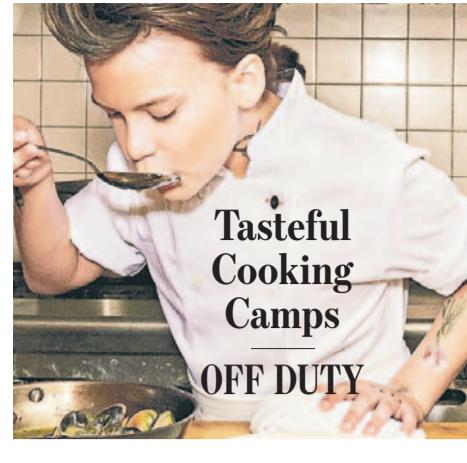




Shari Redstone's
Path to Power
EXCHANGE

WSJ

THE WALL STREET JOURNAL WEEKEND



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SATURDAY/SUNDAY, JUNE 23 - 24, 2018 ~ VOL. CCLXXI NO. 146

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What's News

World-Wide

The Supreme Court ruled that police need a search warrant before obtaining data showing the location of cellphone users. A1

◆ **Trump said Republicans** should wait until they have more solid majorities in Congress to pursue an immigration overhaul. A4

◆ The president threatened to slap 20% tariffs on European cars after the EU started imposing duties on U.S. goods. A5

◆ **The Trump administration** is proposing to restructure the U.S. Postal Service with an eye to taking it private. A3

◆ **Turkey's Erdogan** is seeking to extend his 15-year rule in Sunday elections that rivals deem unfair. A8

◆ **The eurozone agreed** to lighten Greece's debt burden when the country's bailout ends this summer. A5

◆ **North and South Korea** agreed to resume reunions of separated families for the first time in almost three years. A6

◆ **Michigan State** will fund its \$500 million settlement with sex-abuse survivors through a bond offering. A3

◆ **The administration** has closed Title IX sex-discrimination complaints at a faster clip than Obama officials. A3

Business & Finance

◆ Oil prices soared as OPEC agreed to increase crude production by a smaller amount than many investors had feared. A1

◆ **Xiaomi awarded** the Chinese smartphone maker's CEO \$1.5 billion in stock, in one of the largest corporate paydays in history. A1

◆ **The SEC is investigating** whether some firms have engaged in improperly rounding per-share earnings higher. B1

◆ **More banks** are offering new customers payments to open accounts in a bid to stanch deposit declines. B1

◆ **The Dow rose** 119.19 points to 24580.89 on Friday but ended the week down 2%. B13

◆ **Intel faces** a challenge in picking a new CEO after Krzanich abruptly quit with no clear successor. B3

◆ **Renault CEO Ghosn** said there was "zero chance" the firm would acquire partners Nissan and Mitsubishi. B3

◆ **The test operator** of a self-driving Uber car was streaming a TV show on her phone just before a fatal collision in March, police say. B3

◆ **China confirmed** the transfer of nearly full ownership of Anbang to a government-controlled fund. B12

Inside OPINION ALL

Mueller's Fruit Of the Poisonous Tree

CONTENTS Sports A14
Books C7-12 Style & Fashion D2-3
Business News B3 Technology B7
Food D4-6 Travel D7
Head on Street B14 U.S. News A2-4
Obituaries A9 Weather A7
Opinion A11-13 World News A5-8

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Court Ruling Boosts Phone Privacy

Justices' decision is third in a series of rulings limiting police access to digital data

BY JESS BRAVIN
AND BRENT KENDALL

WASHINGTON—Police must get a search warrant before obtaining data showing the location of cellphone users, the Supreme Court ruled Friday, the third in a string of deci-

sions that limit law enforcement's access to the most intimate details of citizens' digital lives.

"When the government tracks the location of a cell phone it achieves near perfect surveillance, as if it had attached an ankle monitor to the phone's user," Chief Justice John Roberts wrote in the 5-4 opinion.

"Unlike the nosy neighbor who keeps an eye on comings and goings," he wrote, the signal towers and processing

centers that track cellphone users "are ever alert, and their memory is nearly infallible," making analog-era precedents prosecutors cited to justify such warrantless searches all but obsolete.

As it had in 2012 and 2014, the court rejected government arguments that police should have the same access to digital data as investigators do, under 20th century precedents, to examine business records held by banks or to conduct shoe-leather sur-

veillance.

"There is a world of difference between the limited types of personal information addressed" by 1970s decisions allowing warrantless examination of business records "and the exhaustive chronicle of location information casually collected by wireless carriers today," the court said.

In 2012, the court held that police had conducted a search when they surreptitiously attached a GPS tracker to a suspect's vehicle, triggering

Fourth Amendment protections against illegal searches. Two years later, it said authorities generally need a warrant to search the contents of a cellphone found in a suspect's pocket, despite precedents allowing police to examine address books, matchboxes and other items found on an arrestee without demonstrating probable cause.

The court's recent consensus collapsed in Friday's case. Please turn to page A2

Michigan State Sex-Abuse Deal Draws Cries of 'Shame on You, MSU'



SCREEN SHOTS: Trustees approved a plan Friday to fund a \$500 million settlement with survivors of Dr. Larry Nassar's sex abuse through proceeds from a bond offering, and voted to retain interim President John Engler despite recent calls for his resignation. A3

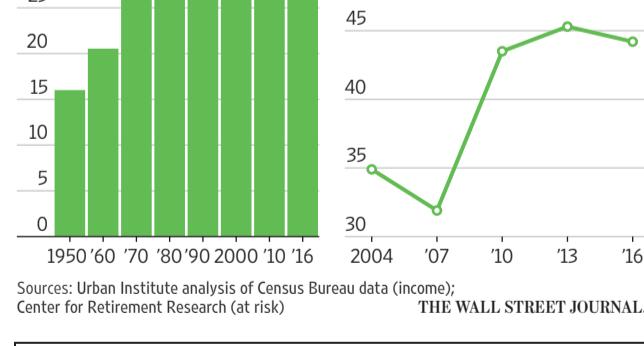
Time Bomb Looms for Aging America

Low incomes, paltry savings and debt leave many Baby Boomers unprepared for retirement

Shortfall Generation

Older Americans are facing a tougher retirement outlook than the generation before them. Their income has stagnated and more are 'at risk' on the verge of retirement.

Median personal income, adjusted for inflation, age 55-69*



Sources: Urban Institute analysis of Census Bureau data (income); Center for Retirement Research (at risk)

Pct. of households age 50-59 estimated to have less savings for retirement than they need to maintain their current lifestyle



Americans are reaching retirement age in worse financial shape than the prior generation, for the first time since Harry Truman was president.

By Heather Gillers,
Anne Tergesen
and Leslie Scism

This cohort should be on the cusp of their golden years. Instead, their median incomes including Social Security and retirement-fund receipts haven't risen in years, after having increased steadily from the 1950s.

They have high average debt, are often paying off children's educations and are dipping into savings to care for aging parents. Their paltry 401(k) retirement funds

will bring in a median income of under \$8,000 a year for a household of two.

In total, more than 40% of households headed by people aged 55 through 70 lack sufficient resources to maintain their living standard in retirement, a Wall Street Journal analysis concluded. That is around 15 million American households.

Things are likely to get worse for a broader swath of America. New census data released this week shows the surge of aging boomers is leaving the country with fewer young workers to support the elderly.

Individuals will find themselves staying on the job past 70 or taking menial jobs as senior citizens. They'll

Please turn to page A10

Parmesan Thefts Grate on Italian Cheesemakers

* * *

Thieves drive producers to drastic measures; 'Fort Knox for cheese'

BY ERIC SYLVERS

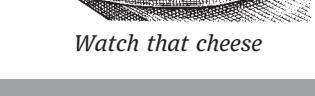
SERRAMAZZONI, Italy—The thieves came in the thick of darkness. They used a blowtorch to pry open steel bars and sneaked through a narrow window before making off with their loot. Less than 24 hours later, they came back for more.

In all, they made off with almost 25,000 pounds of Parmesan cheese.

The target was Santa Rita Bio, a small producer of Italy's famous Parmigiano-Reggiano. The thieves took 271 wheels of

organic cheese, weighing 90 pounds each and with a total street value of \$300,000. The wheels had been aging in a nondescript warehouse here amid a bucolic setting of rolling green hills, vineyards and hilltop castles.

The thieves "had to have



Watch that cheese

been pretty thin, because that is a small window," said Graziano Poggioli, Santa Rita's vice chairman.

Now, the Santa Rita warehouse sits almost empty. A new set of steel bars block the window.

