture at large speeds up (so much so that, as the author points out, the average American museumgoer spends about 6 to 10 seconds with any work of art).

Slow art, in Mr. Reed's definition, names not a set of aesthetic objects but rather a prolonged "encounter between object and observer," and what in another writer's hands might have been a dry academic treatise turns out to be a lively ramble through high and low culture, touching on the likes of Diderot, Goethe, David Foster Wallace, Susan Sontag, Sleeping Beauty, the Countess de Castiglione and Andy Warhol.

As background to a history of slow art, the author describes and even takes part in the annual Pageant of the Masters in Laguna Beach, Calif., a summer festival of tableaux vivants that began in 1933 and is now going stronger than ever. Tableaux vivants, for the uninitiated, are "living pictures": full-dress stage spectacles—silent, motionless and theatrically lit—with actors holding poses for 90 seconds or so. These elaborately presented scenes are traditionally "recreations" of well-known masterpieces (the Laguna Beach theatricals always end with Leonardo's "Last Supper"). "The Pageant projects art into the world of an everyday Orange County



IN THE PINK 'Young Lady in 1866' by Édouard Manet.

evening, even as it sets art apart in a frame," Mr. Reed tells us. "Staging fabricates illusions that satisfy our spectatorial hunger, even as actors unmask the fakery in bodying it forth."

For Mr. Reed, tableaux vivants "occupy the point of intersection between slowing and accelerating that is the very locus of slow art." As such, they become the fulcrum for much of the author's discussion of slow art through the ages. Tableaux vivants flourished from about 1760 and waned in the 1910s. Slow art entered what

Mr. Reed calls a "second golden age" beginning around 1960, with paintings by Agnes Martin and Ad Reinhardt,

earthworks including Michael Heizer's "Double Negative" and Mr. Turrell's "Rodin Crater," and video art from Warhol to Bill Viola.

Before all that, of course, there was the art of early Christianity, icons and other objects of religious devotion that demanded slow looking and veneration from viewers. Later, religious processions pulled out all the stops by including floats featuring tableaux vivants of familiar scenes from Bible stories, like the Return of the Prodigal Son or the Crucifixion. Yet the advent of "true" slow art occurred only about 250 years ago because, the author argues, the experience of "unprecedented speed led people to seek breathers, breaks and

oases—if only to prevent cognitive and emotional fatigue." The Enlightenment *philosophe* Denis Diderot was one of its first apostles, championing tableaux vivants as a way to show people how to comport themselves, and painters responded, whether in the homely parables of Jean-Baptiste Greuze or the high-minded neoclassical scenes of Jacques-Louis David. In a campier vein

Do medieval icons, 19th-century tableaux vivants and performance art all share a genre?

(and camp finds its way into slow art, in proponents as disparate as Sontag and Oscar Wilde), David's near contemporary Lady Emma Hamilton, the foxy wife of the British envoy to the court of the Two Sicilies and mistress of Adm. Horatio Nelson, amused her admirers with solo tableaux in which she donned a Grecian costume and performed "surprising transformations, standing, kneeling, sitting, reclining, serious, sad, playful, ecstatic, contrite, alluring, threatening, anxious," one pose following another without a break, according to Goethe.

are a familiar urban plague, and themselves drive up air-conditioning use even further—a dysconomy of scale of precisely the kind Mr. West seems not to take into account.

El Paso, Texas, and Washington, D.C., have similar populations (about 680,000), so they are presumably similar in the physical attributes Mr. West measures. But the experience of living in each city is dramatically different. Washington (median household in-

### SCIENCE FICTION: TOM SHIPPEY

## Here's to the Athena Club

HOW STRANGE it is that Sherlock Holmes, whose career began about 1880, was not called in to deal with the "Jack the Ripper" murders, committed between 1888 and 1891. One might have expected him also to be involved with "The Strange Case of Dr. Jekyll and Mr. Hyde," written up by Robert Louis Stevenson in 1886. There appears to be a gap in our records of crime in Victorian London. Now it has been filled by Theodora Goss's "The Strange Case of the Alchemist's Daughter" (Saga, 402 pages, \$24.99).

Apart from Holmes and Watson, the important figures here are the sisters Mary Jekyll and Diana Hyde, assisted by three other escapees from the shadows of fiction. If you can believe H.G. Wells, Dr. Moreau must have been active in Holmes's London before he fled

Holmes and Watson, and a Jekyll and a Hyde, on the trail of Dr. Moreau's misbegotten offspring.

to his lonely island. His project of turning beasts into humans came to a disastrous end, but not with total finality. The man Moreau rescued, Prendick, escaped with his knowledge.

Moreau and Jekyll were moreover not the only experimenters with life in the fictional 1800s. Could Justine Moritz have been brought back to life by a guilty Victor Frankenstein, in a different body? And perhaps also the poison girl, Rappaccini's daughter, in the Nathaniel Hawthorne story of 1844? Both might have made their way to London.

In which case, murders taking place in the London slums, accompanied by organ-removal, might be motivated not by sadism but by further grisly attempts at life-renewal. Slowly Holmes and Mary Jekyll realize that there is a Society of Alchemists still operating, and Mary finds herself the nucleus of a female society determined to stop them: the daughters and the creatures of the experimenters, several of them with unusual powers. They call themselves the Athena Club, after the goddess born from her father's head.

Clearly they will have further work to do. They are just as much fun as their fictional fathers, and like the League of Extraordinary Gentlemen, their talents play off against one other, anchored by Mary, the most normal of them: prudent, thrifty, genteel, her father's revolver loaded and ready.

# Nature's Laws of Growth

Continued from page C5

Life?" (1944) was a major inspiration for molecular biology; DNA pioneers like Francis Crick, Max Delbrück, Walter Gilbert and Sidney Altman began their careers as physicists (all won Nobels). When it comes to physicists' contribution to the human sciences, such as sociology and anthropology, the record is scantier. There's a reason for this disparity, and the later portions of "Scale" highlight the limitations of the physicist's approach. Physicists attack problems by stripping them to their most fundamental parts and throwing away inessential details. In the case of metabolism, Kleiber and his successors ignored huge differences among mammals, birds, fish and bacteria and treated the whole lot as, in effect, having just two properties—metabolic rate and mass.

The approach was successful at explaining many observed physiological features of plants and animals. But the success isn't as clear-cut when Mr. West tries to create what he calls a "Science of Cities." The author points out that modern cities, like bodies, depend on transportation and supply networks—roads, gas lines, water conduits, electric cables. Because these networks must reach every home, they scale in a manner analogous to networks in the body. Ancillary quantities like the number of gas stations and power substations per capita also scale. So exact is this scaling that it leads Mr. West to contend that, "despite appearances cities are approximately

scaled versions of one another: New York and Tokyo are, to a surprising and predictable degree, nonlinearly scaled-up versions respectively of San Francisco and Nagoya."

Intriguingly, infrastructure per capita decreases with increasing city size—that's the "nonlinear" in the previous sentence. Thus larger cities use fewer resources per person than smaller cities, and so Mr. West argues that "on average the bigger the city,

relationship of urban GDP to population follows a scaling law, but so does something as seemingly unpredictable as the average walking speed of pedestrians in a city.

Unlike the case of infrastructure, in which bigger cities end up with proportionately less, larger cities end up with proportionately more crime, pollution and disease. On the other hand, Mr. West says, "the bigger the city, the more each person earns, creates, innovates, and interacts." In general, he argues, bigger is better.

Really? Mr. West is apparently suggesting cities get better indefinitely. Surely this cannot be correct—it implies that diminishing returns do not apply. Congestion by itself drives up resource use. As buildings get packed together, for example, they need ever-larger systems to pump in fresh, conditioned air. Meanwhile, heating and ventilation systems pour out hot exhaust, creating the "heat islands" that

are a familiar urban plague, and themselves drive up air-conditioning use even further—a dysconomy of scale of precisely the kind Mr. West seems not to take into account.

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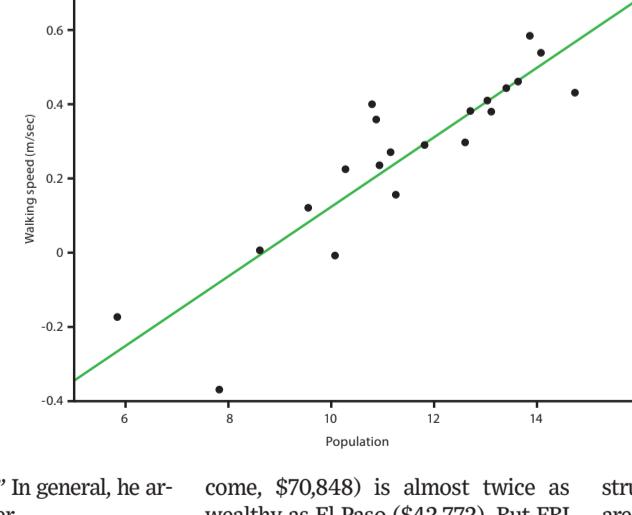
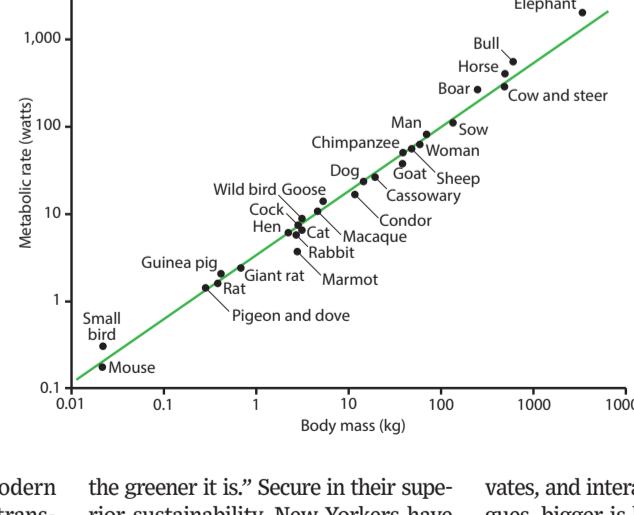
tem. But that difference can be explained not by networking behavior but by politics, economics, geography and history—factors that also contribute to the cities' different levels of crime and income. Does it make any sense to treat the cities as fungible?

Despite the questions it raises, Mr. West's Book No. 2 is almost as interesting as Book No. 1. And toward the end of "Scale," Book No. 3 suddenly heaves into view. Not even 50 pages

long, it consists of an abbreviated discussion of businesses, firms and corporations. Again, he asks a scaling question: "Is Walmart a scaled-up Big Joe's Lumber?" Again, the answer seems to be "yes," but he is tentative about it. Still, in contrast to his science of cities, his proposed "science of companies" seems promising. Companies, unlike cities, share a single goal: profit. And, like organisms, they are subject to relentless selection pressure, nudging them toward efficiency.

One can imagine using scaling laws to evaluate the role of management or corporate structure, but the ultimate conclusions are still to come—the subject, perhaps, of a sequel. I'd look forward to reading that book. In the meantime, we have "Scale"—an overstuffed, often exhilarating, sometimes frustrating introduction to a new way of looking at life.

Mr. Mann is the author of the forthcoming "The Wizard and the Prophet: Two Remarkable Scientists and Their Dueling Visions to Shape Tomorrow's World."



## BOOKS

'O to break loose, like the chinook / salmon jumping and falling back, / nosing up to the impossible / stone and bone-crushing waterfall' —Robert Lowell

# Rivers That Flow With Silver

### Upstream

By Langdon Cook  
Ballantine, 314 pages, \$27

BY DAVID PROFUMO

**CHINOOK, SOCKEYE,** coho, chum, humpback, steelhead—they sound like a lineup of heavy metal bands, but these are all species of the Pacific salmon genus *Oncorhynchus*, a charismatic tribe of silvery migrants once so prolific that they were used for fertilizer and dog food but are now, in places, so embattled that some fragile populations face extinction. In the words of Langdon Cook, author of this invigorating book, "They're dissolving into fable."

At the heart of "Upstream" is a journey—the oldest shape in literature. It follows the precarious odyssey of these fish that are born in freshwater streams, swim down to feed and mature in the ocean, then run up again to spawn just once, and die. This is known as anadromy (eels, which do the reverse, are catadromous), and salmon's dramatic life story has captivated the imagination of many peoples in the Northern Hemisphere, eliciting wonder at the salmon's powers of endurance and giving rise to fluvial myths and seasonal ceremonies that persist even though the heyday of great abundance is largely gone.

In tracing the history and life cycle of these iconic creatures, Mr. Cook embarks on a series of his own journeys—14 nicely episodic chapters that explore how and where such fish still survive in the modern world, despite the threats of logging, dams, the diversion of running water for domestic and commercial uses, overfishing, and climate change. It is a saga that has been told before but seldom with such immediacy and panache.

"Upstream" covers a lot of ground. We begin in a high-end Seattle restaurant, where the season's first, greatly prized king salmon are being prepared for table. They hail from Alaska's Copper River, where the annual catch is carefully monitored, but elsewhere the situation is becoming dire. Along the Columbia River in Washington, "harnessed for power" by the Grand Coulee Dam, 1,200 miles of spawning grounds were closed off and a 10,000-year-old tribal harvesting spot obliterated back in 1957. Today the salmon runs on the Columbia are augmented by hatchery fish, pale imitations ("an illusion that everything is okay," in Mr. Cook's words), but if you want the real thing, you will have to buy it beneath the Bridge of the Gods,



FINAL VOYAGE Sockeye salmon leaping up a waterfall in Alaska.

from Native American netsmen who are the only people licensed to catch wild chinook there—a source of continuing controversy.

As he visits other waterways that have similarly become part of engineered landscapes—the Golden State's Sacramento River is "on life support," the Snake River in Oregon and Idaho has been "handcuffed" by dams and is thronged with newly prolific predators—the author encounters a spirited cast of characters that includes foodies, eco-warriors, sport anglers, local bureaucrats and zealots of every stripe, all of them passionate and often at loggerheads with one another over the use of fresh water, the lifeblood of every region. From the remote gill-netting community of Cordova, Alaska, to British Columbia's fabled Kispiox River, "Upstream" charts numerous conflicting attitudes toward the sharing of natural resources.

Even the existence of hatcheries is contentious. In a lively chapter titled "The Ballad of Lonesome Larry," Mr. Cook describes the painstaking efforts of scientists at Idaho's Eagle Fish Hatchery to sustain a sockeye run that has to migrate 900 freshwater miles and surmount eight hydroelectric dams. This certainly

appears a heroic undertaking by all concerned, but some purists regard reared salmon as "zombies" and "clones" that merely dilute the gene pool when funds would be better applied to habitat preservation in the "strongholds" where wild populations are hanging on. There seems to be precious little agreement.

Foodies, sport anglers, bureaucrats and zealots of every stripe vie over the fate of Pacific salmon.

Throughout these sorties, Mr. Cook is a congenial and intrepid companion, happily hiking into hinterlands and snorkeling in headwaters. Along the way we learn about filleting techniques, native cooking methods and self-pollinating almond trees, and his continual curiosity ensures that the narrative unfurls gradually, like a long spey cast. One arresting example is his description of the reef-netters on Lummi Island, in the Puget Sound. Here entrepreneur Riley Starks has revived a traditional practice of luring sockeye

salmon down an avenue of ropes and colored ribbons to the waiting net, where they are individually handled, thus avoiding any wasteful bycatch. The fish taste better, too, because they are "untainted by a stressful death," whereas salmon caught with gill nets "might spend hours, or maybe even an entire night . . . hanging dead in the net." There are now fewer than 100 reef-netters working anywhere, none of them Indian. "Upstream" may bristle with fins, but the human factor is a crucial aspect of each journey.

As well as being a gastronome and a naturalist, Mr. Cook is a passionate angler. *Homo pectorius* tends to see the aquatic world with a sportsman's peculiar intensity, and he is good on the beauty and "otherness" of his elusive quarry. On Washington State's Drano Lake, he drags plug baits and cranks in a hatchery-bred 12-pounder; from a secret "honey-hole" in Oregon, he lands a fine 20-pound king salmon with guide extraordinaire Guido Rahr. In the penultimate chapter ("Herdling the Pinks"), he joins a flotilla of die-hard aficionados on Labor Day fishing Seattle's industrialized Duwamish River in pursuit of the often despised little "humpies," or pink salmon, despite the trash compactors and

barge traffic. (This type of urban angling is becoming a global cult: In April, I was fly-casting to catfish just upstream of the Ponte Vecchio in downtown Florence.) The chapter ends with a kid triumphantly yelling, "I've got one"—a phrase, as Mr. Cook says, "as old as language itself."

With a pedigree that includes Mark Kurlansky, John McPhee and Roderick Haig-Brown, Mr. Cook's style is suitably fluent, an occasional phrase flashing like a flank in the current. One stream is described as sauntering languidly, like "an elderly flâneur out for a morning constitutional"; a spawning king has "pectoral fins working like frayed Chinese fans." For all its rehearsal of the perils and vicissitudes facing Pacific salmon, "Upstream" remains a celebration. Given half a chance, nature is resilient, like a thistle muscling up through tarmac. This is not a work of eco-worship, but early on in his book Mr. Cook observes, "Our planet, the only one known to have life on it, is nothing short of a miracle." Could we please have that entered in the minutes?

Mr. Profumo is the fishing correspondent for *Country Life* magazine in the U.K.