In the pantheon of Italian food products, Parmigiano is up there with pasta and raw Parma ham. By law, it can only be produced in a restricted area that includes the cities of Parma and Reggio Emilia, which lend their names to the cheese.

Please turn to page A6

REVIEW



AN ANTI-GMO ACTIVIST'S CONFESSION

Xiaomi Gives Its CEO a \$1.5 Billion Thank You

BY JULIE STEINBERG

Chinese smartphone maker Xiaomi Corp., whose valuation could soon register at \$70 billion, gave its founder and chief executive a token of its appreciation: \$1.5 billion in stock, no strings attached, in one of the largest corporate paydays in history.

Xiaomi, which is in the process of going public in Hong Kong, this week said in a securities filing that it recently awarded the stock to a separate company controlled by founder and CEO Lei Jun. The shares were given to reward him for his contributions, the filing said.

The \$1.5 billion amount awarded to Mr. Lei's entity, Smart Mobile Holdings Ltd., reflects what Xiaomi recorded as share-based compensation expenses on April 2.

Beijing-based Xiaomi this week launched an initial public offering at a share-price range of 17 to 22 Hong Kong dollars (US\$2.17 to US\$2.80), hoping to raise up to \$6.1 billion from the sale.

At the bottom end of the offered price range, Mr. Lei's stock award would be worth about \$1.38 billion and at the

Please turn to page A7

U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

Lyme Disease: a Wider Threat Than You Think



This time of year, the U.S. is crawling with ticks. It's a concern because the rapacious bloodsuckers spread disease when they bite.

The most common tick-borne ailment is Lyme disease, but the official case count—which helps public-health authorities formulate prevention strategies and allocate resources—doesn't come close to the actual number.

Around 30,000 Lyme disease cases are documented each year, according to figures published annually by the Centers for Disease Control and Prevention. The real number, the agency says, is more like 300,000.

"We know Lyme disease is underreported," said Kiersten Kugeler, an epidemiologist with the CDC.

Several things may contribute to the undercount. The perception that the disease is uncommon may cut down on diagnoses. Because

the counting methods used in some high-incidence states don't adhere to official surveillance rules, the numbers are discarded. And a new rule requiring most states to produce laboratory evidence of the disease may reduce participation.

"All reportable diseases are subject to underreporting, although we know this is particularly true for common diseases and for those often treated in an outpatient setting," Dr. Kugeler said.

Lyme is one of more than 70 infectious diseases monitored by the CDC's National Notifiable Diseases Surveillance System.

Though the CDC publishes the figures, states collect the data based on rules set by the Council of State and Territorial Epidemiologists.

Fourteen high-incidence states account for 95% of confirmed cases reported to the CDC. Since 2017, low-incidence states can report cases only with laboratory evidence of infection, while high-incidence

states are still able to report cases with the classic rash associated with the disease absent laboratory evidence.

Still, to streamline, some high-incidence states take a different approach. In New York, counties with the largest Lyme burden investigate only 20% of positive laboratory reports and then extrapolate. But the CDC won't accept estimates. So, in 2016, New York recorded 6,597 Lyme cases, but the CDC listed 2,623 for the state.

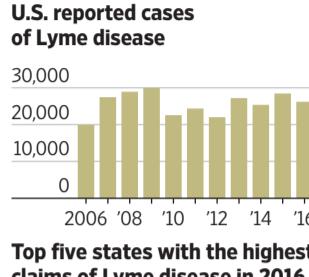
Such disparities, combined with suspected underdiagnosis and differing rules for low-incidence states, have advocates worried.

"Doctors look at the CDC numbers and see low numbers for their areas and aren't vigilant about it," said Mary Beth Pfeiffer, author of "Lyme: The First Epidemic of Climate Change." "The numbers should say to doctors, This is a huge problem with hundreds of thousands of cases."

It's difficult to say precisely what effect the latest

Uptick

The actual number of cases of Lyme disease far outstrips the official case count, the U.S. government says.



Top five states with the highest claims of Lyme disease in 2016

N.Y.	182,213
N.J.	143,122
N.C.	88,539
Pa.	50,601
Calif.	46,820

Sources: Centers for Disease Control and Prevention (cases); Fair Health (claims)
THE WALL STREET JOURNAL.

rules will have on the surveillance numbers. The first report using them won't be released until fall, but there is already evidence that Lyme is more abundant in

some low-incidence states than surveillance suggests.

In 2016, Fair Health, a nonprofit that oversees the nation's largest collection of health-care claims data, examined 23 billion records for more than 150 million privately insured individuals and documented 747,101 claims for Lyme disease.

Nine of the CDC's high-incidence states were among those submitting the largest number of claims—but so were several low-incidence states: North Carolina reported 32 Lyme cases to the CDC in 2016 but in the same year made 88,539 health-care claims for a Lyme diagnosis. California reported 90 cases to the CDC but had 46,820 claims. Texas reported 31 cases to the CDC but had 31,129 claims.

Fair Health warns that its numbers don't represent individuals with the disease but rather the number of encounters those with a Lyme diagnosis had with the health-care system.

Lyme disease can be

treated successfully with antibiotics, but if undiagnosed or inadequately treated, the consequences may be severe.

Lyme arthritis, causing painful swelling especially of the knee, is the most common symptom of late-stage infection. The disease can also interfere with the electrical signals that coordinate the beating of the heart and cause neurological problems. Researchers from Johns Hopkins estimate Lyme annually costs the U.S. health-care system between \$712 million and \$1.3 billion.

Even given a significant undercount, Dr. Kugeler said the surveillance numbers have worked for the CDC by showing the geographic expansion of the disease over time and the demographics of those affected. But, she said, the system isn't ideal for tracking a widespread illness like Lyme.

"Public-health surveillance works best for rare or severe conditions," she said. "It's not as good at ensuring all cases are documented if it's a common condition."

Flooding Closes an Airport and Strands a Garbage Truck in Virginia



HIGH WATER: A trash hauler was stuck in Henrico, Va., Friday morning after heavy rains that shut Richmond's airport for hours.

Court Boosts Privacy for Phone Data

Continued from Page One
Conservative justices Anthony Kennedy, Clarence Thomas, Samuel Alito and Neil Gorsuch filed four separate dissents, sometimes joining each other.

Chief Justice Roberts found support only from the court's liberal wing, relying on justices Ruth Bader Ginsburg, Stephen Breyer, Sonia Sotomayor and Elena Kagan for his majority.

Friday's decision applied one of the court's best-known yet most enigmatic constitutional doctrines—that Fourth Amendment protections against police searches hinge on the public's "reasonable expectation of privacy," as Justice John Marshall Harlan put it in a 1967 opinion.

For Chief Justice Roberts, safeguarding constitutional protections as technology advances has been a signature issue. Delivering a commencement address this month at his daughter's high-school graduation, he urged caution toward "big data" and other advents of the digital era. "Beware the robots," he warned students.

Still, Friday's opinion emphasized that traditional exceptions to the warrant requirement remained applicable to location data, especially in law-enforcement emergencies.

"Lower courts, for instance, have approved warrantless searches related to bomb threats, active shootings, and child abductions," the chief justice wrote. "Our decision today does not call into doubt warrantless access to [cell-site data] in such circumstances."

The case focused on defen-

Tech Firms Seek Privacy Guards

The Supreme Court's ruling on Friday focused on historical cell records that users have generated over a number of days or weeks.

AT&T Inc. and Verizon Communications Inc. combined receive more than 100,000 law-enforcement requests a year for cell-location information, and a majority of those requests come without a warrant, according to a court brief filed by the Electronic Frontier Foundation, a digital civil-liberties group.

Dendant Timothy Carpenter, who was convicted of armed robberies in Michigan and Ohio. Prosecutors made their case in part by relying on information provided by MetroPCS and Sprint that showed Mr. Carpenter's whereabouts over several months. The data generated by his phone's signal connection to nearby cell towers placed him near several of the crime scenes at the times the robberies occurred.

Prosecutors didn't seek a warrant for the cell-site data, which would have required a showing of probable cause to believe the records show evidence of a crime. Instead, they sought the data under the Stored Communications Act, which requires only "reasonable grounds" to believe the information is relevant to an investigation.

With the explosion of modern telecommunications technology, courts have been trying to sort out how to apply older court precedents, such as those governing landline phones, to current criminal investigations.

The chief justice has rarely aligned himself with the court's liberal wing in 5-4 cases. Before Friday, the only other major high-court case

A range of leading technology companies have followed the case, with more than a dozen filing a brief that argued the court should adopt strong Fourth Amendment protections for digital data. Companies signing the brief included Apple Inc., Dropbox Inc., Facebook Inc., Alphabet Inc.'s Google, Microsoft Corp. and Verizon.

The ruling didn't address the separate question of how and when police can seek real-time cell-location information. Lawyers said law enforcement generally has been pursuing search warrants in those circumstances already.

—Brent Kendall

to produce a similar lineup came in 2012, when the same five justices formed a majority to uphold the Affordable Care Act, President Barack Obama's signature health-care law.

In their dissents, the other conservative justices criticized the majority for drawing a dividing line from decades of high-court precedent that had permitted police to obtain an individual's business records from banks and other companies, on the assumption that the suspect had waived his privacy rights by voluntarily disclosing information to a third party.

Cell-site records "are no different from the many other kinds of business records the government has a lawful right to obtain by compulsory process," Justice Kennedy wrote in a dissent joined by justices Thomas and Alito. He accused the majority of undermining precedents that police have relied on to obtain evidence.

Justice Gorsuch, the court's newest member, took a different tack in his dissent, saying he agreed stronger privacy protections were in order, but not in the way the court provided them.

Lawyers for the American

Civil Liberties Union, which represented Mr. Carpenter at the high court, called the decision "a truly historic vindication of privacy rights."

The ACLU's Nathan Freed Wessler said the ruling could lay the groundwork for protections for a range of personal information collected by third parties that could be of interest to law enforcement, from data on internet usage to recordings made by in-home devices like the Amazon Echo.

The Justice Department, which prosecuted Mr. Carpenter, declined to comment.

The decision is a considerable blow to law enforcement, which has relied on the data to help guide investigations in their early stages. Prosecutors have often used it as a basis for seizing additional evidence, and cell-location information often shows up on maps that prosecutors use as exhibits at trial, said Edward McAndrew, a former federal cybercrime prosecutor now at law firm Ballard Spahr.

"This stuff was gold in every case," Mr. McAndrew said.

In the longer term, investigators will likely have to first develop additional evidence through physical surveillance and other means before they can meet the probable-cause standard for search warrants and obtain the celtower records.

"Law enforcement will have to raise its game," said Ron Hosko, who served three decades with the Federal Bureau of Investigation, including as the assistant director in charge of its criminal investigative division.

On the other hand, several states, including California, Massachusetts and Utah, as well as a number of local governments, have adopted measures requiring police to obtain warrants for such searches with little apparent impact on crime rates.

—Aruna Viswanatha

contributed to this article.

insurance against losses to financial institutions that originated private student loans. The company, a subsidiary of ReliaMax Holding Co., provides insurance on about \$2.7 billion in loans made by more than 400 lenders, according to people familiar with the matter.

Private student-loan insurance has been a relatively safe investment because loss rates in the sector have been low compared with other types of consumer debt.

But losses on some ReliaMax-insured loans began to creep up in recent years, according to people familiar with the matter. The company also found it had priced premiums too low for the policies of older loans that weren't being repaid, people said.

—AnnaMaria Andriots and Katy Stech Ferek

IRS

Senate Panel to Meet, Weigh Nomination

The Senate Finance Committee said it will meet Thursday to consider President Donald Trump's pick to run the Internal Revenue Service.

Charles Rettig, a California tax lawyer who specializes in defending wealthy clients in complex cases, is poised to get one of the most thankless jobs in government. If confirmed, he would implement the new tax law and oversee an enforcement division that has gotten smaller and started fewer audits as Congress has limited its budget.

Mr. Rettig would also face the challenge of overseeing the tax compliance of Mr. Trump, who has refused to release his tax returns and complained about unfair audits.

Mr. Rettig's nomination breaks with recent presidents' practice of choosing IRS commissioners with experience managing large organizations rather than tax expertise.

—Richard Rubin

Student-Loan Insurer Faces Insolvency

A company that insured billions of dollars of private student loans faces insolvency, raising concerns about smaller financial institutions' ability to lend money to students heading to school this fall.

South Dakota's insurance regulator has moved to shut down ReliaMax Surety Co., a Sioux Falls, S.D., company that offered

SOUTH DAKOTA

CORRECTIONS & AMPLIFICATIONS

Kerr Gibbs is an independent private-equity investor and former chairman of the American Chamber of Commerce in Shanghai. A Business

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U.S. NEWS

Michigan State Board Backs Settlement

By MELISSA KORN
AND DOUGLAS BELKIN

Michigan State University will fund its \$500 million settlement with survivors of Dr. Larry Nassar's sexual abuse through proceeds from a bond offering, after the board of trustees unanimously approved the settlement and bond amount Friday.

The board also voted to retain interim President John Engler despite recent calls for his resignation by two trustees and state officials.

The school, with an enrollment of 50,000 students, said it won't tap state appropriations or use tuition funds for the settlement payout. It is in talks with its insurers and has said it expects to recover at least some funds through them.

Any recovered funds would go toward paying down the debt, the board said at a meeting marked by shouts of "Shame on you, MSU" and calls for the interim president, Mr. Engler, to resign.

Melanie Foster, who leads the finance committee on the board of trustees, said the

money to repay the bond will come from income from the school's investments.

Service on the bond will be roughly \$35 million a year. The school is also instituting a 1% across-the-board cut on its \$2.6 billion operating budget, which will generate roughly \$26 million a year. In addition, the future pace of new construction will likely be slowed, Ms. Foster said. "We're tightening our

Michigan State's offering is likely to find an audience among municipal bonds.

belts," she said.

Nassar pleaded guilty last year to state sexual-abuse charges in Michigan and to federal child-pornography charges, for which he is serving an effective life sentence. He was accused of sexual abuse by hundreds of women while working as a team physician at MSU and

for the U.S. Olympics gymnastics team.

Before any payout begins, the plaintiffs and Michigan State still need to sign off on a final agreement, and the settlement must be approved by the federal judge handling the case.

MSU General Counsel Robert Young said the parties are in "the final stages" of drafting the agreement.

In a court filing Wednesday, lawyers for the plaintiffs and Michigan State agreed to appoint a former California Superior Court judge to administer payments from the settlement fund.

The board voted 6-2 at the start of the meeting to retain Mr. Engler. Earlier this month, the Chronicle of Higher Education said he had suggested in emails with other administrators that one of the lead plaintiffs would get a kickback for rounding up other survivors.

Despite the vote at the start of the meeting in favor of keeping Mr. Engler, people continued to yell for him—and, in some cases, trustees—to resign. Trustee Mitch Lyons addressed

those complaints, saying the best course was to keep Mr. Engler on and find a permanent president instead of pausing to find another interim president and potentially scaring off candidates for the permanent job.

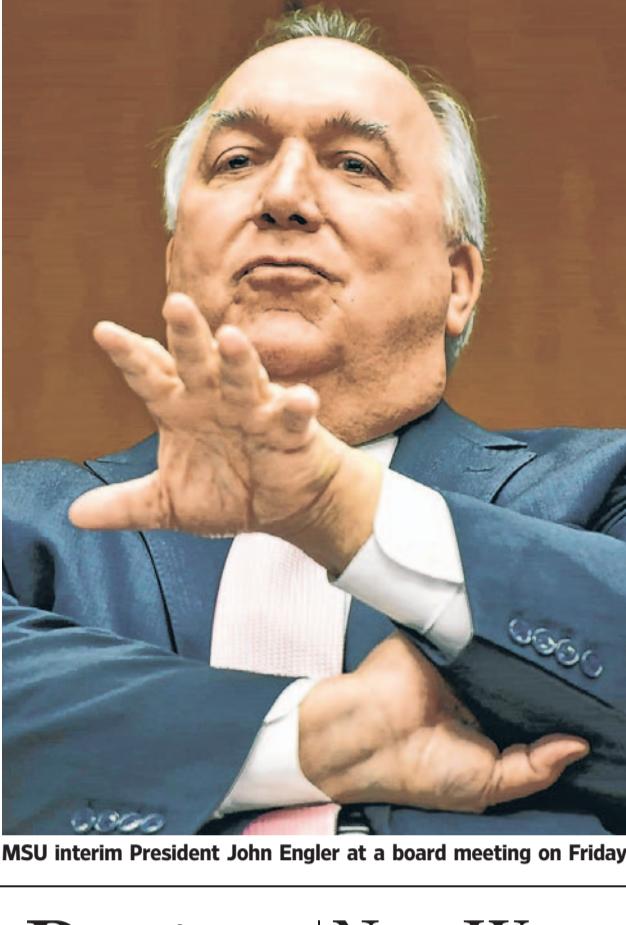
"Nobody wants to walk into this hot mess right now," Mr. Lyons said. "John said some really stupid things, and I've told John that, but John has moved the ball forward in terms of making this campus safer."

Michigan State's bond offering is likely to find an audience in the municipal-bond market because the supply of high-quality debt has been scarce this year, depressed by changes in the 2017 tax-cut law.