# Drink To Me Only With Thine Eyes

### Gastrophysics

By Charles Spence

Viking, 308 pages, \$27

BY RACHEL LAUDAN

IN 2008 the experimental psychologist Charles Spence traveled from his home university, Oxford, to Harvard to accept an Ig Nobel Prize for his research on the "sonic chip": a Pringles potato chip, that is, not a computer chip. A snort of laughter might seem the appropriate response to his finding that the higher the frequency of the crunch, the fresher and tastier the chip was perceived to be, making his paper just the thing for this annual, only partially tongue-in-cheek parody of the Nobel Awards. It was more than a joke, however. As the organizers explain, trivial-sounding work can have important implications. What more so than understanding how we experience food?

Mr. Spence calls the growing body of knowledge about the experience of food "gastrophysics," perhaps not the best choice of term since it's being created not by physicists but by neurologists, psychologists, marketers, designers, behavioral economists and chefs. Mr. Spence gives particular credit to chefs often labeled molecular gastronomers, including such luminaries as Ferran Adrià in Spain, René Redzepi in Denmark and Heston Blumenthal (who wrote the foreword to "Gastrophysics") in England. An enthusiastic participant in their efforts to upend diners' expectations by changing the sensory environment, Mr. Spence reminisces about the sensation of cutlery handles covered in fur, the titillation of a dish simply described as "Balls" and the rush of

emotion as a waitress with a seductive French accent spooned lime gelée into his open mouth.

The central insight of gastrophysics is that the mind, not the mouth, creates taste and flavor by integrating information from all the senses—sight, sound, touch and smell, as well as taste. This makes taste much more complex than the old picture of the tongue picking up salt, sweet, bitter and sour, as well as perhaps umami and fat—so complex, in fact, that Mr. Spence suggests that taste and flavor need a new name. He throws out "flave" as a possibility, only to let the suggestion drop.

A chatty whirl through the latest discoveries and their real-world appli-

The mind, not the mouth, makes flavor by integrating information from all the senses.

cations, roughly organized by the five senses and different dining situations, Mr. Spence's book is far from a systematic treatise on gastrophysics. Tidbits of information come one after another. Watching food porn on the Food Network so exhausts viewers' mental reserves, by causing their minds to imagine delicious tastes, that afterward they impulsively buy junk food instead of healthier fare such as bananas. Supermarket managers can induce shoppers to pick up German wine by playing Bierkeller music or French wine by shifting to accordion melodies. On airlines, 27% of the requests for beverages are for tomato juice, a far higher percentage than on the ground. It turns out that

loud ambient noise reduces the sensation of salt, sour and bitter tastes while the umami jolt of tomato juice remains unchanged.

Although engaging at first, Mr. Spence's exposition can detract from his goal of showing that gastrophysics is cutting-edge inquiry. Tips for eating less by using smaller plates and drinking water before meals, which have been long familiar to every dieter, diminish the more substantive discoveries. And tales of the hijinks in expensive restaurants suggest that, while gastronomes may be as demanding a diversion as competitive

taurus, peasant cuisines lovingly detailed by cookbook authors and jeremiads against modern industrialized food for causing disasters ranging from obesity to environmental degradation. Modern food is what Mr. Spence celebrates, looking to the Italian Futurist poet and writer Filippo Tommaso Marinetti as its prophet.

Down with pasta, thundered Marinetti in his 1930 "Manifesto of Futurist Cuisine." Traditional it might be, he wrote, but it deprived Italians of fire and passion. In with the modern. Dare to eat without cutlery. Don pajamas covered with cork, felt or sand-

challenge, unbothered by their leaning to militaristic nationalism and fascism, which he never mentions. "For anyone interested in disruptive multi-sensory design," he suggests, "a quick look back at the Futurists is perhaps the best place to start." High-end chefs, he says, are finally stepping up, the only difference being that they want to make food that tastes good.

While most contemporary food writers shun any association with food corporations, and while even star chefs advertise the local ingredients they gather rather than the techniques they adopt from industry, Mr. Spence trumpets his association with multinational food companies such as Unilever, seeing his job as translating research into practical applications. He admires the way Pizza Hut U.K. was able to up spending per customer by about 20% by analyzing big data. Instead of lecturing consumers about diets and labeling, he is in favor of using little tricks of the mind. If describing food as low in fat, sugar or salt, for example, turns consumers away, he endorses the way food manufacturers are creating "health by stealth," by cutting these components on the quiet. In short, Mr. Spence's vision is of a bright new world where delicious, healthful food is the norm, thanks to our understanding how our minds shape flavor. Two millennia ago, the Roman poet Horace said that "the chief pleasure in eating consists not in costly seasoning or exquisite flavor but in yourself." As knowledge about the workings of our inner selves grows by leaps and bounds, just wait for the debates about how it should be used.

Ms. Laudan is the author of *Cuisine and Empire: Cooking in World History*.

A photograph showing three individuals wearing black blindfolds. They are holding clear glasses, likely containing wine, and appear to be participating in a blindfolded tasting session. The background shows some greenery and other people, suggesting an outdoor event.

paper to add new tactile dimensions to dining. Eat in the mock-up of an airplane, complete with roar and juddering. Challenge the taste buds by bathing bowls of fruit in milk in a ghostly green light, nibbling on deep fried full-blown roses, or biting into caramel balls with random fillings of raw meat, garlic or dried fruits. Out with saucepans and spoons; in with autoclaves, ozonizers and ultraviolet-ray generators.

Mr. Spence loves the Futurists'

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Mr. Spence loves the Futurists'

## BOOKS

'There was no substitute for reality; one should beware of imitations.' —Arthur C. Clarke

FICTION CHRONICLE: SAM SACKS

# A Prince of EverWhen

  
**IT'S THE AGE** that all parents dread: When their children withdraw from the Eden of total transparency into their own private worlds. Many of the controversies surrounding video games have to do with this self-conscious stage of development, just as they did when people worried that kids were spending too much time in front of the TV or, in centuries past, too much time reading books. Video games are where teenagers escape to explore fantasies, test their mental prowess and perform heroic deeds. "In EverWhen he was a healer and an Elvish prince, a leader of his company," Allegra Goodman writes about Aidan, a skinny, introverted 16-year-old in her novel **"The Chalk Artist"** (*Dial, 335 pages, \$27*). But Aidan's overworked single mother hates the game because when he enters its virtual realm, she can't follow after him.

Aidan is one of a constellation of characters struggling to harmonize their dreams and desires with the actualities of the outside world. Nina is an heiress to the Arkadia video game franchise, which created EverWhen, but she's determined to cut her own path teaching English literature at Aidan's high school in Cambridge, Mass. Her boyfriend, Collin, an unmoored artist with a genius for sketching in chalk, decorates the sidewalks of Harvard Square. She gets him a job as an illustrator for Arkadia only to see him become consumed by the insular gaming culture that has so ensorcelled her students.

The seductions and consolations of gaming life have inspired a number of recent novels, most popularly Ernest Cline's **"Ready Player One"** (2011). Like Aidan's mother, however, Ms. Goodman takes a wholly negative view of the pastime. Her plot turns on a rogue marketing campaign by an Arkadia staffer who uses sexual wiles and an unreleased EverWhen sequel to manipulate Aidan into vandalizing his school with gamer terminology. Aidan becomes so addicted to playing that his twin sister has to hide his console, like someone confiscating vodka bottles from the family drunk. Later his mother smashes the thing with a hammer, then slumps into a chair "with a long, shuddering sigh" of parental catharsis.

"The Chalk Artist" offers antidotes to this apparent technological scourge. Nina and Collin enjoy a highly symbolic stroll in Walden Woods and Nina's classroom efforts go toward awakening her students to the glories of Emily Dickinson. But



though there's undeniable charm in Ms. Goodman's celebration of nature and poetry, the novel's moral binary feels superficial. Characterizing video games as little more than digital opiates leaves Aidan's coming-of-age story frustratingly underdeveloped.

Partly this is the fault of imbalances in the plot. The book's title refers to Collin, but the guy's an earnest bore ("My art's not deep," he says, accurately), and the fate of his relationship with Nina is decidedly low-stakes. The real intrigue is with Aidan. The immersive, collaborative worlds of his role-playing games, with their elements of questing, violence and sexual ideation, form a powerful backdrop to the shocks of adolescence. A novel that appreciated the complexity of these games would tell a darker but more truthful story about growing up in contemporary America. Instead, Ms. Goodman has written a feel-good fantasy about kicking a bad habit with help from the Belle of Amherst.

A poem of Emily Dickinson's provides the title to Ann Beattie's **"The Accomplished Guest"** (*Scribner, 270 pages, \$26*), a phrase that refers to a spirit or muse that takes residence in the soul but that in Ms. Beattie's modest usage also describes the many visitors who populate her more recent short stories. In "Company" an aging professor hosts former students at his Maine summer house, but the invasion of cheerful youth makes him feel as close to death as the lobsters being boiled for dinner. In "Other People's Birthdays" a woman travels to see her parents and emotionally unstable sister, a trip that culminates in a bloody wrestling scrum on the front porch prompted by a withheld present.

These are busy, gregarious stories, more active and unbuttoned than the so-called Minimalist writing that defined Ms. Beattie's heyday in the 1980s, but still possessed of her eye for quirky relationships and her side-long sense of humor. The funniest tales are what one character labels "very Key West" stories. "The Debt" follows the road trip of three college friends who mean to confront a man who lost their money in a business scam but get themselves in far deeper trouble at a nearby brothel. "Hoodie in Xanadu" is a memorably

A feel-good fantasy about kicking the bad habit of video games, with help from the Belle of Amherst.

odd portrait of the friendship between a widowed flower designer and an overweight agoraphobic Key Wester who rents his gorgeously appointed sitting room to party-throwing celebrities. To her surprise, the old woman finds what most of the nomadic characters in this pleasing collection wish they had: "A partner on a night when foxes sang and danced in the moonlight, and the old people sat and stared."

Society's darkest impulses are on graphic display in Nick Laird's novel **"Modern Gods"** (*Viking, 308 pages, \$27*), which takes on the atrocities committed in the name of religion and politics. The book's parallel stories concern the sisters Alison and Liz Donnelly. Alison is a mother of

two living in Ireland who is moving on from her abusive first marriage by wedding a quiet but kindly man named Stephen. Once they're married, however, Stephen's secret past emerges. Some 20 years before, during the Troubles, he was part of a Protestant paramilitary group that carried out a killing spree in a pub in a Catholic neighborhood of Northern Ireland.

Meanwhile, Liz, a New York-based academic, has been chosen to host a BBC documentary about "the world's newest religion," a cargo cult on an island off Papua New Guinea led by a prophetess named Belef. Predictably, Belef's beliefs clash with those of the Christian missionaries on the island, and Liz becomes entangled in their feud as it tilts toward tragedy.

Mr. Laird is alive to the ways that adamant moral certitudes tend toward violence. "Righteous fury is so easy, can be slipped on like a coat," he writes. Yet the novel's real source of discomfort is not its ideas but its prose. "Modern Gods" opens with a dramatization of the mass shooting in the pub, a fictionalization of the Greysteel massacre of 1993. The descriptions are disturbingly stylized, noting the "archipelagic blood" spattered on a bar mirror and still more blood flowing in "dark runnels across the parquet dance floor." In a flashback later on, a bullet moves "with exquisite speed" through a woman's skull. The images sickeningly evoke recent horrors like the Sandy Hook shooting and the Bataclan terror attack. Mr. Laird, a poet as well as a novelist, has a gift for language—but I wish he hadn't made these awful scenes so pretty.

CHILDREN'S BOOKS:  
MEGHAN COX GURDON

## Lively And Noisy



**DRAWING** creatures and colors from the natural world, Cynthia Rylant and Brendan Wenzel invite 4- to 9-year-olds to appreciate the wonder of existence with **"Life"** (*Beach Lane, 40 pages, \$17.99*). "Life begins small. Even for the elephants," Ms. Rylant writes. "Then it grows." Mr. Wenzel gives the animals in his pictures a naive chunkiness, setting them in distempered backgrounds expressive of rain, wind and flying sand. As the tone and illustrations darken, parents too may be consoled: "Life is not always easy. There will probably be a stretch of wilderness now and then. But wilderness eventually ends. And there is always a new road to take." By the final line of the passage, the reader has a view of hilly African contours with wild creatures browsing along a river. "And it is worth waking up in the morning to see what might happen."

Margaret Wise Brown continues her posthumous conquest of American childhood with the board-book reissue of a favorite from 1939, **"The Noisy Book"** (*HarperFestival, 34 pages, \$7.99*). Leonard Weisgard's pictures here are flat, angular, even crude, with hard primary colors and lots of black and white. That may sound unappealing, but with Brown's droll, direct writing, the effect is felicitous: The pictures are as "noisy" as the sounds that poor little Muffin the dog, temporarily blinded by a "great big white bandage," tries to puzzle out through the pages. Sound effects ("Bang bang bang" and "Awurra awurra") and typical Brownian koans ("Then the sun began to shine / Could Muffin hear that?") will please babies and toddlers today as they have in the past.

In **"Binny Bewitched"** (*Margaret K. McElderry, 233 pages, \$16.99*), we meet again endearing, hot-tempered 11-year-old Binny Cornwallis and idiosyncratic family, who live in a tiny cottage in a British seaside town. Hilary McKay's third Binny-centric tale starts as if in a dream, when Binny sees an unguarded sheaf of bank notes sticking out of an ATM. The thrilling act of taking the money unleashes all manner of moral difficulty, false accusation and funny, poignant chaos. The lively combination of Ms. McKay's storytelling and Tony Ross's pictures may send 9- to 13-year-olds who missed "Binny for Short" and "Binny in Secret" rushing out to get them.

# Mad Little Pepper

**Black Moses**  
By Alain Mabanckou  
New Press, 199 pages, \$23.95

BY CHANDRAHAS CHOUDHURY

**BARS, BOTTOMS** and bluster make for great bulges of black humor in the novels of the prolific Congolese writer Alain Mabanckou. His novels may switch back and forth between the immigrant neighborhoods of Paris and the Congo-Brazzaville port of Pointe-Noire—the city of his childhood, which he has almost single-handedly put on the map of world literature—but the moods and voices that linger after the careering details rendered up by his limber and musical prose have faded away have a common aspect.

No matter which continent he sets up on, his fictional universe is populated by a cast of lowlives, hustlers and palavers, usually including a male master of ceremonies who toggles chirpily between their stories and his own. Mr. Mabanckou's characters are often defined by nicknames, one-word gateways into how they have learned to organize the world or snapshots of the droll specialties they have cultivated.

Buttologist, the hero of "Black Bazaar" (2009), has earned his moniker because he is convinced that "you can understand human psychology from the way people shift their rear-ends." Broken Glass, the eponymous narrator of another novel (2005), evokes with his name both what happens every night at a bar, and a chronicler who makes a world from the shards of reminiscence of a small society of bibulous customers. In fact, Broken Glass serves as a model for Mr.

Mabanckou himself, a writer who wants his readers to feel that they are not so much reading a book as listening to a chorus of blatherers on bar stools.

"Black Moses," the latest work in a burgeoning oeuvre—Mr. Mabanckou has published more than half a dozen novels since the turn of the millennium, as well as an homage to James Baldwin and a memoir of childhood—slides down from Pointe-Noire into Loango, a village some 12 miles away. Here exists a small orphanage of 300 sad children, divided into girls and boys and united in an existence of shared solitude and stultifying routine, all presided over by a draconian

The Congolese novelist's heroes are often lowlife hustlers, defined by their colorful nicknames.

bureaucracy that could have been imported straight out of Dickens.

Out of this mass pops the narrator-protagonist, age 13, who was found outside the orphanage, wrapped in a white sheet, when only a few days old. Black Moses owes his name to the one source of pleasure and consolation in his life, the priest Papa Moupelo. Although no more than a weekly visitor to the school, much resented by his grumpy and stony-hearted colleagues, Moupelo's infectious Bible-fired rhetoric and ready affection make him "the spiritual father of all us children who'd never known their biological father."

When the Congolese regime, under the influence of the Soviet Union, suddenly embraces "scientific social-

ism" and interdicts religious teaching, the ripples reach all the way down to Loango. Papa Moupelo is summarily dismissed—the first in a set of departures in Moses's sentient life that reprise the abandonment with which he began life in the world.

The wards are now made to rehearse socialist doctrine, adding another layer of bewilderment to an already puzzling existence and a skein of satire to Mr. Mabanckou's story.

The first-person narration in this long section is a somewhat uneasy blend of boarding-school drama joined up to excursions on Congolese social life and ethnic tensions; the reader feels the point of view blur between that of the boy Moses and the adult who looks back upon boyhood. Eventually, Moses contrives an escape from the orphanage and arrives in Pointe-Noire. There he joins a street gang and gets himself the attribute that in Mr. Mabanckou's universe signifies full personhood: a

nickname, "Little Pepper." (The French original of this novel was published, in 2015, as "Petit Piment.")

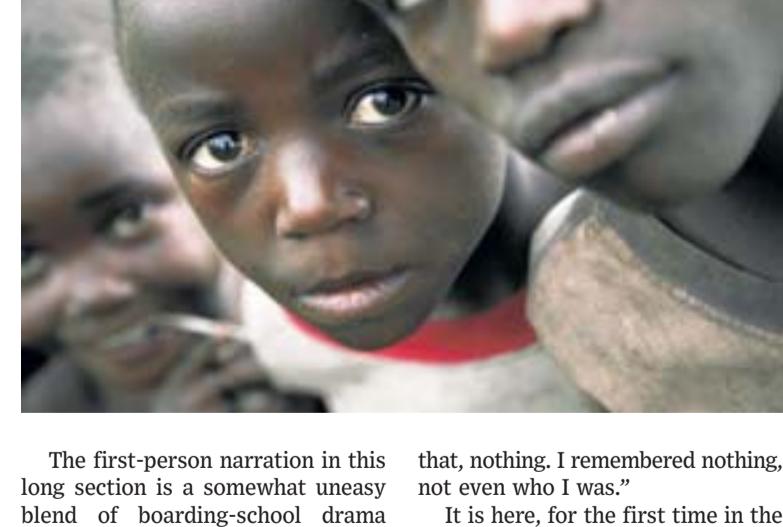
Further on, Little Pepper ingratiates himself with Maman Fiat 500, the owner of a brothel, and becomes an errand boy for her establishment. When the good Maman and her business are eviscerated by a corrupt politician's clean-up drive, Little Pepper is orphaned once more—and this time it is too much for him. "After

long in my vegetable plot," he says, "hoping to catch my spinach plants growing." His noble if futile quest is further dignified by an equally dotty neighbor, who compares him to the sower found in ancient books "whose tall dark silhouette o'ercasts the fields, his heart set on the fruit of passing time."

Unfortunately, this is as good as things get in "Black Moses." Little Pepper is shepherded back into the world and his disordered brain subjected to the attentions of doctors both Western and African. Several episodes seem like sketches, with conversations going on long after the point of the scene—usually mutual incomprehension—has been established. As a result, Little Pepper's final, redemptive act of violence—one that recalls the protagonist of Mr. Mabanckou's **"African Psycho"** (2003), who is spellbound by the idea of realizing himself by killing somebody—has an inevitability but not a fullness about it.

One could argue that with "Black Moses" Mr. Mabanckou has exhausted the possibilities of a certain scattershot narrative method. Despite the promise of the material, he often cannot prevent his storytelling here from lapsing into mere mannerism. The confessional first-person narration, the walk-on monologues of minor characters, the slangy dialogue sprinkled with exclamation marks, all seem a little hungover. Perhaps the next step in this accomplished writer's journey should be one away from, rather than toward, Mabanckou-ness.

Mr. Choudhury is the author of the novel **"Arzee the Dwarf."** His second novel, **"Clouds,"** will be published next year.



ALAMY

that, nothing. I remembered nothing, not even who I was."

It is here, for the first time in the book, that Mr. Mabanckou's narration rings with a beautiful poetry, notes not on a madcap world but a private universe of genuine madness and misanthropy. (The translation is by the distinguished English writer Helen Stevenson.) Little Pepper has retreated to a hut on the banks of a river, where he lives like Thoreau in the company of trees and thoughts. "Sometimes I'd just sit the whole day

## BOOKS

'Ah, there's peace in losing control.' —Jimmy Webb

### The Cake and the Rain

By Jimmy Webb

St. Martin's, 346 pages, \$26.99

BY DOMINIC GREEN

'THE REGRET OF all novelists who have been brought up on music,' Anthony Burgess rued, 'is that counterpoint, which mirrors the multiplicity of life, is not possible in verbal language.' Prose, Burgess wrote, speaks in a single line. The doubled meanings of poetry are at most 'chordal.' But music is polyphonic. The best a lyric can do is attune itself to its musical counterpoint—as in Cole Porter's 'Ev'ry Time We Say Goodbye,' when the lyrics 'change from major to minor' and the harmony shifts ominously.

Just such a strange change recurs in Jimmy Webb's 'Wichita Lineman,' a hit for Glen Campbell in 1968. The lineman broods on his connection to a woman he loves but cannot have. 'I hear you singin' in the wire, / I can hear you through the whine.' Mr. Webb reharmonizes that slide with a chromatic bass counterpoint as Porter had done in 'Night and Day,' another song in which obsession distorts familiar song structures and chord sequences. The lineman ends up suspended over an unresolved chord, 'still on the line,' static atop a telegraph pole, caught in emotional torment.

Mr. Webb, then 21, wrote 'Wichita Lineman' in a few hours, because Glen Campbell had asked for 'something geographical' to follow 'By the Time I Get to Phoenix,' the Webb composition that the singer rode to No. 2 on the charts in 1967. By 1968, the year Richard Harris recorded the songwriter's symphonic 'MacArthur Park,' Mr. Webb was 'The Cole Porter of the Sixties,' according to some of the press coverage of the day. He drove a 427 Shelby Cobra. He owned an old 'Valleywood' mansion. Frank Sinatra covered his songs, and Caesar's Palace was offering him eight-week engagements at \$40,000 apiece, white piano included.

Mr. Webb wanted to be a rock star, not a studio hand. He wanted the cars, the fame, the money, the girls. He also wanted the esteem of his songwriter contemporaries, even though most of them seem to have thought that a musical score meant buying drugs at a recording session. 'The Cake and the Rain' is the story of how Mr. Webb made it and how unmaking it nearly killed him. It is novelistic, perfectly plotted and quite possibly the best pop-star autobiography yet written.

A writer can approximate musical counterpoint by restructuring the timeline. Anthony Burgess's 'Napoleon Symphony' (1974), a novel of Bonaparte's life, imitates the structure and non-linear narrative of Beethoven's Third. Mr. Webb avoids the linear narrative of pop biography and structures 'The Cake and the Rain' like 'Wichita Lineman.' The song has two sections, each leading from narrative to refrain. The book has two threads, the rise and the fall. The Devil recurs in Mr. Webb's story as a living presence.

Mr. Webb's grandfather, Charlie, was said to be the seventh son of a



BIG TIME  
Webb at 22.

GETTY IMAGES

seventh son. The religious call came to his father, Robert, while astride a tractor in Texas. He became an itinerant Baptist preacher, dragging his wife, Ann, and his children to 'one-horse' congregations and 'plaster-on-chicken-wire' tract homes. Jimmy discovered the Devil's music secretly, between the sheets with a transistor radio. In Oklahoma City, an older woman taught him the piano: exercises from the Baptist Hymnal, but also improvisation, arrangement and substitution, which creates new counterpoint through 'the alchemy of substituting exotic and unfamiliar chords for more prosaic ones.'

In 1963, the family reached Southern California. A year later, Mr. Webb's mother died of a brain tumor. His father returned to Texas, but 18-year-old Jimmy stayed. He was in unrequited love with California pop, which he wanted to write and record, as well as its blond incarnation, Suzy Horton, 'the most bitchin' girl in the

school.' His father gave him \$40 and a warning: 'This songwriting thing is just going to break your heart, son.' Mr. Webb dropped out of college and began recording the songs he had been composing. The first hits, 'Didn't We?' (recorded by Richard Harris) and 'Up, Up and Away' (for the 5th Dimension), came almost overnight. His collaboration with Glen Campbell made him a star.

In the era of Vietnam, youth revolt and 'All You Need Is Love,' Mr. Webb was 'embarrassed and a little guilty' about his wealth, his apolitical lyrics and Sinatra's approval. At the Monterey Festival of 1967, he had seen that the 'old craft and traditions' were slipping into an 'abyss' of 'ear-busting rock 'n' roll.' He jumped anyway. 'I want to be an artist,' Mr. Webb told David Geffen, a Mephistopheles bearing a recording contract, in 1970. The author befriends Harry Nilsson and becomes a cokehead. He spends \$250,000 on tape players so that a live

show can duplicate his studio sound but omits to ask the musicians' union if he can substitute tapes for its members. A mysterious fire at the rehearsal theater destroys the equipment, so he hires the Los Angeles Philharmonic. The live show is a disaster: He forgot to hire a conductor. He 'kidnaps' Suzy Horton in a private jet, whisks her to Hawaii and finally seduces her after giving her LSD or, as the Beatles' publicist Derek Taylor called it, 'the old-dreaded heaven and hell.' Then he takes to the road in a mock-Jagger leather suit and cheats on her.

The Devil has the best anecdotes. The mescaline not having worn off, Mr. Webb greets the King with 'Howdy, El!' Later, Elvis asks how many French horns he uses on his recordings. It used to be three, Mr. Webb says, but that wasn't enough: Nelson Riddle used four on Sinatra's recordings. 'Okay, Jimma, that seems about right to me too.' (Sadly, the two never collaborated.) The roguish, broguish Rich-

ard Harris invites 'Jimmywebb' to stay at Catchford Farm, where Christopher Robin lived and Brian Jones died. The cuckolded songwriter Leslie Bricusse throws himself across the hood of the author's Corvette as Mr. Webb elopes with Mr. Bricusse's wife, Mia Farrow, unsure if she can play Peter Pan in producer Mel Ferrer's movie, suggests using a young boy she had seen on 'The Ed Sullivan Show' with the Jackson Five. Mr. Webb plays it deadpan: 'His name was Michael. He would make a perfect Pan.'

Show business is the devil's work. Mr. Webb sleeps under the piano as he slaves for days on 'MacArthur Park,' the seven-minute epic whose cryptic lyrics give the book its title: 'Someone left the cake out in the rain / I don't think that I can take it / 'Cause it took so long to bake it / And I'll never have that recipe again.' Richard Harris records the vocal while swilling from 'a

The boy from Oklahoma became the Cole Porter of the '60s. But he wanted to be a rock star.

giant, chilled pitcher of Pimm's No. 1.' He keeps singing 'MacArthur's Park'—as though 'a fellow named MacArthur owned the park.' Mr. Webb and his engineer collect 'favored lines and passages' on a multitrack recorder, then edit down word by word.

One day in 1973, Mr. Webb crashes a glider into a pine ridge in California. His passenger, the rock photographer Henry Diltz, is 'bloodied but not bloody dead,' but the joint in Mr. Diltz's top pocket is intact. 'We fired up the splif and inhaled deeply. . . . Far above was the snow-crowned summit of Baden-Powell, the sun plummeting toward the west, the long shadows reaching out for us.'

Soon afterward, Nilsson and Mr. Webb mistake PCP for cocaine. Nilsson crawls around on all fours, repeating, 'Zardoz, Zardoz'—the name of a Sean Connery film 'where old age is dispensed as a punishment.' Mr. Webb goes to Hell. Passing from 'the realm of demons' to 'a bleak, dark plain under a starless sky,' his personality breaks into point and counterpoint: 'There were two of me. One suffered the most outrageous fear and insult while the other watched, calm and unsympathetic.' For a month, everything feels like rubber—even the piano keys. He cannot remember 'a single tune or chord.' When he eventually strikes a Middle C, he cries. Born again, it seems, he plays 'Amazing Grace.' And there this story ends. Mr. Webb, expert at extracting drama from form, ends his narrative with this quiet yet resonant coda.

No one writes songs like Jimmy Webb does, and no musician ever wrote a biography like this. 'The Cake and the Rain' is a dream of sin and redemption, told with contrapuntal rigor. And, yes, Mr. Webb explains the lyrics of 'MacArthur Park' too.

Mr. Green is a historian, critic and jazz musician.

## Young Radicals

Continued from page C5

'could an intellectual class enter war at the head of such illiberal cohorts in the avowed cause of world-liberalism.'

Mr. McCarter superbly captures the mix of personal affection and catty animosity of his group, but he never loses sight of the fact that they were engaged in a battle of ideas that really mattered. The differences between Bourne and Lippmann, for example, were essentially philosophical. World War I put two visions of America into conflict. Lippmann's 'ideal of Americanism' was essentially one of integration—the melting pot—one aimed at creating, as he put it, a 'union of people rather than a congeries of groups.'

Bourne, by contrast, saw the United States as a 'beloved community' in which people could still feel an affinity with their racial and cultural backgrounds. Lippmann could support the war because it did not undermine his vision of an integrated America.

'Bourne doesn't have that luxury,' writes Mr. McCarter. For how can the United States be 'welcoming to people drawn from Russia and Germany if it's sending its sons to help Russians kill Germans, or vice versa?'

In the contest between the two men, Bourne found support from his Marxist friend Eastman, whose magazine opposed the war. Eastman for Mr. McCarter is a flawed but courageous character. He admits to being 'as nervous as a rabbit's nose' when speaking out against the war, and at one hostile rally the organizers give him 'a hat and coat to disguise himself and a

loaded revolver for when the disguise fails.' Even when indicted for violating the Espionage Act, he displays a certain sang-froid in the face of prison and a large fine. 'Some of us have twenty years,' he quipped, 'but none of us has \$10,000.'

As it happens, Eastman is now the subject of a comprehensive biography by Christoph Irmscher, a professor at Indiana University. In 'Max Eastman: A Life,' Mr. Irmscher uses his subject's unsorted papers to create a subtle portrait of a disappointed man across the full span of his life. 'I am sure I was meant to do something great,' Eastman tearfully told his wife in 1944, 'for that is not only my deepest, but my most present sorrow: I have wasted my talents.'

By that time, he had gone from his position as a leading radical intellectual to a well-paid staff writer for Reader's Digest and had moved across the spectrum from Marxism to the libertarian right. That Eastman publicly denounced Stalin and the purges showed that he had maintained the independence of mind that had carried him through the Masses trials in 1918. Still, Mr. Irmscher writes sympathetically, 'as he admitted in a moment of moving candor, it was difficult for a man to say that the cause for which he has given his life has failed.'

Readers wanting a full life of Eastman are well served by Mr. Irmscher's meticulous chronicle, which, in his own words, is 'a story largely about sex and communism'—Eastman was passionate not only in his politics but

in his many relations with women, which ranged from three tempestuous marriages to attempts to bed almost every glamorous female writer who came across his path. Most readers, however, may be content to see Eastman in the context of the cohort that Mr. McCarter presents.



OF THE MASSES Max Eastman, 1918.

For all the different choices that the young radicals faced, they shared, Mr. McCarter suggests, a sense of unfulfilled mission. Alice Paul turned that sense into a spur to action: After helping secure the 19th Amendment, she never lost her edge and spent the next half-century campaigning for the Equal Rights Amendment, whose first version she helped to draft in 1923. Her long life—she died in 1977

at the age of 92—was in contrast to that of Bourne, who died in 1918, age 32. Among his papers was a manuscript that contained his most enduring phrase: 'War is the health of the state.'

Reed died two years later, of scrub typhus in the Soviet Union. Like Eastman, he by the end had seen through Soviet communism and was, according to a friend, 'disgusted to the point of despair.' Lippmann emerged from the war and its aftermath as disillusioned in his own way as Eastman and Reed. His excoriating book 'Public Opinion' (1922) was described by John Dewey as 'perhaps the most effective indictment of democracy as currently conceived ever penned.' Thereafter, as a widely read columnist, Lippmann would tread the fine line between insider and critic in American politics.

At his best he was, as Life magazine said in the context of Lippmann's views of Lyndon Johnson and the Vietnam War, 'the embodiment of meaningful opposition.'

At the end of 'Young Radicals' Mr. McCarter returns again to Randolph Bourne, because 'the core of his vision is that people who come to this country can't be discriminated against because of who they are or what they believe.' That's an important principle and one rooted in the Constitution, but Mr. McCarter goes on to discuss writing his epilogue as 'I've watched thousands of Americans rush to airports to protest a ban on immigrants from majority-Muslim countries.'

This topical digression is a rare

misstep for Mr. McCarter, for it politicizes the context of the book, heavy-handedly so, as even he admits when he notes that parts of the epilogue will inevitably seem 'foolish' by the time the book comes out. It may put some readers off, but shouldn't. 'Young Radicals' is a brilliant, even inspiring book, full of whip-smart analysis that demands to be read and argued over. Mr. McCarter takes a relatively obscure and, in other hands, potentially dry-as-dust topic and renders it fresh and important. It doesn't need any contemporary spin. Its resonance is unspoken.

Each generation faces new opportunities and challenges. Some generations enjoy more of the former; others endure more of the latter. But 'damned' or not, ultimately the only response is simply to keep going.

Walter Lippmann understood that better than most. 'Lippmann had come to think of his generation's history as a record of democratic defeat, of possibilities foreclosed,' Mr. McCarter writes. 'But Lippmann had made a defiant promise that he would still be fighting long after [others] had quit. . . . He felt a sense of resignation about American prospects . . . but he wrote those columns anyway.' Let's hope Mr. McCarter keeps writing too.

Mr. Aldous, the Eugene Meyer Professor at Bard College, is the author of 'Schlesinger: The Imperial Historian,' to be published in the fall.

## BOOKS

'Every society has the criminals it deserves.' —Emma Goldman



SATIN MOLL Gloria Grahame in 'The Big Heat' (1953).

# Gloria Days

## Film Stars Don't Die in Liverpool

By Peter Turner  
*Picador, 169 pages, \$16*

BY TOM NOLAN

'SHE ALWAYS played a tart.' That's one fan's not unappreciative summary of the movie career of Gloria Grahame (1923-1981): the blonde with gray-green eyes who worked for top-drawer directors from Frank Capra to Fritz Lang to Elia Kazan; co-starred with Katharine Hepburn, James Stewart and Frank Sinatra; and was nominated for two Academy Awards (winning one, for 1952's "The Bad and the Beautiful"). She was the neighbor who put up with moody screenwriter Humphrey Bogart in 1950's "In a Lonely Place." In "The Big Heat" (1953), Lee Marvin tossed boiling coffee in her face. In "Oklahoma!" (1955), she was Ado Annie, who sang "I Cain't Say No."