"I would think it's going to be well received, even though the purpose is kind of tainted," said Gary Pollack, head of fixed-income trading at Deutsche Bank Private Wealth Management. While municipalities have sold bonds to fund legal settlements in the past, "normally they're not as high profile as this one," he said.

—Daniel Kruger

contributed to this article.



MSU interim President John Engler at a board meeting on Friday.

MATTHEW DAE SMITH/LANSING STATE JOURNAL/ASSOCIATED PRESS

Title IX Cases Are Getting a Faster Review

By MICHELLE HACKMAN
AND MAYA SWEEDLER

WASHINGTON—The Education Department under President Donald Trump has been closing Title IX gender-discrimination complaints against universities and colleges at a significantly faster clip than Obama officials, federal data show.

The administration's desire to more quickly wrap up these investigations, which generally involve alleged sexual assaults on campus, reflects years of protest from universities and some conservative groups that the Democratic administration of former President Barack Obama was using individual assault cases to open broad, yearslong investigations into university practices.

Under Mr. Obama, Title IX complaints that closed between 2010 and 2016 had remained open an average of 150 days. That number stayed fairly constant other than in 2013 when the administration wrapped up cases faster than in other years—an average of 78 days.

In 2017, when Mr. Trump, a Republican, took office, the av-



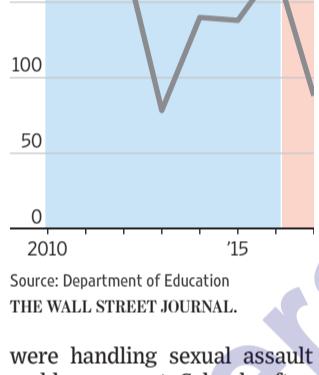
Education Secretary Betsy DeVos

erage length of an open complaint was 88 days. Cases opened in the first four months of this year were resolved after an average of 39 days.

Last year, the Education Department under Secretary Betsy DeVos opted to end an Obama-administration practice of broadening individual student's complaints to look for systemic issues in how schools

Rapid Pace

Average number of days for the Department of Education to resolve Title IX complaints against colleges and universities:



Source: Department of Education
THE WALL STREET JOURNAL.

were handling sexual assault and harassment. Schools often complained the inquiries were excessive or unfair.

That expansive approach meant the department was focusing too much on schools and not enough on students who felt they had been wronged, said Peter McDonough, general counsel of the American Council on Edu-

cation, which represents university presidents.

Mr. McDonough said the policy under Mr. Obama created a "perception that investigators had to find something...And on campuses, it became seen as a 'gotcha' game."

Civil-rights advocates disagreed, saying Mr. Obama's more expansive approach drilled to the root of discrimination. The current practice of closing cases as quickly as possible, they said, risks overlooking systemic violations that may be affecting more than one student.

Catherine Lhamon, who headed the Education Department's civil rights office in Mr. Obama's second term, said the only times the department opened broader cases were for high-profile investigations involving Michigan State University and the University of Southern California. Both cases featured much-publicized medical faculty members accused of assaulting numerous patients.

Ms. Lhamon said those cases reflect a broader reality that sexual harassment exists widely on campuses, and that one person's case can shed light on whether the university

has mishandled similar situations.

The data, released to The Wall Street Journal under the Freedom of Information Act, contain all Title IX complaints against colleges and universities between 2010 and early May of this year.

Under Mr. Trump's administration, the percentage of investigations ending in resolution agreements, which lay out policy changes for the institution and include a monitoring period, also fell. Nearly one in 12 cases ended in resolution agreements during Mr. Obama's tenure, compared with closer to one in 50 under Mr. Trump.

Liz Hill, an Education Department spokeswoman, said resolving complaints without long delays is a priority for the Office for Civil Rights.

"Part of what makes OCR's mission meaningful is that OCR weighs in on crucial civil-rights issues in a timely way," she said. "Without an effort at timely resolution, a student complaining of civil-rights violations in, say, middle school might not get an answer from OCR until he or she has graduated from high school."

New Worry From Hack Of Federal Workers

By DUSTIN VOLZ
AND ROBERT McMILLAN

Some current and former federal government employees are taking a look at their credit activity after the Justice Department said this week that data stolen by suspected Chinese hackers in 2014 cyberattacks at the Office of Personnel Management may have been used to commit identity fraud.

Federal prosecutors on Monday said a Maryland couple had pleaded guilty to using information stolen in the OPM breach to set up fraudulent car-loan applications with a Langley, Va., credit union.

Disclosure of the car-loan scheme, which took place in 2015 and 2016, has prompted new worries of potential identity theft for the more than 21 million current and former federal employees and contractors affected by the breach, which exposed Social Security numbers and other sensitive information.

The Maryland scheme also confused cybersecurity investigators who, along with the U.S. government, had concluded the Chinese government was behind the breach.

A spokesman for the U.S. attorney in the Eastern District of Virginia declined to elaborate on how those charged in the case might have obtained the OPM files. In a statement Thursday, the spokesman said numerous victims of the scheme had "self-identified" as OPM breach victims.

Public filings in the case didn't address how many people fell victim to the loan-fraud conspiracy.

Current and former U.S. officials said it wasn't clear how the hacked files would have ended up in the hands of people in Maryland seeking to commit identity fraud. China has denied any involvement in the hack.

"This fraud case makes no sense," said one former federal investigator who worked on the OPM investigation.

OPM itself was caught off guard by the fraud case and has asked the Justice Department for more details, believing it is possible there was some kind of error in connecting the OPM data to the case, according to a person familiar with the discussions between the two agencies.

An OPM spokeswoman declined to comment and referred questions to the DOJ.

Kariva Cross and Marlon McKnight of Bowie, Md., pleaded guilty to charges related to bank fraud and identity theft but weren't accused of hacking crimes. Charges against four other co-defendants were dropped. Attorneys for Ms. Cross and Mr. McKnight didn't respond to emails seeking comment.

A Justice Department press release said Ms. Cross and Mr. McKnight pleaded guilty to fraud using stolen information of victims of the OPM hack, although the court documents make only one mention of the data breach.

Trump Looks to Privatize the Postal Service

By JENNIFER SMITH

The Trump administration is proposing to restructure the U.S. Postal Service with an eye to taking it private, a step it said would cut costs and give the financially burdened agency greater flexibility in adjusting to the digital age.

The recommendation is part of a sweeping plan to reorganize and trim the size of the federal government. The broader plan, which would require congressional approval, received mixed reviews on Capitol Hill after it was released on Thursday, including tentative responses from Republicans and immediate rebukes from Democrats.

The proposed postal overhaul comes as shifts in the way people communicate and shop are straining delivery networks created decades earlier to deliver mail across the country. President Donald Trump has launched a task force to review finances and operations at the agency, which has been losing money for years.

Privatizing the Postal Service would provide greater freedom to raise prices and negotiate pay and benefits, according to the White House's proposal. A private postal operator could cut costs by delivering mail fewer days a week and to more centralized locations, it said, and give the agency access to private capital to fund operational improvements.

The American Postal Workers Union, which represents 200,000 postal workers, objected to the idea of privatizing the agency. The proposal "would end regular mail and package services at an affordable cost," and it would hurt rural Americans and e-commerce, said the union's presi-



The administration's plan to reorganize the government has received tentative responses from Republicans, rebukes from Democrats.

dent, Mark Dimondstein, in a statement.

The Postal Service has been lobbying for freedom to raise prices and asking Congress to pass legislation to ease some of the burdens of its workers' retirement benefits. On Thursday, Postmaster General Megan Brennan said she would continue to work with the president and Congress to revamp the agency's "flawed business model," but it would be up to Congress to determine whether privatizing the agency was the best course.

The Postal Service's first-class mail revenue is falling as more correspondence and business is conducted by email. At the same time, the

rapid growth of e-commerce is pushing greater volumes of packages through its networks, with companies like Amazon.com Inc., United Parcel Service Inc. and FedEx Corp. often relying on the Postal Service's army of mail carriers for so-called last-mile delivery to people's homes and businesses.

Parcels are more costly to process and deliver than envelopes. Those expenses, along with wage increases, pension obligations and declining mail volumes, have been weighing on the agency for years. The Postal Service reported a \$2.7 billion net loss for the fiscal year ended Sept. 30.

An independent agency of

the executive branch, the Postal Service doesn't currently receive tax dollars for operating expenses, which are funded through sales of postage and shipping services.

Mr. Trump has criticized the Postal Service on Twitter, saying the agency needs to be restructured so it can "compete fairly in commercial markets." The task force he convened in April is expected to issue a report on its findings in August.

"USPS is caught between a mandate to operate like a business but with the expenses and political oversight of a public agency," according to the White House's proposal unveiled Thursday.

In her statement on Thurs-

day, Ms. Brennan said that potential changes to the agency's business model should be developed and considered by the president and Congress "in an open and transparent manner."

A privatized Postal Service could be structured like an investor-owned utility and continue to be regulated by the Postal Regulation Commission or another governmental body, "consistent with the existing models of privatization in Europe," the plan said.

But before going private through an initial public offering or sale to another entity, the agency would have to overhaul its operations and demonstrate that it could be profitable, the plan said.

U.S. NEWS

Trump Urges Delay on Immigration Bill

President tells GOP to 'stop wasting' time on legislation until after November midterms

By NATALIE ANDREWS
AND SIOBHAN HUGHES

WASHINGTON—President Donald Trump said Republicans should wait until they have more solid majorities in Congress to pursue an immigration overhaul, throwing cold water on a House bill that has been delayed until next week.

"Republicans should stop wasting their time on Immigra-

tion until after we elect more Senators and Congressmen/women in November," he wrote on Twitter on Friday. "Dems are just playing games, have no intention of doing anything that solves this decades old problem. We can pass great legislation after the Red Wave!"

Republicans currently hold majorities of 51-49 in the Senate and 235-193 in the House. Some election watchers see Democrats making gains in the House in the midterm elections this fall, and perhaps winning back majority control.

Rep. Patrick McHenry (R., N.C.), chief deputy whip, said Friday that the planned immi-

gration vote will move ahead despite the flagging support for the effort, citing party leaders' promise to GOP moderates.

Speaker Paul Ryan (R., Wis.) had agreed to hold the vote on what Republicans called a compromise bill to head off a special maneuver called a discharge petition that would have allowed centrist Republicans to join with Democrats to bring their own immigration bills to the floor.

"There's no significant dynamic shift in our conference on immigration," Mr. McHenry said, when asked if there was sufficient support to pass the consensus bill. As for Mr.

Trump's tweet, he said: "The president is speaking truth. If you want to fix immigration crisis in a holistic way, you're going to need Democrats to participate in this process."

Rep. Nancy Pelosi of California, the Democratic leader, has rejected labeling the bill a compromise, saying its provisions on Dreamers—young immigrants brought to the country as minors and living in the U.S. without authorization—and the zero-tolerance policy of charging adult illegal immigrants are too harsh for her party to accept. No Democrats were expected to support the measure.

House Republican leaders

had seen Mr. Trump's salesmanship as essential to pushing an immigration plan through the House. The Republican president shifted his position on the compromise bill several times over the past week, first rejecting it, then supporting it, and now saying it should be put off until after the November election.

Mr. Trump also moved this week to change a policy that had resulted in thousands of children being separated from their parents at the border. Mr. Trump issued an executive order that keeps his zero-tolerance stance on arresting illegal border crossers in place but di-

rects that families be kept together. While welcomed by many lawmakers, it again shifted the playing field for the legislative negotiations.

The compromise immigration bill would provide \$23.4 billion for border security—including a wall and surveillance technology—and would cut family-based immigration and eliminate a diversity-visa lottery program. It would also provide six years of legal status to the young immigrants.

The vote on that plan was delayed Thursday after rank-and-file House Republicans pressed leaders to make additional changes to the measure.

Aunt's Odyssey: To Reunite a Son And His Mother

By SCOTT CALVERT
AND JENNIFER LEVITZ

ARNOLD, Md.—Getting Danny, a slight boy with a bowl cut and big brown eyes, became Nila Serrano's mission one month ago, after a 5 a.m. phone call.

An official saying he was with a U.S. Border Patrol "processing center" told her that authorities had detained her 27-year-old sister-in-law, Delsy Guadalupe "Lupe" Serrano Torres, and Lupe's 8-year-old son, Danny.

Mother and son illegally crossed the U.S.-Mexico border near El Paso, Texas, following a trek from their native Honduras. Lupe requested asylum.

The Border Patrol official said the two would be separated.

Ms. Serrano sat up.

"What?" she recalls saying. "Oh, my God."

For 30 days, Ms. Serrano and her husband, who live in suburban Maryland, have been struggling to gain temporary custody of Danny. They have navigated a bureaucratic thicket to get Ms. Serrano named Danny's "sponsor": a home inspection; fingerprinting for background checks; frequent phone calls with Danny's social worker in New York, Lupe in Texas and relatives back in Honduras. Ms. Serrano said she is still waiting for approval.

"We have to get Danny," Ms. Serrano said in an interview with The Wall Street Journal at her ranch-style home.

Chaos is unfolding far beyond Texas in the fallout from the Trump administration's "zero-tolerance" policy that has taken more than 2,300 children from adults they accompanied across the southern border. Minors are living in government facilities or with foster families across the country. U.S.-based relatives are enmeshed in lengthy vetting processes to take in their own loved ones.

Even after President Donald Trump's executive order Wednesday ending the separation policy, the path to reunifications remains elusive.

Ms. Serrano, an American of Colombian descent, handles order fulfillment for a chemical firm. Her husband, Elmer, a permanent U.S. resident who immigrated from Honduras, works for a moving company. The couple's 4-year-old son, Nico, and her 17-year-old son live with them.

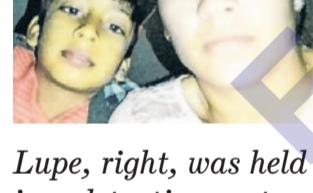
The family's ties stretch to a small town in Honduras, home to Mr. Serrano's family, including—until recently—his younger sister Lupe, a nurse.

Lupe had been receiving death threats from her husband—Danny's stepfather—after she began to let Danny's birth father back into their life, according to Maria Angela Torres, Lupe's mother.

"He said that if she got together with the father of the boy again, he would kill her," Ms. Torres said by phone from Honduras. Ms. Serrano said Lupe had gone to the police but nothing was done.

Lupe decided to flee to the U.S., Ms. Torres said.

Ms. Torres said she last spoke with her daughter before she crossed from Mexico



Lupe, right, was held in a detention center in El Paso. Danny was sent to New York.

into the U.S.

During the predawn call from the Border Patrol, Ms. Serrano said she would immediately fly to Texas and pick up Danny. "No, things are different now, ma'am," she said the official told her.

The official told her to expect a call in three days, Ms. Serrano said. No call came, so

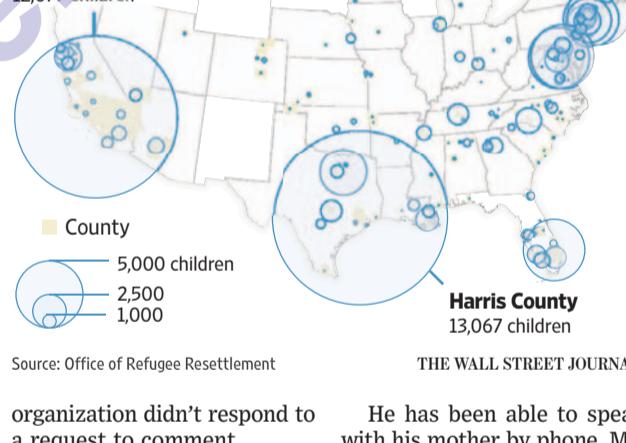


Nila Serrano has been navigating a bureaucratic thicket to be named 'sponsor' of her nephew, who was placed with a foster family.

Finding Homes

The Office of Refugee Resettlement temporarily houses unaccompanied minors until they can be released to sponsors, usually family, living in the U.S. A total of 151,333 unaccompanied children were sponsored in the U.S. between October 2014 and April 30, 2018.

Counties where at least 50 children have been sponsored:



Source: Office of Refugee Resettlement

THE WALL STREET JOURNAL.

organization didn't respond to a request to comment.

A Cayuga social worker arranged for Danny to have weekly supervised video chats with Ms. Serrano from a Cayuga facility.

"He gets real quiet," Ms. Serrano said. "We just have to probe him: 'Have you eaten? Do you have enough clothes?'

Danny was one of hundreds of children winding up in New York, many with foster families and under the care of the nonprofit Cayuga Centers. The

has been able to speak with his mother by phone, Ms. Serrano said. He seems confused and wonders when he can give his mother the pictures he draws for her.

In early June, Ms. Serrano traveled for fingerprinting at a center run by a Catholic Charities of Baltimore. A week later, her husband did the same,

only this time the center told him that under a new U.S. policy, his prints also would go to the Department of Homeland Security for purposes of verifying immigration status.

That same day, a representative from a nonprofit agency conducted an inspection of Ms. Serrano's home as part of the process to certify her as a caretaker.