"What sets her apart from most other actors on the screen is that she seems to be the only one who's thinking her character's private thoughts," writes author-actor-director Peter Turner. "Francois Truffaut said of her that she was the only American actress who was a real person on the screen." Mr. Turner's amusing and poignant memoir, "Film Stars Don't Die in Liverpool," originally published in 1986, has just been reissued and will be turned into a film this fall.

The author met Ms. Grahame in London in 1978, when her most famous roles were in the past; she was gamely extending her career doing plays in England and America. Mr. Turner was just starting his career. She was 20 years older than he, but the age difference didn't matter to either lover. With Grahame, Mr. Turner traveled to Las Vegas (where she told him, "I don't wanna get wrapped up with any gangsters. . . . I met one once who gave me diamonds but I sent them back. I didn't wanna end up in the East River") and to Los Angeles, where they drove past Gloria's old Brentwood home, where she had lived with her third husband, writer-producer Cy Howard. (Before Howard she

had been married to film director Nicholas Ray. Later she would marry her former stepson, Tony Ray. She had children by both Rays. "It was a family of complicated relationships," Mr. Turner writes.)

At her suggestion, Mr. Turner moved with Grahame to New York, where the couple had more good times—until, as he writes, "one day everything turned strange." His lover became moody, solitary, uncommunicative: "I assumed that she didn't want to bother with our friendship any more." He returned to England, believing that their relationship was over.

Then, in late 1981, while staying at his parents' house in Liverpool, he re-

Her star faded and her health failing, a Hollywood actress moved in with her ex-lover and his parents.

ceived a call from Grahame, who was in the not-so-near town of Lancaster, booked to do a play but now grievously ill. Refusing a doctor's care, let alone hospitalization, Grahame moved into her ex-lover's family home.

The story of her sojourn there takes up the majority of Mr. Turner's affecting chronicle, a flashback-filled text that evokes by turns the feel of a documentary film, a subtle poem, a melancholy novella and a farcical play featuring an "unlikely collection of people: a dying film star, her son who was also her brother-in-law, a doctor who was unable to do anything to help," and other eccentric supporting characters. Mr. Turner's unpredictable approach, full of oblique angles and unexpected shifts, seems to emulate some acting advice Grahame told him she got from her one-time co-star Bogart. "He taught me little tricks," she told Mr. Turner. "Just keep it in the shadows, Gloria," he used to say. "Let the camera come to you." I liked him."

Mr. Nolan is co-editor (with Suzanne Marrs) of "Meanwhile There Are Letters: The Correspondence of Eudora Welty and Ross Macdonald."

## FIVE BEST: A PERSONAL CHOICE

# Stephen Hunter

on notorious criminals

## Ambush

By Ted Hinton as told to Larry Grove (1979)

**1 TED HINTON** had a unique perspective on Clyde Barrow and Bonnie Parker: He knew them, and he killed them. His story begins in 1932, when he became a sheriff's deputy in Dallas County, where he witnessed Clyde's early days as a car thief and Bonnie's as a waitress. In time, as their fame and audacity grew, he joined Frank Hamer, the legendary Texas Ranger given a special commission to stop them. Hinton details how Hamer maneuvered to create a posse of six men who, after hard weeks on the hunt, ambushed the couple near their hideout. Approximately 150 rounds were fired into their stolen Ford. At the autopsy, the coroner would find 17 holes in Clyde and 26 in Bonnie. The car itself looked like a lace doily. What makes "Ambush" remarkable is its evocation of the outlaws' final moments as the shower of lead

poured in on them: "For a fleeting instant, the car seems to melt and hang in a kind of eerie and animated suspension, trying to move forward, spitting gravel at the wheels but unable to break through the shield of withering fire."

I don't know if Hinton himself composed the passage—he was the Browning automatic rifleman on the death squad—or

whether it's an invention of "as told to" assistant Larry Grove, but it's a piece of found poetry whose power no other chronicle of Bonnie and Clyde has ever achieved.



GANGSTER John Dillinger ca. 1934.

## Public Enemies

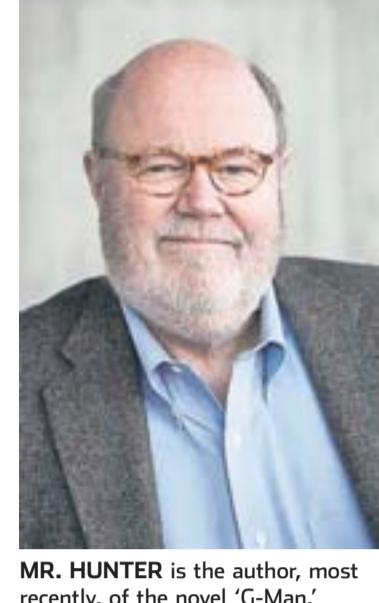
By Bryan Burrough (2004)

**2 THE SUBTITLE** of the book is apt: "America's Greatest Crime Wave and the Birth of the FBI, 1933-34." That suggests its agenda—the argument that J. Edgar Hoover exploited the threat of a great crime wave in order to nourish the growth of his nascent organization. Perhaps, but Hoover's options were slim. Thanks to their audacity, bank robbers had become a national phenomenon, and had Hoover not gone full-bore after them, his "Division" (as it was called in 1934) would have had to struggle for acceptance. Still, Mr. Burrough's account is superb as it details the evolution of the modern FBI from the "Kansas City Massacre" of 1933, in which four law-enforcement officers were machine-gunned to death, down to the capture of the last of the big-time bad guys, Alvin Karpis, three years later. It's a history of the battles of Hoover and Melvin Purvis of the FBI versus all of the motorized bandits of 1933-34, including Bonnie and Clyde, the Barker-Karpis Gang, John Dillinger, Charles "Pretty Boy" Floyd, George "Machine Gun" Kelly and the very dangerous Lester "Baby Face Nelson" Gillis. Mr. Burrough's sources reportedly included several hundred thousand newly released FBI files—a formidable treasure trove.

## Baby Face Nelson

By Steven Nickel & William J. Helmer (2002)

**3 STEVEN NICKEL** and William J. Helmer get Lester "Baby Face Nelson" Gillis in a way few others have. He was far from stupid, he hated his nickname and unlike others of his ilk he had vision, a cunning tactical mind and—astonishingly—a yearning for the Ozzie and Harriet life with his beloved wife, Helen, and his two kids, Ronald and Darlene. He was clearly the most dangerous of gangsters—at one bank job, he machine-gunned the downtown of South Bend, Ind. The authors recount in detail each of the major bank robberies in which Gillis took part, including the fiasco at the Little Bohemia vacation lodge in northern Wisconsin, when all the robbers escaped an FBI trap, while the agents lost a man and also killed a civilian. An entire chapter is devoted to Gillis's final gunfight on Nov. 27, 1934, with the two FBI agents who killed him, even as he was killing them.



MR. HUNTER is the author, most recently, of the novel 'G-Man.'

## The Dillinger Days

By John Toland (1963)

**4 JOHN TOLAND'S** book could be mistaken for a relic from another age, given its nuance-free admiration of J. Edgar Hoover. It's not hard to fathom the reason: Its author published this work at the height of the FBI's glory and reputation. "The Dillinger Days" offers a portrait of the bureau as it wanted to be seen. It's a polished, eminently readable history but a kind in which questions go unasked. Toland never wonders, for instance, why the eager FBI took Dillinger in a crowd outside Chicago's Biograph Theater instead of waiting till he walked three blocks to his deserted rooming house. Two bystanders were wounded as the agents shot their target down. The lawmen were extraordinarily lucky not to have a friendly-fire massacre of moviegoers on their hands. But that was 1934 through the lens of 1963.

## Pretty Boy

By Michael Wallis (1992)

**5 OTHERWISE SUPERB,** "Pretty Boy" does suffer from one major blind spot, and that is the author's evident inability to overcome his affection for his subject. His failure to bring himself to pass anything resembling a harsh judgment on Floyd is especially obvious in the book's strange account of the Kansas City Massacre, an orgy of cop-murder. Mr. Wallis merely offers the theory that Floyd would have been incapable of the sort of wanton murder that took place. Still, his book is splendid as a way in to a view of the whole era. And it's a rich one, a superb picture of a land racked by depression, poverty, ecological catastrophe and a hunger for heroes. Though Oklahoma proper, which spawned and shaped Floyd, a farm boy from the Cookson Hills, is the nominal topic, it's really America at large he's writing about.

## Best-Selling Books | Week Ended June 18

With data from NPD BookScan

### Hardcover Nonfiction

TITLE/AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Understanding Trump</b> Newt Gingrich/Center Street	<b>1</b>	New
<b>Al Franken, Giant of the Senate</b> Al Franken/Twelve	<b>2</b>	2
<b>Astrophysics for People in a Hurry</b> Neil deGrasse Tyson/W.W. Norton & Company	<b>3</b>	3
<b>Make Your Bed</b> William H. McRaven/Grand Central Publishing	<b>4</b>	4
<b>Bill O'Reilly's Legends and Lies</b> David Fisher/Henry Holt & Company	<b>5</b>	8

### Nonfiction E-Books

TITLE/AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Alex &amp; Me</b> Irene Pepperberg/HarperCollins Publishers	<b>1</b>	-
<b>Al Franken, Giant of the Senate</b> Al Franken/Grand Central Publishing	<b>2</b>	1
<b>Clapton: The Autobiography</b> Eric Clapton/Crown/Archetype	<b>3</b>	-
<b>Thomas Jefferson</b> Jon Meacham/Random House Publishing Group	<b>4</b>	-
<b>Hillbilly Elegy</b> J.D. Vance/HarperCollins Publishers	<b>5</b>	4
<b>Salt: A World History</b> Mark Kurlansky/Penguin Publishing Group	<b>6</b>	-
<b>Astrophysics for People in a Hurry</b> Neil deGrasse Tyson/W.W. Norton & Company	<b>7</b>	6
<b>Hunger: A Memoir of (My) Body</b> Roxane Gay/HarperCollins Publishers	<b>8</b>	New
<b>A Country Year</b> Sue Hubbell/Open Road Media	<b>9</b>	-
<b>Pack of Two</b> Caroline Knapp/Random House Publishing Group	<b>10</b>	-

### Hardcover Fiction

TITLE/AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Camino Island</b> John Grisham/Doubleday Books	<b>1</b>	1
<b>Tom Clancy Point of Contact</b> Mike Maden/G.P. Putnam's Sons	<b>2</b>	New
<b>Oh, the Places You'll Go!</b> Dr. Seuss/Random House Children's Books	<b>3</b>	2
<b>Into the Water</b> Paula Hawkins/Riverhead Books	<b>4</b>	4
<b>The Rainbow Fish</b> Marcus Pfister/NorthSouth (NY)	<b>5</b>	7

### Fiction E-Books

TITLE/AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Camino Island</b> John Grisham/Doubleday Publishing Group	<b>1</b>	1
<b>The Identicals</b> Elin Hilderbrand/Little, Brown and Company	<b>2</b>	New
<b>Come Sundown</b> Nora Roberts/St. Martin's Press	<b>3</b>	4
<b>The Fix</b> David Baldacci/Grand Central Publishing	<b>4</b>	-
<b>Tom Clancy Point of Contact</b> Mike Maden/G.P. Putnam's Sons	<b>6</b>	New
<b>The Hollow Crown</b> Jeff Wheeler/47North	<b>7</b>	New
<b>Silver Silence</b> Nalini Singh/Penguin Publishing Group	<b>8</b>	New
<b>The Kept Woman</b> Karin Slaughter/HarperCollins Publishers	<b>9</b>	-
<b>Issued to the Bride One Sniper</b> Cora Seton/One Acre Press	<b>10</b>	New

### Methodology

NPD BookScan gathers point-of-sale book data from more than 16,000 locations across the U.S., representing about 85% of the nation's book sales. Print-book data providers include all major booksellers (now inclusive of Wal-Mart) and Web retailers, and food stores. E-book data providers include all major e-book retailers. Free e-books and those sold for less than 99 cents are excluded. The fiction and nonfiction lists in all formats include adult, young adult, and juvenile titles; the business list includes only adult titles. The combined lists track sales by title across all print and e-book formats; audio books are excluded. Refer questions to Peter.Saenger@wsj.com.

### Hardcover Business

TITLE/AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
<b>Strengths Finder 2.0</b> Tom Rath/Gallup Press	<b>1</b>	1
<b>Unshakeable</b> Tony Robbins/Simon & Schuster	<b>2</b>	-
<b>The Five Dysfunctions of a Team</b> Patrick M. Lencioni/Jossey-Bass	<b>3</b>	8
<b>Total Money Makeover</b> Dave Ramsey/Thomas Nelson	<b>4</b>	4
<b>Extreme Ownership</b> Jocko Willink & Leif Babin/St. Martin's Press	<b>5</b>	2
<b>One Mission</b> Chris Fussell with C. W. Goodyear/Portfolio	<b>6</b>	New
<b>Strengths Based Leadership</b> Tom Rath/Gallup Press	<b>7</b>	-
<b>The 4-Hour Workweek</b> Timothy Ferriss/Crown Publishing Group (NY)	<b>8</b>	-
<b>Lean In</b> Sheryl Sandberg/Knopf Publishing Group	<b>9</b>	-
<b>Who Moved My Cheese?</b> Spencer Johnson/Penguin Putnam	<b>10</b>	9

## REVIEW



TODD SPOTH FOR THE WALL STREET JOURNAL

**WEEKEND CONFIDENTIAL: ALEXANDRA WOLFE**

# Rebecca Richards-Kortum

A bioengineer's goal: designing simple tools to improve health care in developing countries

out a completely different person," she says. She saw things, she adds, from two perspectives: as an engineer and as a mother.

Now, as the head of the bioengineering department at Rice University in Houston, Dr. Richards-Kortum, 53, has made it her mission to develop inexpensive, simple technology that makes medical care more accessible in developing countries. Last September, she won a \$625,000 John D. and Catherine T. MacArthur Foundation "genius" grant for her work.

The more than 30 designs she has patented include a pen-size device to instantly diagnose cervical cancer—especially useful in iso-

lated areas, so that women don't have to return to a faraway doctor for test results. An inexpensive microendoscope can help identify potential oral cancer. Some of her devices are available commercially, while nonprofits and governments distribute others.

Her campus organization, the Rice 360° Institute for Global Health, is now a semifinalist for a 100&Change grant worth \$100 million from MacArthur. The grant funds a single proposal that would help "in solving a critical problem of our time," as the MacArthur website puts it. Dr. Richards-Kortum would use the proceeds to address the newborn death rates in

sub-Saharan Africa, which accounts for 38% of global neonatal deaths. In 2015, while the infant-mortality rate in the U.S. was 3.6 deaths per 1,000 births, the rate in sub-Saharan Africa was 28.6. Her ultimate goal: to halve the rate of infant mortality in that region within the next decade.

So she and her team at Rice have developed a number of low-cost ways to keep babies warm, help them breathe and diagnose and treat various conditions. A device that can identify jaundice with an inexpensive blood test is being tried out in Malawi, as is a syringe pump to deliver liquid medications to newborns and to

**Seeking to save lives as an engineer—and as a mother.**

women giving birth.

The Rice team has also developed a continuous positive airway pressure machine to improve airflow into children's lungs. It is selling for \$800 apiece; similar machines in developed countries cost \$6,000, Dr. Richards-Kortum says. In one hospital in Tanzania, the use of the machine, combined with staff training, increased the survival rate of babies with respiratory distress to 71% compared with 44% for those treated with nasal oxygen. The machine is now being used in 26 countries.

Dr. Richards-Kortum grew up in the Corn Belt city of Grand Island, Neb. As a child, she loved reading science fiction and mystery books and wanted to be a fiction writer. Then, in high school, she discovered math and science. She went on to the University of Nebraska and the Massachusetts Institute of Technology, where she earned graduate degrees in physics and medical physics.

Since 2005, Dr. Richards-Kortum has been at Rice. One of her jobs is to help students come up with new treatment ideas in developing countries. On the checklist: Does the problem affect a lot of people? Are there willing local-clinic collaborators? And does the idea fit within the 360° Institute's area of technical expertise: namely, imaging and diagnostic tests that can be conducted in one visit?

Dr. Richards-Kortum lives in Houston with her husband, Philip Kortum, a Rice professor of biomedical engineering, and three children (three others have already left the nest). Her two youngest were adopted from Ethiopia. "Every time I would go [to Africa], I would end up visiting an orphanage and seeing an orphan in the hospital," she says. When her youngest biological child reached 18, she recalls, "I said to my husband, 'I think we have more room at the table.'" However, "it took a while to convince him," she adds with a laugh.

The scientist says that she "stays sane" by running, whether in the U.S. or Africa, though she often gets lost without GPS in areas without cell service. Lost in an African neighborhood recently, she kept running until she found an area with reception. Then she called a co-worker, who drove around honking the horn so that Dr. Richards-Kortum could listen for the car and guide her colleague to her.