On Wednesday, during a college visit with her teenage son, she missed two calls from her husband and two calls from Lupe.

It was good news.

U.S. immigration officials had agreed to release Lupe on a \$2,500 bond. Lupe's lawyer told her that a "deportation officer" would call with details on getting Lupe to Maryland, where her immigration case would be heard.

Ms. Serrano said she spent Friday paying the bond, and waiting for details about the timing of Lupe's release.

Meantime, Ms. Serrano said she had spoken with Lupe, who said she had reached Danny and told him that they both would be released—though she couldn't say exactly when.

Ms. Serrano has been glued to her phone since, ready to race to New York.

—Ryan Dube

contributed to this article.

Oil Prices Soar After OPEC Deal

Continued from Page One

the biggest one-day jump since November 2016 when OPEC agreed to cut oil output for the first time in eight years.

Oil prices have risen briskly this year amid improving global economic growth and unexpected supply outages, drawing complaints from big consuming countries, like the U.S.

OPEC said Friday its members had tentatively agreed with their non-OPEC partners to end their overcompliance with production curbs they set in 2016 to add barrels to the market.

On paper, such a move would add about one million barrels a day to global markets, officials said. But the boost is to be shared among all members, some of whom can't raise output at all right now. That translates into about 600,000 barrels of new oil a day, said people familiar with the deal's technical aspects.

The 2016 cuts had helped

send U.S. crude prices above \$70 a barrel and boosting the earnings of big global producers like Exxon Mobil Corp. and Chevron Corp.

But pressure from Washington and big consuming countries, as well as concerns that prices rising too quickly could curb consumer demand, prompted OPEC on Friday to release more supply.

"This OPEC decision was a big uncertainty," said Adam Rozencwajg, managing partner at Goehring & Rozencwajg Associates. "Now that it is behind us, the bullish supply and demand fundamentals can once again come to the fore."

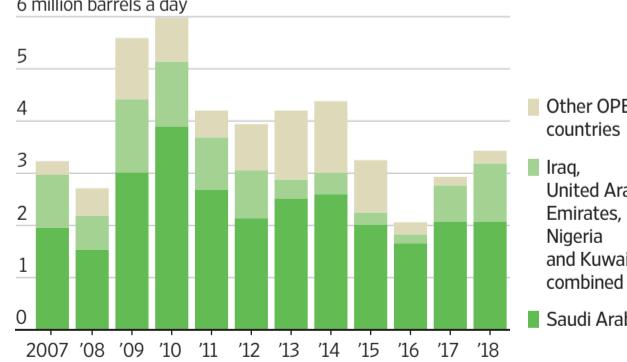
Since the November 2016 agreement, global inventories have drawn down to the five-year average and hit the lowest level in three years this year, according to the International Energy Agency. OPEC's efforts have been aided by strong global growth and demand for fuel, as well as unexpected supply disruptions.

Crude stockpiles in the U.S. have also declined steadily, which is part of the reason U.S. prices had such a strong reaction Friday. "The market was drawing inventories, we had seen a tight balance, and OPEC needed to increase supplies to

Spare a Barrel?

OPEC members have starkly different abilities to ramp up unused pumping capacity.

Spare capacity



Note: Figures for 2018 are based on average April-May production.

Source: International Energy Agency

THE WALL STREET JOURNAL.

address it," said Greg Sharenow, portfolio manager at Pacific Investment Management Co. "Now the concern in the market will pivot to, 'Where is the excess capacity in the system?'"

Even as shale production has climbed to record levels, data from the U.S. Energy Information Administration this week showed domestic inventories had fallen the lowest level since March. On Friday, oil services firm Baker Hughes Inc. also released weekly data showing the

heavily involved behind the scenes in hammering out the contours of a Friday deal with Saudi Arabia. One person familiar with the matter said Saturday's meeting was widely expected to certify the deal.

The group had agreed two years ago to reduce global output by 2%, or about 1.8 million barrels a day. Skeptics doubted whether oil producers could achieve their goal because such accords are hard to monitor and enforce. For governments, holding back barrels means going revenue.

Eventually, though, the pact succeeded in whittling down the excess inventories of stored oil that developed nations had stockpiled and boosted prices. President Donald Trump has complained—tweeting about prices being too high and blaming OPEC.

On Friday, he reengaged, tweeting shortly after the OPEC meeting finished his hope the cartel "will increase output substantially. Need to keep prices down!"

U.S. officials also asked Saudi Arabia, OPEC's de facto leader, to open up the taps to cushion the blow from Washington's fresh sanctions on Iran earlier this year, according to people familiar with the matter.

OPEC members themselves

have long been sensitive to how high prices can soften demand by encouraging conservation and other energy sources like renewables, spiraling into a fresh glut and lower prices.

Russia, meanwhile, a key partner in OPEC's pact, has pushed to raise production. A contingent of private oil companies make up a good chunk of the country's output, and they have lobbied Moscow to let them pump more.

Saudi Arabia has been a proponent of keeping output in check. It and some of its Persian Gulf allies inside OPEC initially pushed for a very small boost—well under 500,000 barrels a day. OPEC member Iran, meanwhile, opposed any cut.

Iran accused its regional rival Saudi Arabia of doing the U.S.'s bidding. Iran also worried that if others boost output, they might steal its market share. Several times during the week, Iranian Oil Minister Bijan Zanganeh threatened to pull out of any OPEC deal to hike output. Early Friday, he and Saudi Energy Minister Khalid al-Falih spoke to help smooth over differences.

Iran ultimately agreed, winning a promise that OPEC wouldn't provide any concrete numbers to its deal, said people familiar with the matter.

WORLD NEWS

Eurozone Gives Greece Relief on Debt Burden

By NEKTARIA STAMOULI

LUXEMBOURG—The eurozone agreed to lighten Greece's debt burden when the country's bailout ends this summer, but the measures fall short of what the International Monetary Fund and many economists say would be needed to end doubts about Greece's long-term solvency.

The completion of the Greek bailout on Aug. 21 marks a symbolic end to the eurozone's long debt crisis, which put the survival of Europe's common currency in doubt earlier this decade. But continued questions about whether Greece's debt is sustainable in the long run, and fresh worries about Italy's finances under its new populist government, show how far the eurozone remains from resolving its underlying problems.

Eurozone finance ministers agreed early Friday that Greece could have an additional 10 years to repay nearly €100 billion (\$116 billion) in loans, covering roughly half of Europe's bailout loans to Athens since 2010, and defer interest payments and amortizations for

another 10 years until 2033.

The eurozone also agreed to lend Greece an additional €15 billion so that it can repay some more-expensive IMF loans early, and build up a cash buffer to help meet financing needs in the next two years.

Once Greece's bailout ends, the heavily indebted country will have to finance itself only from capital markets and its own reserves, after eight years of living on rescue loans from the eurozone and IMF. At Thursday's eurozone meeting, it was agreed that Greece has completed its fiscal retrenchment and economic overhauls, the condition of the bailout.

The IMF welcomed the debt agreement, saying it makes Greece's debt sustainable in the medium term and facilitates Greece's access to the markets.

"For the long term we are concerned, we have reservations," said IMF Managing Director Christine Lagarde. "We take note of the commitment by Greece's European partners to keep debt sustainability under review and to take additional debt-relief measures if needed."

Major financial concessions for Athens are particularly unpopular in Germany, where Chancellor Angela Merkel's ruling conservatives only reluctantly supported the Greek bailout, with many wishing Greece had been made to leave the euro instead. Ms. Merkel is already under heavy pressure from within her center-right camp over immigration policy and can ill afford another lawmaker revolt over Greece.

Some of Athens's international creditors fear that, without more radical debt relief, Greece might not be able to rebuild a stable bond market and could need another bailout at some point.



Prime Minister Alexis Tsipras on Friday. Greece has an extra 10 years to repay some \$116 billion in loans.

MILOS BICANSKI/AGENCE FRANCE PRESSE/GETTY IMAGES

Trump Threatens to Impose 20% Tariff on European Cars

By JACOB M. SCHLESINGER AND EMRE PEKER

President Donald Trump repeated Friday his threat to slap stiff tariffs on European cars, hours after the European Union started imposing duties on a range of American products worth \$3 billion in retaliation for separate Trump curbs imposed on steel and aluminum.

Mr. Trump's latest rhetorical broadside over trade indicates his desire to continue engaging in combat on multiple commercial fronts, moves that have roiled global markets in recent weeks. Earlier in the week, the

president issued a statement saying he was widening his attack on Beijing, threatening to place tariffs on up to \$450 billion of Chinese goods if the government retaliates for new duties on Chinese goods slated to take effect July 6.

"Based on the Tariffs and Trade Barriers long placed on the U.S. and it great companies and workers by the European Union, if these Tariffs and Barriers are not soon broken down and removed, we will be placing a 20% Tariff on all of their cars coming into the U.S. Build them here!" Mr. Trump wrote on Twitter Friday morning.

Following the tweet, shares in **BMW AG**, **Daimler AG** and **Volkswagen AG** were all down slightly in after-hours trading.

The statement underscores the importance he is placing on a probe his administration launched last month into whether big tariffs could be imposed on vehicle imports in the name of national security.

No firm deadline has been set for that decision, but administration officials have suggested they are hoping to wrap up the process before the November U.S. elections.

Commerce Secretary Wilbur Ross, who is overseeing the

auto investigation, told a Senate committee Wednesday that there "has been no decision made as to whether to recommend tariffs at all—we're at the early stages in the process."

Mr. Trump's tweet wasn't the first time he has threatened Europe with car tariffs, though the figure he cites has varied between 20% and 25%. He has regularly decried the disparity between the 2.5% tariff the U.S. currently charges for car imports and the 10% duty imposed by Europe. The U.S. imposes a 25% tariff on imports of light trucks, compared with Europe's 10% for those vehicles.

The tweet followed comments Mr. Trump made at a Wednesday night rally in Minnesota, where he accused Europe of "basically saying 'we're going to sell you millions of cars, by the way, you're not going to sell us any.'"

European officials declined to respond to Mr. Trump's latest broadside. "Everything that we have to say on that subject has already been expressed...at various occasions over the last weeks," an EU official said Friday. "We have nothing to add."

Top executives from the European Union's executive arm—the European Commission—have repeatedly called on Mr. Trump to negotiate with longstanding U.S. allies instead of raising trade barriers and seeking concessions with threats.

A White House spokeswoman didn't respond for a request to comment on what prompted Mr. Trump's tweet.

A Volkswagen spokesman called the proposed tariffs a "tax" on the U.S. consumer that "will result in higher prices and also threaten job growth."

A BMW spokesman said free trade is important for sustaining jobs in the U.S. A Daimler spokesman declined to comment.



Mr. López Obrador, who leads the polls in Mexico, greeted supporters at a campaign rally this month.

Mexican Leftist Candidate Shares Some Trump Views

By SANTIAGO PÉREZ

MEXICO CITY—With talks to remake the North American Free Trade Agreement almost certain to run beyond Mexico's July presidential elections, many expect leading presidential candidate Andrés Manuel López Obrador to be forceful in responding to outbursts from President Donald Trump on bilateral issues.

But despite concerns about a clash of mercurial personalities, the nationalist leader actually sees eye-to-eye with Mr. Trump on many of the hot topics that have brought Nafta's negotiations to a stalemate.

"Oddly enough, I agree with the position that President Donald Trump has expressed on some occasions: We must increase wages in Mexico," Mr. López Obrador said in a presidential debate last month to discuss foreign-policy issues.

"We can't be talking about a trade agreement if there's no equality in wages."

ity in Congress, polls show.

Mr. López Obrador has expressed commitment to an open economy and free trade during his campaign.

"That's the message we'd like to send. The importance of keeping the agreement, the importance of modernizing it, but that it should be a better agreement for the region as a whole," said Gerardo Esquivel, an economic adviser to the

Leading presidential contender agrees that wages should be higher in his country.

candidate.

Trade is also one of the few areas where Mr. López Obrador appears to concur with outgoing President Enrique Peña Nieto, who is barred from re-election. His team sees Mexico's recent retaliatory response to U.S. steel tariffs as reasonable, and like Canada, wants to keep Nafta as a trilateral pact.

A key sticking point in negotiations is linked to Mr.

Trump's claim that salary disparities between the two countries are an unfair advantage to Mexico that results in U.S. job losses. In Nafta talks, the U.S. has demanded that a significant part of vehicles manufactured in North America be produced in high-wage zones.

"For us, that's music to our ears," said Graciela Márquez, the Harvard-educated economist who has been named by Mr. López Obrador to become economy minister if he wins the election.

Messrs. Mr. López Obrador and Trump also share anti-establishment leanings, and both want to shield vulnerable sectors of their economies from global competition. For Mr. Trump, that means workers idled in the Rust Belt by a decadeslong trend toward global manufacturing. For Mr. López Obrador, it includes subsistence farmers in Mexico's impoverished south struggling to survive with their small, unproductive plots.

A senior White House official said the Trump administration looks forward "to having a cordial and productive relationship with whomever the Mexican people choose as their next president."

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WORLD NEWS



Yoo Gi-jin, 93, hopes to reunite with family in North Korea. He filled out forms Friday at the Korean Red Cross headquarters in Seoul.

Koreas to Resume Reunions

By ANDREW JEONG

SEOUL—North and South Korea agreed to hold reunions of families separated by the Korean War for the first time in almost three years, a trust-building step between the rivals and a humanitarian goal sought by the South's leader.

Red Cross officials from both sides, who typically administer humanitarian issues between the Koreas, said Friday after nine hours of talks in North Korea that they would hold the reunions in August at a mountain resort just north of the inter-Korean border.

The reunions will take place over seven days and will involve 100 people from each side, selected by Seoul and Pyongyang, according to a joint statement.

"If we split cleanly from the difficult past," said North Korea's chief delegate Pak Yong Il, "I believe all North-South

humanitarian efforts will go smoothly."

"You've said just what I wanted to," replied Park Kyung-seo, Seoul's chief delegate and president of the Seoul-based Korean Red Cross.

The reunions fulfill a campaign promise by South Korean President Moon Jae-in, who has put engagement with North Korea and reducing cross-border tensions at the center of his agenda. Friday's decision follows through on an agreement between Mr. Moon and North Korean leader Kim Jong Un at a summit in April.

But the reunions also rekindle fears that Pyongyang could use the humanitarian occasions as propaganda—diverting attention from its human-rights violations and nuclear-weapons program—and to extract political concessions from Seoul.

The regime might use the reunions to demand the return of 12 North Korean waitresses

who defected to the South in 2016, said Yoo Dong-ryul, head of the Korea Institute of Liberal Democracy, a conservative think tank in Seoul. Pyongyang claims the workers were abducted by Seoul, which has refused to return them.

Millions were separated during the 1950-53 Korean War, which left the peninsula divided along the heavily guarded demilitarized zone. South Koreans are prohibited by their government from visiting the impoverished, authoritarian North.

Pyongyang has sometimes canceled or postponed reunions during times of heightened tensions and has faced other constraints, such as difficulty in locating members of separated families.

"People in North Korea are sometimes shy to report missing family in the South, as having relatives there often works as a socioeconomic obstacle which impedes them from pro-

motions and other social-advancement opportunities," said Koh Yu-hwan, a professor of North Korean studies at Dongguk University.

Nonetheless, holding the reunions is a positive step for separated families who have mostly been unable to see or hear from their loved ones for decades, said Jang Man-soon, who represents a civic group for separated families in South Korea. But he stressed the need to create a permanent reunion center.

"Participants often undergo more pain after the reunions because they realize that was probably the last time they would see their families," said Mr. Jang, who added that he doesn't know whether his aunt in North Korea is alive.

The reunions in August would be the first since late 2015 and the 21st since 2000, according to Seoul's Unification Ministry.

South Korean General Gets Key U.S. Army Post

By ANDREW JEONG

SEOUL—A South Korean general was named deputy commander of a major U.S. Army unit based in South Korea in a move that will help shore up a military alliance whose status has been questioned recently by President Donald Trump.

South Korean Army Brig. Gen. Kim Tae-up on Friday formally became the first South Korean soldier nominated to a senior position in the Eighth U.S. Army, the main U.S. ground force contingent based in South Korea. About 28,500 U.S. military personnel are stationed in the country, and the vast majority are part of the Eighth Army.

Gen. Kim's appointment comes during a period of uncertainty, following Mr. Trump's suspension of joint U.S.-South Korean military exercises originally slated for August, as well as his criticism that Seoul doesn't contribute enough to the military alliance, which has defended the capitalist South since the 1950-53 Korean War.

Immediately after last week's summit meeting in Singapore with North Korean leader Kim Jong Un, Mr. Trump said that he would suspend an annual exercise that Washington and Seoul officials have described for decades as defensive in nature, and which Pyongyang has said are rehearsals for invasion.

In announcing the cancellation of the exercise, Mr. Trump appeared to echo North Korea's traditional description of the exercises as "provocative." Mr. Trump has also suggested that he wanted to pull U.S. troops out of South Korea, in part because Seoul doesn't pay 100% of the cost of keeping them there.

The remarks took officials and experts in South Korea by surprise, and raised questions about the U.S.'s commitment to the military alliance.