Last month, Dr. Richards-Kortum traveled to Nigeria and Tanzania to get feedback on her medical tools. Such trips make her realize how "truly blessed" Americans are to have access to modern medical technology. At a newborn intensive-care unit, a nurse was carrying a stack of death certificates. During her visit of just a few hours, two babies died.

"Every time I go and visit a place like that," she says, "I come back feeling just that much more committed trying to change that situation."

**MOVING TARGETS: JOE QUEENAN**

## A New Dawn for Down-and-Dirty Investing

OVER THE PAST YEAR, a number of Wall Street firms have introduced robotic advisory services that allow investors to engage in automatic socially responsible investing. Services with names like EarthFolio, Prophecy Impact and Wealthsimple rely in part on computer picks so that their investors, many of them millennials, can effortlessly buy stocks in companies working hard to make the world a better place. Companies that make solar panels, run windmills, treat their employees fairly. Good companies. Nice companies. Companies you could take home to meet mommy.

Yet at the same time, I hear that a growing number of investment companies are now devising socially irresponsible bot platforms that make it easier for insensitive, ethically elastic or just plain depraved investors to buy stocks in companies that work night and day to make the planet

less green, less safe, less pleasant. "There's a common perception that millennials are soft and sensitive and caring and green," says Taters Shank, president and founder of VileBot, an automatic investment-advisory service targeting young people who only care about making oodles of money and don't care how they do it. "But my nephew Skippy is scum. His sister Teal isn't much better. Most of the millennials we have working down in marketing could give Lucifer himself a run for his money. And those kids have loads of disposable income."

In many ways, evil-minded robotic advisory services have an easier job of it. Socially responsible investment services sometimes ask customers to tell them what industries they want to avoid—say, alcohol, tobacco, firearms or anything connected with country music.

**Socially irresponsible, thoroughly profitable.**



No need to do that with, for example, the bot investor DeadRed. "DeadRed only invests in companies run by crooked ex-communists over in Russia and Eastern Europe," says Vlad Vronsky, who acts as a middleman between wicked companies and perfidious investors. "Earth in Imbalance automatically buys shares in companies that guarantee to make the world a less safe place. Last year, both firms returned 35%, fees included."

Who's gonna turn up their nose at returns like that?"

"It's possible to do well by doing good," says Cruella de Villanova, author of "Revert to the Mean," a best-selling guide to investing in profoundly immoral exchange-traded funds. "But you won't do great. So if you're a millennial and you're already thinking about sending Caleb and Judie to Princeton, you

need to start shifting some of your money over to companies based in Iraq, Venezuela, the Philippines, Staten Island."

The most attractive feature of socially irresponsible bots like Third World Growth & Infamy is that an investor doesn't have to tell another human to buy \$500,000 worth of shares in a corrupt, planet-despoiling oil firm run by a crony of Vladimir Putin.

"Even the sleaziest stockbroker might appeal to your conscience and say, 'Wouldn't you rather buy shares in a logging company that's tearing down the Amazon rain forest?'" notes Ms. de Villanova. "With a bot, you don't have to worry about getting lectured. A bot has no moral fulcrum. A bot has no ethical quibbles. A bot just puts through the trade."

Adds VileBot's unabashedly unprincipled Mr. Shank: "You wanna eat dog food when you retire? Stick with the good guys."

## REVIEW

### EXHIBIT

# Of the People, By the People

**HOW DID THE REPUBLIC** begin and evolve since its colonial days? That's the subject of "American Democracy," a wide-ranging exhibition at the Smithsonian's National Museum of American History in Washington, D.C., opening June 28. The exhibit includes documents and objects from the printing press that Benjamin Franklin used while learning his trade to Susan B. Anthony's shawl to posters for the 1963 March on Washington for Jobs and Freedom. One of the museum's goals, says co-curator Harry Rubenstein, is to "encourage people to think about what their role is in participating in and maintaining this democracy." —*Alexandra Wolfe*



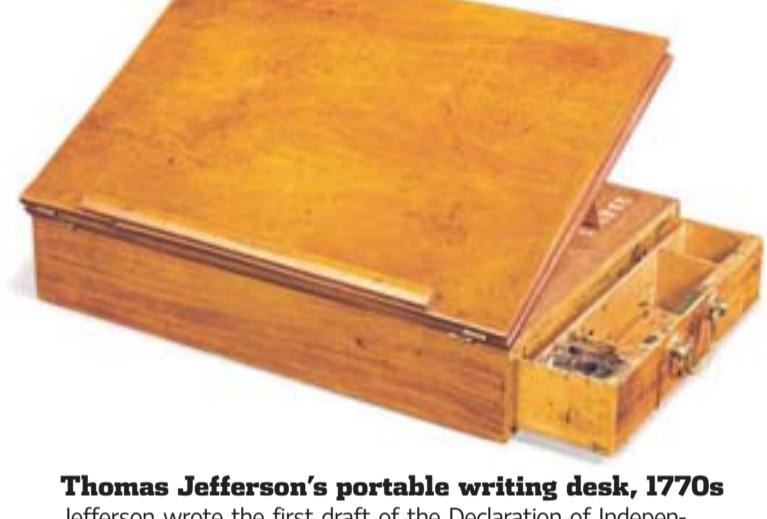
**Suffrage wagon, 1870s-1920s**

Suffragists used this wagon at rallies as well as for selling magazines.



**Voting machine, 1890s**

The country's earliest elections used paper ballots and ballot boxes or voice votes. By the late 1880s, reformers looked to voting machines to fight election fraud. Inventor Alfred J. Gillespie patented this model in the late 1890s.



**Thomas Jefferson's portable writing desk, 1770s**

Jefferson wrote the first draft of the Declaration of Independence on this desk, which includes a locking drawer for papers. Late in his life, he predicted that the desk would become a treasured relic "for its great association with the birth of the Great Charter of our Independence."

NATIONAL MUSEUM OF AMERICAN HISTORY

### PLAYLIST: ANNE HILLERMAN

#### Music to Say 'No' By

A Doobie Brothers song helped a novelist buck her parents' concerns about a love affair

Anne Hillerman, 67, is the author of three mystery novels, including her latest, "Song of the Lion" (Harper), which features characters made famous by her father, novelist Tony Hillerman. She spoke with Marc Myers.

In February 1973, I was writing for the Santa Fe New Mexican newspaper when I began dating the new director of the New Mexico Museum of Art. Don and I moved in together that August. When I wrote my parents in Albuquerque to tell them, my father wrote back with words of caution. But I needed to break free from my parents, and the Doobie Brothers' "**LONG TRAIN RUNNIN'**" helped me do that.

My dad was concerned that Don was 38 and I was 23, that he was divorced and had three children, and that his ex-wife lived in town. He thought I should take a deep breath. To me, Don was an optimistic, enthusiastic guy who was curious about the world and wanted to live near his kids.

That Thanksgiving, I drove alone to my parents' house. Don remained in Santa Fe to celebrate with his children. During the hour-long trip, I listened to the radio. At some point "Long Train Runnin'" came on.

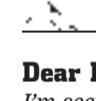
I loved the song's feel, with the guitar's rhythm chords. It sounded like a train pushing

**'I gotta keep on movin'.'**



DOOBIE BROTHERS members in the mid-'70s.

### ASK ARIELY: DAN ARIELY



#### A Lens on Good Behavior

**Dear Dan,**

*I'm seeing many more surveillance cameras in shopping malls, restaurants, roads and even my workplace. I doubt that anyone is watching all these acres of footage, so why should anyone care about being recorded? Won't the cameras' ubiquity undermine their effectiveness?*—Bruce

Don't be so sure. Even if no one is watching the cameras' video in real time, authorities can still use it after a crime has occurred to figure out who did what to whom. So please don't start behaving badly just because you're seeing so many cameras around.

Moreover, from a psychological perspective, surveillance cameras also provide a good mechanism for reminding us about morality. One of the most powerful motivators of honest behavior is our own moral self-evaluations (known to experts as "self-concept maintenance").

When we have other people (or cameras) around, they remind us about the people we want to be, which spurs us to behave more nobly.

An early demonstration of this principle came from research in 1976 by Edward Diener and Mark Wallbom, published in the Journal of Research in Personality, who showed that mirrors reduced academic dishonesty in students by making them more self-aware. In their experiments, students who took an exam in a room decked out in mirrors were less likely to keep writing after the bell rang than those who took their tests in a normal classroom. Similarly, surveillance cameras—particularly if they're clearly observable—should increase self-awareness and, with it, better behavior.

**Dear Dan,**

*My closest friend since childhood recently betrayed me, after decades of trusting friendship. She has apologized sincerely, but all the confidence I had in her is still tainted. Is it rational (or helpful) to for-*



ROBERT NEUBCKER

*give people who have hurt us?* —Jamie

While it isn't clear whether your friendship can fully recover from this incident, you clearly would be better off if you could forgive your friend. Research has shown that our health improves when we free up mental space from grudges and hate.

In a study published in 2003 in the Journal of Behavioral Medicine, Kathleen A. Lawler and colleagues interviewed 108 college students about a time when a

parent or friend had deeply hurt them and measured their blood pressure at several points during the conversation. Subjects who forgave their betrayers had lower levels of blood pressure than those who hadn't been as lenient. Even more important, college students who had more forgiving personalities overall turned over to have lower blood-pressure levels and heart rates.

Of course, forgiveness isn't easy, but if you can pull it off, it brings real benefits.

**Dear Dan,**

*I go out to dinner with my husband once a week, and every time, we promise to order something healthy—but when we see the menu, we get tempted and order something less virtuous but tasty. Any advice on how to show more resolve?*—Aimee

You are describing a classical case of temptation. Before you get to the restaurant, you've settled on a certain idea of how you want to behave—then you get tempted, and afterward, you regret your indulgences. So how can you override temptation? Just order for each other. When we order for our significant other, we aren't tempted by taste and can instead think about their health—which is also what our spouse would want a few hours later.

**Have a dilemma for Dan?**

Email [AskAriely@wsj.com](mailto:AskAriely@wsj.com).



# PLAY

## NEWS QUIZ: Daniel Akst

From this week's  
Wall Street Journal

1. In Germany, a building boom has stirred up something long buried. What?

- A. Thousands of tons of munitions from two world wars
- B. Opposition to the destruction of surviving historic buildings
- C. Wariness toward capitalism among residents of the former East Germany
- D. Concerns that modern architecture carries echoes of the country's Nazi past

2. George Clooney



and his partners are selling their upscale brand of tequila to Diageo for at least \$700 million. What's it called?

- A. El Ganso Dorado
- B. Patron
- C. The Perfect Storm
- D. Casamigos

3. MSCI added a country to its benchmark emerging-markets index. Which one?

- A. The Maldives
- B. Kazakhstan
- C. Zimbabwe
- D. China

4. Amid controversy, Uber CEO Travis Kalanick stepped down. Who replaced him?

- A. Facebook's Sheryl Sandberg
- B. Board member David Bonderman

To see answers, please turn to page C4.

- C. A committee of 14 executives
- D. A council of Uber drivers

5. Per a new study of Mexican women, how do workers stay motivated in repetitive jobs?

- A. Legally mandated breaks
- B. Commitment to family
- C. Fantasies of retirement
- D. Hopes for advancement

6. You can boost your relationship satisfaction by looking at images of your spouse interspersed with other images—of what?

- A. Construction equipment
- B. Baby animals
- C. Piles of cash
- D. Other people's spouses

7. Patients are battling insurers over costly new drugs called PCSK9 inhibitors. What do they treat?

- A. Depression
- B. Obesity
- C. Runaway high cholesterol
- D. Multiple sclerosis

8. According to the nonprofit EcoHealth Alliance, bats harbor the highest number of viruses likely to infect people. Which of these is second?

- A. Primates
- B. Rodents
- C. Even-toed ungulates
- D. Russian spam



FROM TOP: EUROPEAN PRESSPHOTO AGENCY; ISTOCK

Provided by the  
**National  
Museum of  
Mathematics**

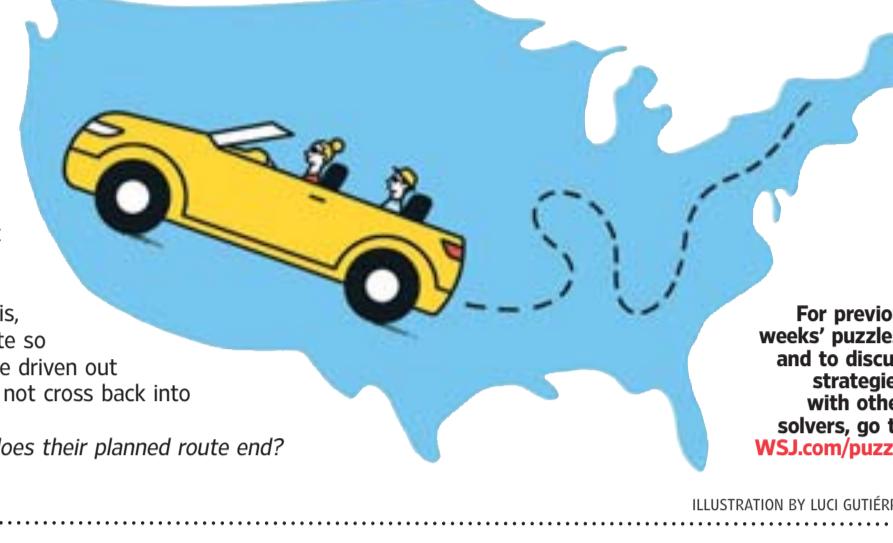
## VARSITY MATH

Another summertime pleasure for team members: road trips!

### Great 48

One group of students starts in the middle of the country, in Wichita, Kan. To make the trip more interesting, they decide to visit each of the 48 contiguous states exactly once. That is, they plan their route so that once they have driven out of a state, they do not cross back into that state again.

In which state does their planned route end?



For previous weeks' puzzles, and to discuss strategies with other solvers, go to [WSJ.com/puzzle](http://WSJ.com/puzzle).

ILLUSTRATION BY LUCI GUTIÉRREZ

### Southern Circuit

Another group from the team plans a Southern tour, visiting Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Virginia and West Virginia. However, they choose a route that makes every possible crossing from one of these states into

another one of these states, going in one direction or the other (but not both directions) across every border between two of these states, exactly once each. (This of course involves visiting some of the states more than once.) They start their trip on the coast.

In which state do these students end up?

+ Learn more about the National Museum of Mathematics (MoMath) at [momath.org](http://momath.org)

## SOLUTIONS TO LAST WEEK'S PUZZLES

### Three Out of Four

A	T	O	M	S	M	A	S	H	E	R	C
E	R	R	A	T	A	I	I	D	U	E	L
L	I	P	R	E	A	D	E	R	R	P	A
E	O	B	Q	M	S	E	R	B	I	A	N
C	L	A	U	S	E	A	R	A	P	I	D
T	I	R	E	O	R	G	N	A	I	R	E
R	P	T	E	L	V	I	S	A	D	D	S
I	R	E	N	E	E	L	E	M	A	N	T
C	O	N	G	A	M	E	T	S	F	I	
I	F	D	A	D	O	R	A	T	O	N	
T	I	E	R	P	P	R	A	G	U	E	
Y	T	R	A	N	S	F	I	G	U	R	

### Dialogues

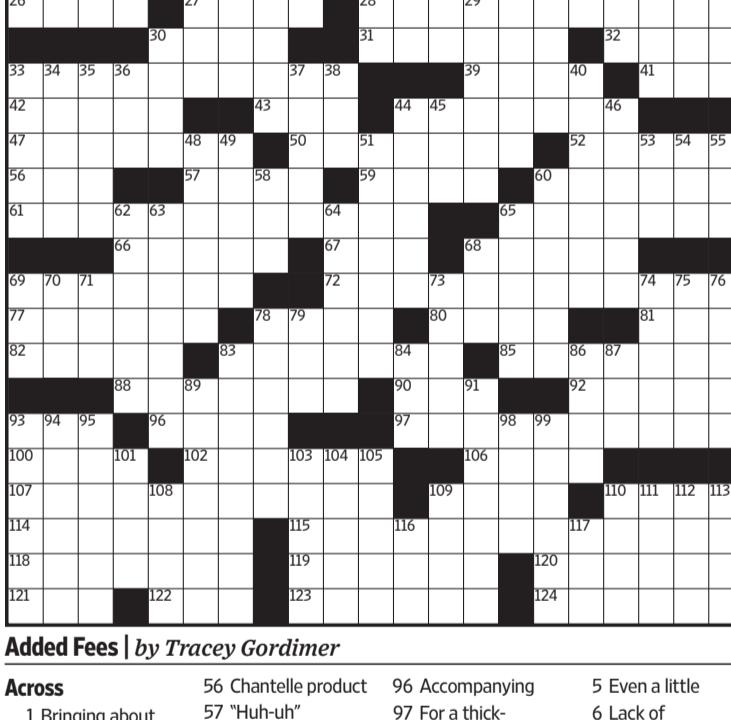
F	A	L	S	O	L	B	B	E	R	S	F
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O	D	U	E	H	E	D	S	T	E	R	E

### Varsity Math

It takes at most 22 moves to solve last week's **Sort of Hanoi-ing**, starting from a stack arranged from top to bottom as either 23451 or 13452, with 1 the smallest disk and 5 the largest. The **Amphibian Marathon** takes 27 moves to win.

1. ELECT + RI + CITY; ATOM SMASHER (anag.); TRANSFIGURE (anag.); "Secret family fate" = CLAN + DESTINE 2. ERRATA (anag.); PROFIT ("prophet" hom.); PRAGUE (anag.); "Fix warped rapier" = REPAIR (anag.) 3. TIE + R; TRIO (hid.); DUE + L; "Number spoken for" = FOUR ("for" hom.) 4. B(ART)ENDER; EURIPIDES (anag.); LIP READER (anag.); "Love commercial speech" = AD + ORATION 5. CONGA + ME; SERBIAN (anag.); MARQUEE ("marquis" hom.); "ID guard reversed" = NAME TAG (rev.) 6. CLAUSE ("Claus" hom.); SIERRA (anag.); LAME + NT; "Boring field study" = LEA + DEN 7. IRENE (hid.); RA(P)ID; ATARI (anag.); "Checks ships' bows" = STEMS (2 defns.) 8. M + OPS; ADDS (anag.); TIRE (2 defns.); "Second idea changed" = AIDE (anag.) 9. A(G)LE; ELVIS (hid.); OR + G + AN; "Offer free verse" = SERVE (anag.)

## THE JOURNAL WEEKEND PUZZLES Edited by Mike Shenk



### Added Fees | by Tracey Gordimer

- Across**
- 1 Bringing about
  - 7 Suspicious way to look
  - 13 Heel
  - 16 Lumbering fellow
  - 19 Cubby?
  - 20 Melba from Melbourne
  - 21 Set in order
  - 23 Dietary supplements that taste like steak?
  - 25 Groundkeepers, at times
  - 26 Marco Polo's heading
  - 27 Mail (do a perfunctory job)
  - 28 Friends included in a phone pic?
  - 30 Do some agonizing
  - 31 Qualities
  - 32 Affectionately cute
  - 33 Domestic servant at Eddie's Hollywood estate?
  - 39 Trellis piece
  - 41 Anomalous
  - 42 Buyer be where?
  - 43 Time off, in military jargon
  - 44 Visits
  - 47 Long-standing rival
  - 50 Peanuts and pinto beans
  - 52 Full of substance
  - 56 Chantelle product
  - 57 "Huh-huh"
  - 59 Without adjustment
  - 60 Harold Henry Reese's nickname
  - 61 Chef who's expert at preparing duck in its own fat?
  - 65 Minimizes
  - 66 There's a lot of interest in it
  - 67 Foe of Agent Smith in a movie trilogy
  - 68 Singular trinket
  - 69 Tantalizing ads
  - 72 Exercise employing sneakers with cushioned insoles?
  - 77 No longer in bed
  - 78 G
  - 80 Horace collection
  - 81 Vardalos of "My Big Fat Greek Wedding"
  - 82 Quick-cooking noodles
  - 83 Linguist Noam
  - 85 Finish protector
  - 88 "My mistake... What of it?"
  - 90 2012 British Open winner
  - 92 It might be hand-picked
  - 93 "Austin City Limits" carrier
  - 96 Accompanying
  - 97 For a thick-coated dog, it's like seven human ones?
  - 100 Woody's son
  - 102 Mom's pop
  - 106 Assns.
  - 107 Botany, agriculture and forestry?
  - 109 Mom's mom
  - 110 USN bigwigs
  - 114 Misbehaves
  - 115 Headline announcing "Red Hot Mama" Tucker's commencement address?
  - 118 1992 animated musical film by Bill Plympton
  - 119 Security detail, at times
  - 120 "I Believe I Can Fly" singer
  - 121 Co. that administers the SATs
  - 122 GPS lines
  - 123 Maker of the Spark personal watercraft
  - 124 By far
  - 125 Maximus attendee
  - 126 Post's opposite
  - 127 Drawn on
  - 128 Bow's husband on "Black-ish"
  - 130 Even a little
  - 131 Lack of appropriate seriousness
  - 132 Dove's position
  - 133 Spicer of briefings
  - 134 Flyer to Amsterdam
  - 135 Coveted guests
  - 136 Lev's Stadium pro
  - 137 B&B in Brighton Beach?
  - 138 Hauls in
  - 139 Washing machine part
  - 140 Ring combo
  - 141 "It's a deal!"
  - 142 Owned (up)
  - 143 Med. sch. course
  - 144 Article
  - 145 Like the Wind" ("Dirty Dancing" song)
  - 146 Party platter purveyor
  - 147 Vodka in a blue bottle
  - 148 Mason's aid
  - 149 Reggae kin
  - 150 "Like the Wind" ("Dirty Dancing" song)
  - 151 Flyer to Amsterdam
  - 152 Brian Williams's employer
  - 153 Circus Maximus attendee
  - 154 Mason's aid
  - 155 "Like the Wind" ("Dirty Dancing" song)
  - 156 "I Believe I Can Fly" singer
  - 157 Dove's position
  - 158 Flyer to Amsterdam
  - 159 Mason's aid
  - 160 Ring combo
  - 161 "Like the Wind" ("Dirty Dancing" song)
  - 162 Mason's aid
  - 163 Dove's position
  - 164 Flyer to Amsterdam
  - 165 Mason's aid
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  - 225 Dove's position

40 Bears down (on)

44 Made-to-order

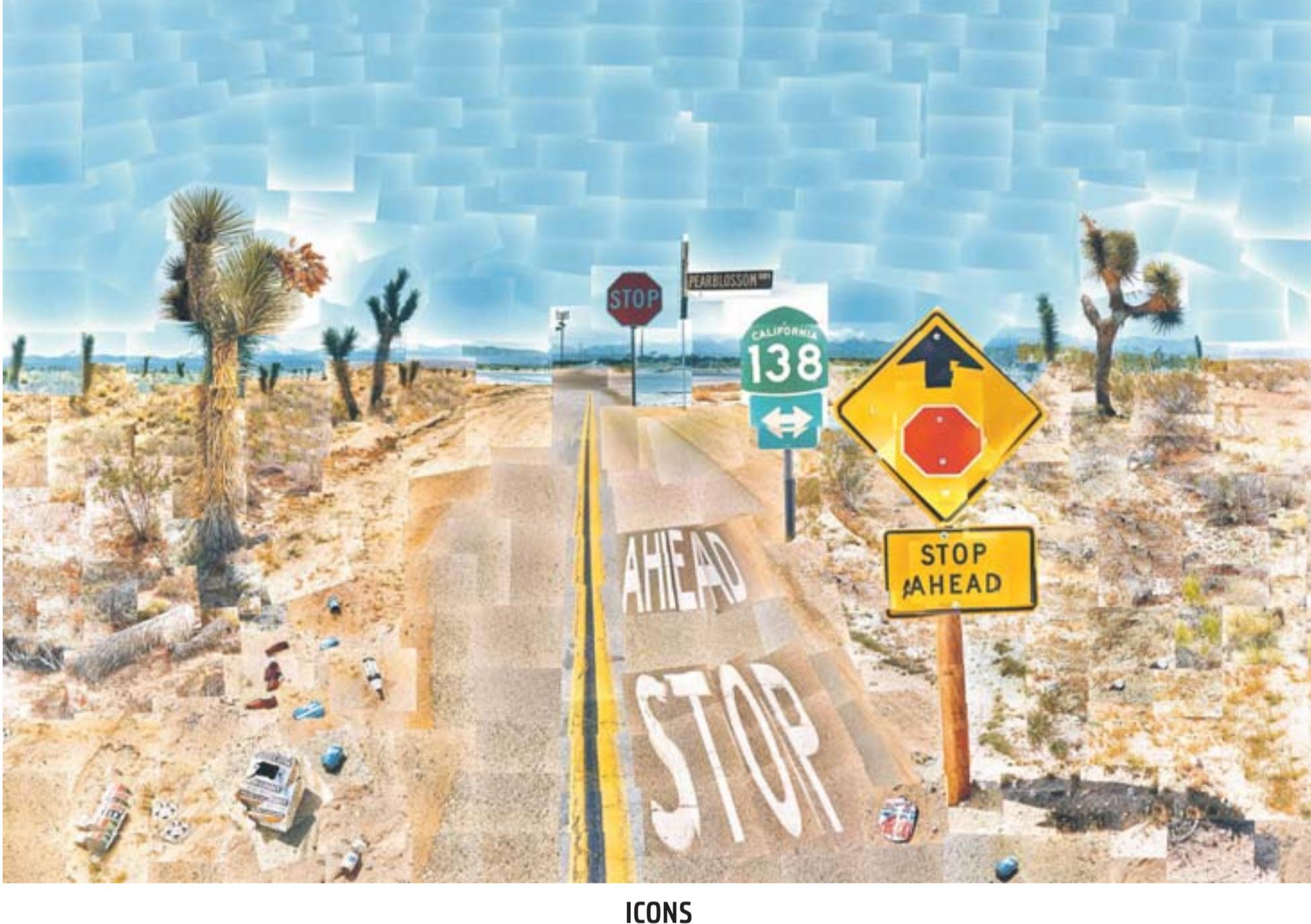
45 Gallic pal

46 "Taken" star

48 Successively

49 Goes to great heights

## REVIEW



### ICONS

# Hockney on Collages—and Hockney

A new show focuses on self-portraits and photos; 'I often draw myself looking grim'

BY ALEXANDRA WOLFE

**DAVID HOCKNEY** was way ahead of today's ubiquitous selfies. In the 1980s—already famous for his painted landscapes of California pools and suburban houses—he threw himself into drawn, painted and photographed self-portraits.

The results, as well as Mr. Hockney's wider interest in photographic collage, are the main focus of "Happy Birthday, Mr. Hockney," a celebration of his turning 80, at the Getty Center in Los Angeles, opening in two stages, June 27 and July 18. Most of the versions of Mr. Hockney on view, though, don't make for a cheery celebration. "I usually only draw myself in down periods," Mr. Hockney told London's Telegraph newspaper in 2001. "I suppose that's why I often draw myself looking grim. I just think, 'Let's have a look in the mirror.' When you are alone and you look in a mirror, you never put on a pleasing smile. Well, you don't, do you?"

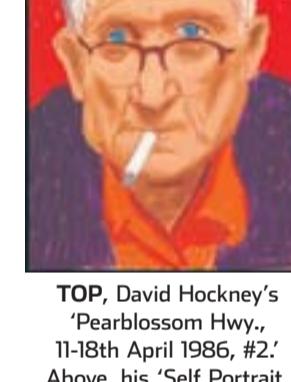
In contrast to Mr. Hockney's landscapes, his self-portraits—the photos, drawn works and paintings—have never been available for sale and rarely go on public view. In this exhibition, 16 of them will be shown together for the first time.

Born on July 9, 1932, in Bradford, England, about 200 miles north of London, Mr. Hockney

played a role in the British pop-art movement. Entranced by the 24/7 vibrancy of American cities, he eventually moved to Los Angeles, where he has lived off and on since 1964. Mr. Hockney's colorful, figurative paintings made him a favorite of critics and buyers: Last year, one of his paintings sold for \$11.7 million, the highest-ever at auction for the painter.

Since he was a teenager, Mr. Hockney has also experimented with ways to depict himself. One of his earliest self-portraits, from 1954, is a color lithograph showing him with dark hair, round glasses and awkwardly crossed arms. After that, co-curator Julian Brooks says it took Mr. Hockney a while to consistently "confront himself." In 1983 "the floodgates opened...and suddenly he found [self-portraits] interesting," Dr. Brooks says. The artist started large series of them, principally using pencil and paper.

At first, the Hockney self-portraits showed vulnerability and self-consciousness, according to Dr. Brooks. But over the years, he adds, they showed intense self-examination. Mr. Hockney has depicted himself with his mouth wide open in surprise, with a scowl or with a cigarette hanging out of his mouth at an angle.



TOP, David Hockney's 'Pearblossom Hwy., 11-18th April 1986, #2.' Above, his 'Self Portrait, 20 March 2012 (1219).'

At the same time, the exhibition reveals the many technologies Mr. Hockney has used, including photography, photocopy machines and watercolor. He was experimenting with software for sketching on a screen in the mid-1980s. In 2012, Mr. Hockney began making his latest batch of self-portraits on an iPad, using his fingers and a stylus to draw himself. Traditional watercolor paints layered on top of one another can lose definition and intensity; Mr. Hockney found that wasn't true of his iPad creations, Dr. Heckert says.

While the part of the exhibition opening on June 27 concentrates on self-portraits, the second stage focuses more on photography, especially collages made with Polaroids and photographic

prints. Both parts of the exhibition will run until Nov. 26. Co-curator Virginia Heckert says that these Polaroid collages "foreshadow Photoshop," in that Mr. Hockney combines multiple images into something new.

Instead of capturing a specific and decisive moment, Mr. Hockney's 1980s photos turned photography "into a different way of perceiving time," Dr. Heckert says. In his Polaroid composite "Blue Terrace Los Angeles March 8th 1982,"

for instance, the viewer can see a deck, the view from the porch and the house itself, all from different perspectives. The result, Dr. Heckert says, is that the viewer moves through the images as if the composite were a landscape.

Similarly, Mr. Hockney fractured reality and time in "Pearblossom Hwy., 11-18th April 1986, #2," (1986), a location north of Los Angeles. He used nearly 800 different photos to capture what it was like to drive through California's dry Antelope Valley in northern Los Angeles County. Mr. Hockney layered and overlapped the prints on top of one another to make up the road, trees, sky and signs on the side. He contrasted the garbage on the road, including a crushed beer can and empty Bud Lite box, with the majesty of the mountains and trees.

"Although it looks as though it is a central viewpoint [and] the perspective does look traditional," Mr. Hockney said in a video about the Pearblossom collage, "not one photograph is taken from that central viewpoint." With no glazing protecting the delicate composition of prints, the work has never been lent to other institutions and is rarely shown in public.

No matter the medium, Mr. Hockney's work explores the boundaries of figurative art in a contemporary art world often drawn to concept and abstraction. He sees the real world as still crucial to art. He told co-writer Marco Livingstone about the self-portraits in a 1987 book: "I just noticed that every time I looked, there was something different, and you drew it differently."

FROM TOP: 1986 DAVID HOCKNEY; DAVID HOCKNEY

## MASTERPIECE: 'OZYMANDIAS' (1817), BY PERCY BYSSHE SHELLEY

### WHAT TRUMPS VAIN BOASTS

BY DAVID LEHMAN

**IMPROPTU** poetry competitions were not uncommon among the English Romantic poets. The poets would be given a quarter of an hour or so to turn out a serviceable sonnet on a chosen theme. In December 1816 John Keats and Leigh Hunt wrote sonnets on "the grasshopper and cricket." Hunt's effort holds up pretty well, but you'd have to say that Keats won with the poem that begins "The poetry of earth is never dead" and ends "on a lone winter evening," when "to one in drowsiness half lost" the cricket "shrills" and wakens an echo of the grasshopper's summer song "among some grassy hills."

In 1817 Percy Bysshe Shelley wrote "Ozymandias," perhaps the greatest of his short poems, when he and his banker friend Horace Smith sat down to compose dueling sonnets on a passage from the Greek historian Diidorus Siculus. The passage concerned Ramesses II, the Egyptian pharaoh who squared off against Moses in Exodus. A massive statue glorifying him proclaimed on its pedestal that he was the "king of kings." The poets used this phrase and called the ancient pharaoh, whose statue lay in ruins, Ozymandias.

Horace Smith's "Ozymandias" has some fine lines about a hunter in a future age beholding "some fragment huge" in the wilderness "where London once stood." But genius went into Shelley's poem:

*I met a traveller from an antique land  
Who said: "Two vast and trunkless legs of stone*

*Stand in the desert... Near them, on the sand,  
Half sunk, a shattered visage lies, whose*

*frown,  
And wrinkled lip, and sneer of cold command,  
Tell that its sculptor well those passions read  
Which yet survive, stamped on these lifeless*

*things,*

*The hand that mocked them and the heart*

*that fed:*

*And on the pedestal these words appear:  
My name is Ozymandias, king of kings:  
Look on my works, ye Mighty, and despair!  
Nothing beside remains. Round the decay  
Of that colossal wreck, boundless and bare  
The lone and level sands stretch far away."*

One reason "Ozymandias" is so often anthologized is that it conveys a message dear to poets. Time mocks emperors, particularly boastful ones. The sculptor's "hand that mocked" is a brilliant pun, for the word "mocked" in 1817 signified not only ridicule

but also imitation, as in painting from a model.

Fragments fascinate us, because they bear witness to the devastation of time. Shakespeare's Sonnet 55 argues in favor of poetry, which shall outlive "the gilded monuments / Of princes," because marble and stone are inevitably "besmear'd with sluttish time," while language, being immaterial, can theoretically live forever. In "Ozymandias," Shelley, the brash idealist, argues against tyranny itself—"the [ruler's] frown, / And wrinkled lip, and sneer of cold command"—in the course of presenting the evidence that time defeats despots with their monumental vanity.



conveys a sense of the vast continuous distance covered in that "stretch." The image is haunting, as is the framing device that Shelley employs. We are left wondering about the mysterious "traveller from an antique land" who is said to be the author of the poem.

"The New Colossus" (1883), Emma Lazarus's stirring sonnet about the Statue of Liberty, borrows a rhyme from "Ozymandias" (stand, land, command) and invites us to read it as a rejoinder to Shelley's sonnet. The statue in Lazarus's poem is a replacement for the Colossus of Rhodes, "the brazen giant of Greek fame." The great bronze monument to the sun god, one of the Seven Wonders of the World, stood in the harbor of Rhodes. (It crumbled in an earthquake in 226 B.C.) Not as a warrior with "conquering limbs" but as a woman with "mild eyes" and "silent lips," the new colossus will stand as tall as the old, honoring not a god but an ideal that will make it a wonder of the modern world. The legend in Lazarus's poem could be construed as the opposite of a tyrant's imperial vanity:

*"Keep, ancient lands, your storied pomp!"  
cries she,  
With silent lips. "Give me your tired, your*

*poor,  
Your huddled masses yearning to breathe*

*free,  
The wretched refuse of your teeming shore.  
Send these, the homeless, tempest-tost to me,  
I lift my lamp beside the golden door!"*

Mr. Lehman's latest book is "Poems in the Manner Of" (Scribner) comprising imitations, approximations and translations of poets from Catullus and Li Po to the present. He teaches in the graduate writing program of the New School in New York City.

Watch out!  
Toys with  
digital eyes  
are here  
**D11**



# OFF DUTY



The oddly cool  
alternative for  
minivan-averse  
families  
**D12**

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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\* \* \* \*

THE WALL STREET JOURNAL.

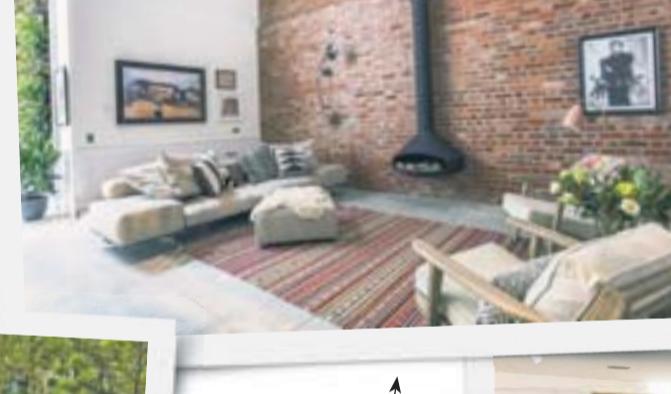
Saturday/Sunday, June 24 - 25, 2017 | **D1**

## 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.



**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.



Welcome to your new neighborhood.

**LIVING LARGE** Thirty-two-foot ceilings, a working fireplace and idiosyncratic decor that wasn't chosen by a committee.



**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.

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 D8

### [ INSIDE ]



**BRIDGE THE AGES**  
How an ancient engineering ritual in Peru is attracting thrill-seeking tourists **D9**

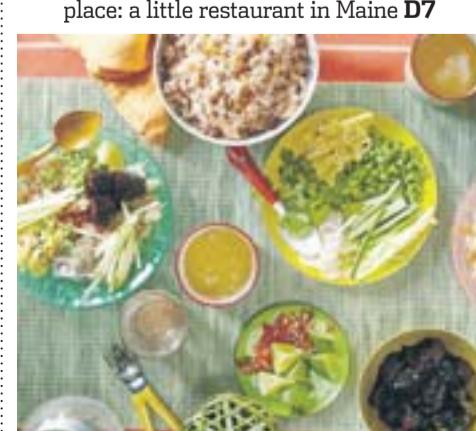


#### SMASHING AND UNSMASHABLE

Chic plastic glasses **D10**



**CHANNEL JACKIE**  
A guide to stealing Mrs. Onassis's early-1970s holiday style **D2**



#### THAI TO DIE FOR

A Southeast Asian recipe from an unlikely place: a little restaurant in Maine **D7**

# STYLE & FASHION

COPY CAT

## Jackie Be Nimble

On vacation, the ex-First Lady was a model of sprightly style. Emulate her taste in freewheeling skirts

BY RIMA SUQI

**T**HOUGH THE influence of the 1970s in shaping fashion has simmered down slightly, it's still going strong (and boiling over when it comes to Gucci).

If you want to partake in the neo-'70s trend without parting ways with your own, not especially retro style, consider Jacqueline Kennedy Onassis, as pictured here, on vacation in Capri, in June 1971: Her button-front midi-skirt—of its era but not cartoonishly so—was echoed this season by a number of designers such as Lisa Marie Fernandez and Rebecca Taylor.

The photo was snapped by an unknown paparazzo as she was spending the day on the idyllic Italian island with her sister, Lee Radziwill, and Ms. Radziwill's children, Anthony and Anna Christina. Ms. Onassis was 41 at the time, about two years into her marriage to Aristotle Onassis, and, judging by her garb, perhaps feeling more comfortable in her own skin than she had several years prior as First Lady of the United States. Her hair was tied in a low chignon, her feet clad in the flat sandals now synonymous with Capri style, and she paired the silk-tie-print skirt with a simple, scoop-neck top and wide metallic belt.

Her look rather seamlessly and chickly translates to 2017. "In the '70s there was a lot of craziness going on in fashion, and [Jackie and

Lee] just ignored it," said Jennifer Alfano, founder and editor of fashion website the Flair Index. "They were really true to being elegant and understated." Emma McClelland, assistant curator of costume at the Museum at FIT, at New York's Fashion Institute of Technology, concurred: "While [Jackie] was fashionable, she wasn't dressing in extremely directional clothing. Images of her have a feeling of the era but aren't so tied to that moment in time."

The skirt has other bona fides. New York designer Rebecca Taylor, who's offering four versions this season, praised its ability to leave you practically covered up but not dowdy. "I'm a mom of three, and my legs have seen better days," said Ms. Taylor, "but it gives you the feeling of being slightly sexy without wearing a mini." Another fan of the silhouette, Monica Paolini, co-designer of label Sea New York, appreciates its flattery: "You can show more leg, it accentuates your waist and hides hips well."

Flat, strappy sandals are inarguably the ideal footwear for this skirt. But what to wear on top? Avoid anything too billowy, which can skew overly retro. Opt for a fitted, simple tops, like a T-shirt, camisole or even a bodysuit. The Flair Index's Ms. Alfano warned in particular against the now ubiquitous tops that are both off-the-shoulder and ruffled. "You could do an off-the-shoulder, or one ruffle, but be careful. You don't want to look like a wedding cake."



### LEG OF THE JOURNEY

As Mrs. Onassis, here with sister Lee Radziwill, the former First Lady's style was far less strict.



Skirt, \$545,  
[lisamariefernandez.com](http://lisamariefernandez.com)



Miguelina Skirt, \$360,  
[neimanmarcus.com](http://neimanmarcus.com)



Skirt, \$395,  
[rebeccataylor.com](http://rebeccataylor.com)

### THE HEIGHTS OF FASHION

## YOU KNOW THE ESPADRILLE

Summery. Unmannered. But did you know it can be had with this range of heel altitude?



### Flat-Out Gorgeous

Comfort is king. With these espadrilles from Soludos, the one-inch lift is entirely horizontal. The elegantly pale shade and ballet-slipper-like ankle-ties lend otherwise chunky shoes an air of delicacy.

Espadrilles, \$79, [soludos.com](http://soludos.com)



### Gather Up

There's a retro charm to these pleated, rope-soled numbers—the sort of coquettish but quite functional footwear a suburbanite might have worn about the house in the 1950s.

Team yours with a sweet floral dress or jeans. Espadrilles, \$106, [rouje.com](http://rouje.com)



### Mid-Earthly

With crisp crisscross straps over the toes and an ankle strap more businesslike than you'll find on some espadrilles, this pair gets a pass to venture into the office. The mid-height wedge adds to its smart polish.

Espadrilles, \$171, [castaner.com](http://castaner.com)



### Higher Calling

Wearing spindly heels with less-than-supportive straps in the heat is a fool's game.

To get the height without the blisters, a reasonably steep but cushy espadrille wedge with a generous suede upper is your best bet.

Espadrilles, \$325, [loefflerrandall.com](http://loefflerrandall.com)



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## STYLE & FASHION

20 ODD QUESTIONS

# Jonathan Anderson

The hardworking British designer on the best heritage knits and why Al Pacino is the celebrity he'd most like to dress

**T**HE FREQUENT FLIER miles are racking up, and his passport is becoming slightly dog-eared. "In the last two weeks I've done five different countries," said Jonathan Anderson. That's partly because Mr. Anderson, 32, does double-duty, designing both men's and women's clothes for his own line, J.W.Anderson, and for Loewe, the 171-year-old Spanish luxury label for which he has been creative director since 2013.

Though London is his adopted home—he grew up in Northern Ireland—his life has become one spent in transit, with regular jaunts to Loewe's Madrid headquarters and to Paris, where Loewe and his label have offices. Not that he minds. "I like this idea of being a tourist," said Mr. Anderson, sitting in the lush but manicured garden of the Villa La Pietra—on the outskirts of Florence, Italy—where he was about to show his namesake label's spring 2018 menswear collection.

This fall, he'll visit Korea, Japan and China to promote the release of a collection for Japanese basics behemoth Uniqlo. A frequent creative collaborator, Mr. Anderson has teamed up with major players like Versace, Sunspel and now Converse (on a sneaker line)—as well as less-expected design partners, like rapper A\$AP Rocky and Canadian artist Anne Low.

Pushing beyond clothing, last March he curated a show called "Disobedient Bodies" at the Hepworth Wakefield Museum in England that merged art, sculpture, furniture and fashion.

Though his own designs don't shy from the progressive—he put men in ruffled mini skirts four years ago as an early practitioner of gender-blurring style—Mr. Anderson also reveres the classics. The most recent evidence: his spring 2018 collection, which surprised the fashion world with its chinos, Breton tops, wide-leg jeans and trench coats. For a designer who has specialized in breaking boundaries, creating such accessible clothing is a radical statement. "I think it's fine not to be scared of normality," explained Mr. Anderson. "I think maybe normality is a good thing, I think it might be the new abstract."

**My dream dinner party would include guests like:** Donald Trump. I think I would have the Dalai Lama, Kim Kardashian, and then, if I could bring people back from the dead, Picasso and Freud. Maybe just something where it's so wrong that you might actually find something right.



**The album from my childhood that I still listen to is:** the Backstreet Boys' "Millennium," the one that is like their biggest album.

That was the first CD I got for Christmas. It's just a standard.

**My favorite gallery is:** the Hepworth Wakefield in West Yorkshire. I loved it even

before I curated the exhibition. It really has got true values and it stands for what it is. I've also always been an advocate for the need to get out of our cities.

**My most cherished memory is:** being with my parents and my brother and my sister going down the Ardèche in southern France in canoes, even though my brother and I weren't very good at it. We were very young. My parents were very active.

They liked a dangerous sport for the kids.

**The person I'd like to design**



**for is:** Al Pacino. Just because he probably doesn't engage with fashion at all.

**The oldest piece of clothing in my closet is:** our tour T-shirt from when I was in the National Music Theater. I still wear it to garden.

**I love to collect:** ceramics, ceramics, ceramics. I recently got quite an important vase from Bernard Leach with four fish on it from the first series of those vases.

**My favorite under-the-radar brand is:** Purdey in London. It's an old gun company. They just do amazing sweaters and it's very quintessential. They're still going.

**Men rarely look good when they wear:** new boots, especially when they tuck their jeans into them. It's all too tight. They look frigid.

**My day isn't complete until:** I get my email inbox to zero. It's important to start the day fresh.

**The most-used app on my phone is:** Instagram. I enjoy posting because it's a relief to put things out there yourself. You have more control

over them.

**The most stylish fictional character is:** The Pink Panther. The original.

**I unwind at the end of the day by:** eating takeout, drinking a beer and watching TV. My favorite show right now is called "Versailles" [available on Amazon] about the court of Louis XIV. It's got a lot of sex, a lot of power, a lot of control.

**My pen of choice is:** a black Sharpie. I don't really use them to draw. I use them when I'm angry and have to write things down.

**If money were no object, I would buy:** a Rubens painting. One called "Lot and His Daughters" came up for auction quite recently [selling for \$58 million] and it wasn't that expensive.

—Edited from an interview

by Jacob Gallagher

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## STYLE & FASHION

# '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

**I**S 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 donning 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.

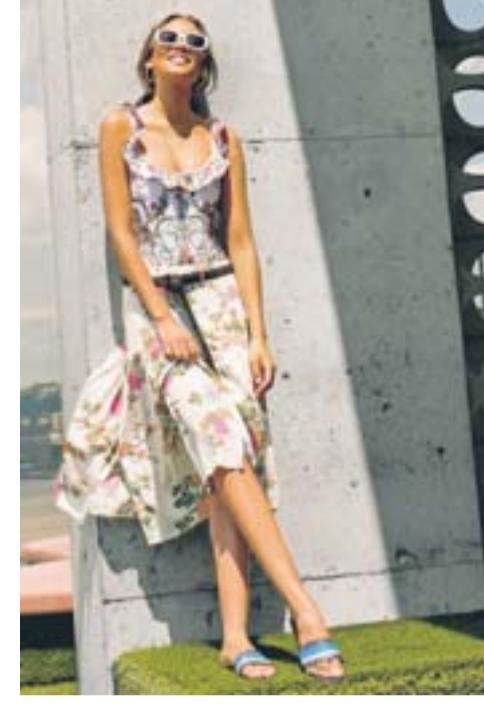
To find a swim top you can elevate to regular-top status, pay attention to fabric and silhouette. "I feel like the vintage-inspired styles really work best," said New York fashion stylist Ann Caruso. Those 1950s-style fuller-cut tops and bottoms not only offer more cover, they're also more fashion-forward. "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 swim-and-skirt/dress ensembles with e-commerce site Matches Fashion.

**The bikini is no longer just a bikini. The one-piece is also a bodysuit.'**

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 shirt dress, 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, *illesteva.com*; Belt, \$450, *etro.com*; Sandals, \$490, *loewe.com*

**Left:** Swimsuit, \$430, *lisamariefernandez.com*; Trousers, \$475, *joseph-fashion.com*; Sunglasses, \$460, *oliverpeoples.com*

Photographed at Le Bain at The Standard High Line, New York.

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### ÊTÉ 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 his lower-priced label, Grey Jason Wu. "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 col-

#### HAUTE HAUL

The bountiful

table setting.



Kate Bosworth

Jennifer Fisher

Carlotta Kohl

Michael Woodcock

Lara Apponyi



Jason Wu

ors 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 ge-

raniums, 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, pro-

claiming 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



She's a fan.



**MANDARIN ORIENTAL  
THE HOTEL GROUP**

# EATING & DRINKING

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 Moscato—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 decided 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 unoffi-

cally 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).

Danelle 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 be-

tween 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 sus-

tainable 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. "Alter-

nate 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 look-

ing 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](mailto: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 at-  
tention 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.



**BRIGHT IDEA** Cilantro, lime juice and jalapeño in the garnish cut through the sweetness of this luscious corn soup.

## EATING & DRINKING

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 kapi*. 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 kapi* 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 kapi* 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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## ADVENTURE & TRAVEL

# THE VACATION-RENTAL REVOLUTION

Continued from page D1

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—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.

**HOSTEL ACQUISITION**  
A four-bedroom home in Los Angeles's Santa Monica Mountains, offered by Welcome Beyond. Rates start at about \$1,050 a night.



**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](http://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](http://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 Arcangelo 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](http://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](http://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](http://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](http://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](http://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** That's English for bring your own...ground coffee, shampoo, food, cooking oil, matches and even duvets. In one place, a rural cottage where you have to hike up from the parking lot, you get a wheelbarrow for the trek.

**Perks** The Landmark Trust operates as a charity, so the rental fee for, say, four nights at the 15th-century St. Winifred's Well in Shropshire (about \$195) goes to help the trust rescue more buildings. Each place has a designated housekeeper who'll meet you upon arrival or tell you in advance where the key is hidden.

**Hassle Factor** Medium. Sort by category ("Links to Literature," "Castle Stays"), make an inquiry, get a reply within three days.

**Sample Price** The trust keeps prices low to maximize number of visitors. Average cost of a Landmark stay is below £50 (about \$63) per person per night. [landmarktrust.org.uk](http://landmarktrust.org.uk)

—Additional reporting by Sara Tucker

► For five additional specialized rental services, see [wsj.com/travel](http://wsj.com/travel).

# ADVENTURE & TRAVEL

## Bridge Club

Every June, descendants of the Incas build a 100-foot-long span high in the Peruvian Andes made of only grass. Cross it if you dare

BY RYAN DUBE

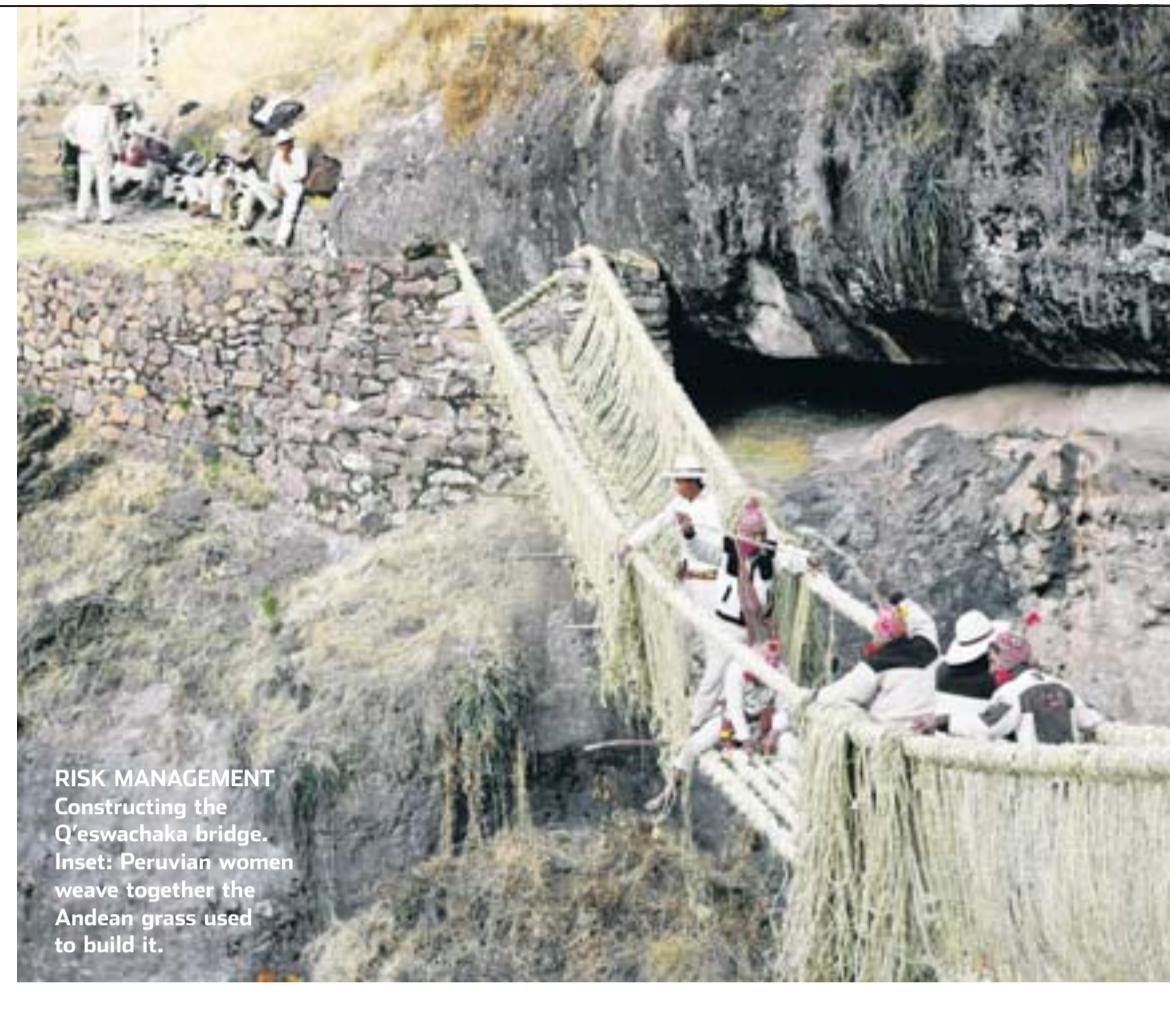
**Y**OU DON'T WEIGH too much, do you?" Those were the words of a woman behind me as our group of five nervously stepped onto an Inca suspension bridge swaying high over a gorge in the Peruvian Andes, hoping it wouldn't snap. Earlier that day, I had arrived in this remote region, along with a few dozen other visitors, to watch an ancient tradition that continues to amaze Western engineers. Every year, Quechua-speaking Indians tear down a 100-foot-long suspension bridge and rebuild it from nothing but Andean grass, a custom that is virtually unchanged since their Inca ancestors followed it centuries ago.

The bridge, called Q'eswachaka, is the last of its kind, a throwback to a pre-colonial period when spans like this made transportation and trade possible in one of the world's most rugged terrains. The bridges furthered the expansion of the Inca Empire by allowing armies to cross canyons and fast-moving rivers. Early Spanish conquistadors were so spooked by the structures that they crawled over them on their hands and knees. The Incas, at their peak, are believed to have built about 200 overpasses, connecting a 20,000-mile-long road network. In 2013, Unesco added the Q'eswachaka bridge to its list of intangible cultural heritage sites, while in 2015 a replica was exhibited on the National Mall in Washington, D.C.

Despite the recognition, few people make their way to the isolated bridge, located some 12,000 feet above sea level in rural Quehue, where the altitude hinders the

growth of many plants; two exceptions are potatoes and ichu, the gold-colored grass used to make the span. Quehue is only four hours from the former Inca capital of Cusco, but Machu Picchu lies in the opposite direction, leading many tourists to skip the bridge. Those who do visit witness more than this ancient Andean technology; they also get a taste for life in rural Peru. While the local farmers say they still use the grass bridge for transportation, bypassing a steel one erected nearby, the annual ritual is also performed to strengthen community bonds. "We've been working on [the bridge] since the Incas," Victoriano Arizapana, the primary engineer of the grass structure and a descendant of bridge masters, told me. "We can't forget. We can't disregard the bridge."

My trip began on a Saturday morning in June, when four communities gather over three days to rebuild the Q'eswachaka, hanging 60 feet over the Apurimac River; a day-long festival of dance and drink ensues. At 4 a.m., shivering in the cold mountain air, I left Cusco for Quehue with my driver and



### RISK MANAGEMENT

Constructing the

Q'eswachaka bridge.

Inset: Peruvian women

weave together the

Andean grass used

to build it.

Quechua translator, Hernán. Just after sunrise, we stopped for breakfast at a village market, where I gulped down a bowl of hot, rejuvenating potato soup. Before continuing, we bought coca leaves to chew in an effort to ward off dizziness from the altitude.

Back on the winding road, we passed adobe homes with stone fences, thin cows and a white church under an emphatically blue sky. Hernán said we'd arrived when we reached a makeshift toll booth. Around the corner, dozens of women in colorful embroidered skirts and bowler hats sat on the edge of the road overlooking the river. They were softening strands of ichu by pounding the grass with stones, then weaving the strains to create ropes that were braided into six long, sturdy cables: four for the bridge's floor and two for the handrails. Before the trip, I phoned John Ochsendorf, an engineer at the Massachusetts Institute of Technology. With the six

and one of the leading experts on the bridge, who told me that he found the cables can support about two tons before failing. "It's an example of Inca ingenuity," he said.

I followed the men down a steep stone path to a clearing on the edge of the old bridge. Work hadn't started yet. They were waiting for an Andean priest to give the green light. Before doing so, the priest prepared an offering with coca leaves and a llama fetus to the mountain gods and mother earth to prevent accidents. Women were barred from the area until the construction was completed. The men brought the cables down to the clearing themselves, fearing the women's presence could bring bad luck, possibly sending the workers tumbling into the river below. The grunt work began with a few dozen men stretching the cables across the canyon, amid shouts of "pull, pull" and "stronger" in a mix of Quechua and Spanish. With the six

main cables in place, smaller ropes were tied from the handrails to the floor. When finished, the bridge looked like a long reed basket.

The local men dashed across, with the rest of us looking on with unease, wondering how our legs would react on the structure. Carlos Neuhaus, the director of Peruvian bank BanBif, which sponsors the bridge making, was the first across, saying later that he thought it best not to look down. I followed a similar strategy. With both hands on the rails, I descended slowly and steadily to the midpoint with four other people behind me, hoping such a pace would minimize the swaying. I quickened my step up the other half, thrilled when I reached the other side. In 12-months time, the elements will have frayed the bridge and the people will gather again to build it anew.

► For details on visiting Peru's Quehue district, see [WSJ.com/travel](http://WSJ.com/travel).

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## DESIGN & DECORATING

# 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

**W**HAT 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."



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.

**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).

RICHARD POWERS

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.

### 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



Peonies and scapes, left, ape Paul Klee's lyrical 'Hardy Plants' (1934), below. Cement Bowl, \$9, [jamaligarden.com](http://jamaligarden.com)

THE ARRANGEMENT

## MODELING KLEE

Floral designer Lindsey Taylor takes cues from a 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

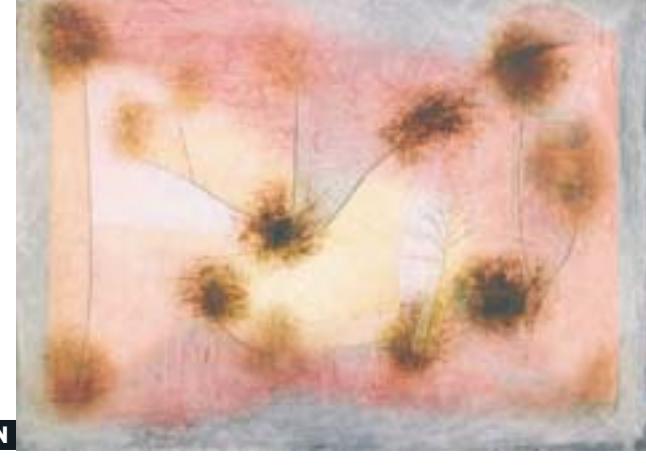
verge of tapping my foot.

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



## GEAR & GADGETS

# The Digital Eyes Have It

With the help of small LCD screens, digitally animated eyes are giving once-stoic toys a highly expressive makeover

**I**N HUMANKIND'S seemingly never-ending quest to give life to toys, we've reached a major milestone: digitally animated eyes, rendered with small LCD screens. With these enhancements, no longer do dolls need to stare blankly into the distance. Now playthings can appear to glance around the room or scrutinize you directly. Some can even alter their expression.

"There's no limitation to what you can express through the eyes," said Jeremy Padawer, co-president and partner of Wicked Cool Toys, which makes a Cabbage Patch Kid and a soon-to-be-released Teddy Ruxpin with the feature.

Hasbro introduced a Furby with digitally animated eyes in 2012, and ever since, skeptics have asked: Does creating more realistic toys stifle a child's imagination?

This is a question Mr. Padawer has pondered at length. "I have seen [children] have more fun with a cardboard box than some toys," he said. "What we're doing is providing tools to unlock some of the potential.... It's about variety at the end of the day."

Below, a guide to a handful of toys resolutely on the more-is-more end of the realism spectrum.

—Michael Hsu



RYAN SNOOK

**REALITY SIGHTS // ANIMATED EYES ARE DESIGNED TO BRING INANIMATE PLAYTHINGS TO LIFE. BUT HOW REALISTIC ARE THEY?**



### Ultimate Lightning McQueen

This remote-control sports car, based on a character from Pixar's "Cars" movies, comes fully loaded with a spirited personality.

**Recommended ages** Kids should be old enough to safely commandeer an app-controlled vehicle that can do donuts on command and drive 6 mph.

**Realism** Off the charts. A trapezoidal LCD screen renders the expressive Pixar-animated eyes, while motors tilt the chassis from side to side, giving this personified car real body language. Another giant leap forward: how Lightning McQueen's (non-LCD) lips sync smoothly with its speech—a contrast to the primitive chomping action of other talking toys.

**Interaction style** Dashing. In drive mode, Lightning McQueen will offer its unsolicited 2 cents ("Nice driving!") and comments relevant to its state of being ("I feel a power nap coming on" each time you turn it off.)

**Eerie or endearing?** Endearing. It's hard to believe this isn't a Pixar character come to life. \$300, [sphero.com](http://sphero.com)



### Furby Connect

Furbies were bizarre when they first came out in the late 1990s—and today's more lifelike version is even more so.

**Recommended ages** Kids who are old enough to appreciate fart jokes (Furby flatulates gleefully) but won't be terrified by the creature's frantic squawking and gesticulating.

**Realism** Impressive. Although the first Furby with LCD eyes was released in 2012, subtle tweaks to the sensors and motors in this latest iteration make its Gremlin-like kinesics and utterances seem exceptionally natural. The moving eyelids, ears, mouth and body (Furby has no arms) along with the digital eyes create a convincing effect.

**Interaction style** Unashamedly manic. Accelerometers coupled with audio and touch sensors allow it to react to you. Tickle it, cradle it, pull its tail. All will get a rise out of this gibberish-spouting critter.

**Eerie or endearing?** Both. More eerie than endearing until you get a chance to know it. \$65, [hasbro.com](http://hasbro.com)



### Teddy Ruxpin

The animatronic storytelling, learn-to-read teddy bear from the mid '80s makes a comeback with animated LCD eyes and stories that are downloaded via app rather than loaded on cassette tape.

**Recommended ages** 3 and up: preschoolers and "pre-readers" (three read-along stories are included; more are available for purchase).

**Realism** While the eyes are more lively than the original's, which could only manage a slow but charming blink, the motorized mouth does feel like a throwback. Eye animations sometimes veer into the fantastic (bouncing hearts, spinning globes), depending on the story being told.

**Interaction style** Intentionally limited. Like its predecessor, this Teddy Ruxpin will only tell stories, not listen to yours.

**Eerie or endearing?** Endearing, in a nostalgic way. And this Teddy Ruxpin is more huggable than the original. Gone is the bulky cassette housing on the back that made the earlier model awkward to cuddle up to. \$100, available this fall, [teddyruxpin.com](http://teddyruxpin.com)



### Cabbage Patch Kids Baby So Real

This tech-ed-out reinterpretation of the '80s toy phenomenon can perform typical behaviors for an interactive doll: cry when it's wet, giggle when tickled, snore after you rock it to sleep and burp contentedly after you pretend to feed it with a special bottle.

**Recommended ages** 3 and up, according to the manufacturer.

**Realism** Modest. Animated eyes can blink (digitally) and look around (inquisitively). But its mouth is static when it talks. As with other Cabbage Patch Kids, it's infused with a special "baby" scent.

**Interaction style** Demanding, as befits a toy designed to be "nurtured." Sensors on its face allow the doll to play peekaboo; those on its body let it know when you've changed its diaper. When it's sick, its cheeks glow red until you administer medicine.

**Eerie or endearing?** To adults who "adopted" an inanimate Cabbage Patch Kid during their own childhood decades ago: Eerie. Very eerie. \$90, [cabbagepatchkids.com](http://cabbagepatchkids.com)



### Spider-Man

Like Teddy Ruxpin, this Spider-Man—based on the soon-to-be-released movie—tells stories but of the "Choose Your Own Adventure" variety. Speech-recognition tech (processed in the toy itself, never sent to the cloud) lets children alter plotlines based on their responses to Spidey's questions.

**Recommended ages** Children old enough to sit through a highly interactive story—which shouldn't be too taxing considering that Spidey will occasionally ask them to race around the room to catch bad guys or toss the toy in the air to dodge hazards.

**Realism** Low. The eyes are the only aspect of this toy that moves, and the animations are fairly subtle.

**Interaction style** Wisecracking. The scripted jokes are squarely aimed at tween boys. A motion sensor in Spidey's chest allows it to react when you're nearby. Accelerometers enable it to respond when you move it.

**Eerie or endearing?** Neither really, but there is something adorable about Spidey's squat physique. \$150, [sphero.com](http://sphero.com)



### MY TECH ESSENTIALS

#### LUKE ROBITAILLE

The 13-year-old winner of the 2017 Raytheon Mathcounts National Competition on scientific calculators and online chess



I play a card game called **Mao**. It's played with two regular decks shuffled together. When you win a round by getting rid of all of your cards, you make a new rule that people have to follow, but you don't tell them what it is. They have to deduce what the rule is by how it's applied and how they get penalized for not doing what it is they're supposed to do.

My Texas math team is spread out all across the state, so we use **Google Hangouts** to practice our team rounds. This is critical. We managed to get a perfect score on team rounds—but if we hadn't, we wouldn't have won.

Calculators are allowed in Mathcounts competitions. My favorite is the **TI-30x IIS**. It's simple and really fast. It has a lot of memory locations, too—not just the horribly confusing memory on cheaper calculators.

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I play a lot of online chess on **Chess.com**. There are very good people to play chess against on the site, whereas at my house not so much. No offense to my parents, but they're not as good at chess as I am.

An excellent website that has helped me a lot is **artofproblemsolving.com**. Its math textbooks were some of the key resources that I used when I was younger to get up to this high level of math. It also has an excellent website with an online community of mathy people, and an online school.

I also use a site called **Expii.com**. It has all sorts of math and science lessons that you can go through and learn at your own pace. It has some interesting math puzzles, too. I've spent quite some time on those.

I got a cellphone last year to stay in contact with my mother while I'm at math camps and not within a 20-foot radius of her. My current one is a **Samsung Gusto 3 flip phone**. I don't really use it to get on the internet; I pretty much just use it for calling.

I have a **fidget spinner** that's shaped like the Batman logo [similar model shown], with two weights instead of three. It's hard to explain what the draw is. It's just one of those things.

I do watch TV—perhaps more than I should. I've been watching **"The Twilight Zone"**—the really old one—on Netflix. I got interested because of my father, who's into sci-fi. I'm into sci-fi pretty much. I guess it's sort of a nerdish thing.

—Edited from an interview by Chris Kornelis

## GEAR & GADGETS



**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

**W**HETHER 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



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

**Q**I 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.

**A**I've come across a few products that may help. The first is the Satechi ReadMate LED Desktop Magnifier (\$25, [satechi.net](http://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](http://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](http://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](mailto:thefixer@wsj.com)*



CLOCKWISE FROM TOP: NISSAN, CHEVROLET, FORD MOTOR COMPANY, MERCEDES BENZ, RAM