Gen. Kim didn't refer to the



Appointing foreign commanders to help lead U.S. troops is uncommon.

cancellation of the exercises during a ceremony on Friday, but acknowledged that it was a "time of great challenge" for peace on the Korean Peninsula.

"I am deeply honored that I am now part of the command team," Gen. Kim said during the ceremony at Camp Humphreys, a sprawling base near the South Korean city of Pyeongtaek that is the U.S. military's largest overseas installation.

Gen. Kim has experience overseeing U.S. troops. He served as a deputy commander of the U.S. Army's Second Infantry Division, a U.S. Army unit deployed near the South's border with North Korea that is a combined division, including South Korean troops.

Appointing foreign commanders to deputy positions leading U.S. troops is uncommon. Similar precedents could be found during World War II, when British commanders served as deputies to lead U.S. units inserted under a larger allied command. The North Atlantic Treaty Organization also uses a comparable structure.

FROM PAGE ONE

Thieves Plunder Parmesan

Continued from Page One

Over the past six years, the 330 certified makers of Parmigiano have suffered 94 thefts, according to the consortium that represents the producers. The wheels are easy to move, valuable relative to their size and prime targets because they must age for at least a year in warehouses that traditionally haven't been well protected. Smaller producers have been slow to beef up security due to the costs, making them the primary target.

A single wheel aged for a year can be worth about \$500 wholesale. Varieties that are aged longer, or that are organic or made with milk from particular cows, cost much more. The most expensive varieties retail for up to €20 (\$23) a pound in Italy and even more in the U.S.

Lorenzo Pinetti, chairman of Latteria Agricoltori Roncoci, suffered two thefts of his Parmigiano in a 12-month period between 2016 and 2017, losing more than 360 wheels in all. After the second, he added security cameras all around his property, a better alarm system and lighting that remains on all night.

"We feel safe now, but you never know," says Mr. Pinetti. "It's still not entirely clear how they pull off these robberies."

Most hits are commissioned by the eventual buyer, who immediately cuts the wheels into smaller pieces that can't be traced, according to police. All Parmigiano wheels are branded with identifying information, including producer and date of production. While much of the cheese is thought to end up abroad, investigators once found stolen Parmigiano being sold in a Naples street market.

The Santa Rita thieves got a particularly lucrative slice. All of the company's daily production of 44 wheels is organic. One of those wheels is made



Wheels of Parmigiano-Reggiano in Fidenza, Italy.

with the milk of an endangered breed of cow called White Modenese, of which there are fewer than 500 dairy cattle left in Italy. Connoisseurs laud the variety's intense fragrance and taste.

Some producers, including Santa Rita, have decided they can't secure the cheese on their own and have turned to storing it in a dedicated cheese warehouse run by Credito Emiliano SpA, a local bank. The climate-controlled warehouse, near Reggio Emilia, has wooden shelves that can hold up to 300,000 wheels. The bank also stocks wheels as collateral for producers that have taken out loans guaranteed by aging Parmigiano.

The facility includes a comprehensive security system, with a barbed-wire fence, motion sensors, lights, roving patrols and more than a dozen cameras linked up to a continuously manned control center.

"This is Fort Knox for cheese," says Fabrizio Giberti, who has been in charge of securing the facility for 12 years. "We've never had a wheel stolen."

Eight years ago, a well-organized 12-man team attempted to make off with almost 400 wheels. The thieves disarmed the security system, drove a truck onto the grounds and used axes to break through a wall.

A private security patrol saw the thieves in action and called the police, who let the men finish their heist so they

could be apprehended more easily. Officers got the thieves as they were making a getaway on a nearby freeway. There haven't been any attempted robberies since then.

"I think word has spread that we have serious security here," says Mr. Giberti.

While historical data going back more than six years is hard to come by, there have been thefts in the past. Twenty-five years ago, thieves made off with 55 wheels made by Caseificio Sociale Soragna, in the small town of Soragna. Marco Magni, a second-generation cheesemaker, was celebrating his birthday with friends at a bar a few miles away when it happened.

"We had a lock on the door and nothing else," says Mr. Magni, who didn't discover the crime until the following morning. Since then, the producer has decked out the factory with an outer fence, an alarm system and metal bars on all the windows, at a cost of about €80,000.

It can be hard for makers to absorb those extra costs. Producers make on average 10,000 wheels a year, with a wholesale value of about €4 million; Caseificio Sociale and Santa Rita both produce about 15,000 wheels a year.

"Our producers are artisans," said Riccardo Deserti, general manager of the consortium representing Parmigiano producers. They "aren't used to having to protect their cheese like it's gold."

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WORLD NEWS

Malaysia Pursues Funds Linked to Tower

By JAMES HOOKWAY

KUALA LUMPUR, Malaysia—To grasp the size of the cleanup facing Malaysia after one of the world's worst financial debacles in recent years, consider the 1,614-foot tower now going up in the middle of this tropical capital.

The Exchange 106 will be Southeast Asia's tallest skyscraper, surpassing the iconic Petronas Twin Towers nearby. It is 92% complete, and tenants including banking group HSBC Holdings PLC and other global companies are waiting to move in.

The problem, according to Malaysia's new finance minister, is that 3 billion ringgit in state funding for Exchange 106, or about \$750 million, was allegedly misappropriated, in addition to the \$4.5 billion or more that U.S. prosecutors and other authorities said disappeared from state investment fund 1Malaysia Development Bhd. or companies linked to it.

The minister, Lim Guan Eng, said Thursday that the government will inject 2.8 billion ringgit to complete the tower. Mr. Lim's mission is to recover as much of the missing 1MDB money as possible and use it to reduce the country's debts.

"We cannot bear to see the eyesore of a massive abandoned project in the heart of Kuala Lumpur," he said. Police and special investigation teams have been informed of



The Exchange 106 in Kuala Lumpur, Malaysia, is slated to be Southeast Asia's tallest skyscraper.

the alleged fraud regarding funding for Exchange 106, Mr. Lim said.

Authorities said they are building a case against former Prime Minister Najib Razak re-

garding the broader issues at 1MDB, which Mr. Najib launched in 2009. He was defeated last month in elections in which claims of corruption were a major issue. It was the

first time his party had lost a national ballot since independence in 1957. Prime Minister Mahathir Mohamad, who led a coalition that won the election and who previously served 22

Hoping to Recover Money, Government Eyes Goldman Sachs

Malaysia is looking into whether it can recover money from Goldman Sachs Group Inc., which earned about \$600 million for placing nearly \$6.5 billion in bonds for the state investment fund 1Malaysia Development Bhd., the country's new finance minister said.

Lim Guan Eng, the minister, said the new government believes the payments were excessive. But he didn't explain how the government would try to make a claim with Goldman Sachs.

A spokesman for Goldman Sachs said the 1MDB bonds weren't traditional sovereign issues. "What we earned from the debt transactions reflected the risks we assumed at the time, specifically movement in credit spreads tied to specific bonds, hedging costs and underlying market conditions," the spokesman said. "Comparisons to 'fees' from plain vanilla underwritings, which involve far less risk, are not relevant."

IMDB, and he was previously cleared of any wrongdoing by Malaysia's then-attorney general. IMDB has also denied any wrongdoing; attempts to reach IMDB on Thursday were unsuccessful. Last month the finance ministry said IMDB's managers had informed the ministry that the fund wouldn't be able to service its debts.

Among other plans, Mr. Lim said he is looking at auctioning off dozens of Hermès and Gucci handbags that police seized from properties linked to Mr. Najib and his wife, Rosmah Mansor.

There are also Rolex and Patek Philippe watches and trays of jewelry, and the equivalent of \$28 million in 26 different currencies—all of which Malaysian investigators have said they are trying to trace back to the missing 1MDB money.

Ms. Rosmah has said that the police raids were designed to vilify the family. Her lawyers have said she would cooperate with any investigation.

U.S. investigators, meanwhile, allege that other chunks of the missing billions were used to buy property and artworks and to finance the production of Hollywood films such as "The Wolf of Wall Street" and "Daddy's Home."

One sought-after item is a pink diamond necklace valued at \$27 million, according to court documents. Its current location is unknown.

Xiaomi Gifts CEO \$1.5 Billion

Continued from Page One
upper end a little over \$1.79 billion.

The stock compensation award isn't tied to any future performance metrics or goals and was unanimously approved by shareholders, according to a person familiar with the matter, adding that Mr. Lei never received bonuses in the past.

Large stock awards that aren't contingent on companies meeting goals are rare, said John Roe, head of ISS Analytics, the data intelligence arm of Institutional Shareholder Services.

Some highflying technology startups in recent years have awarded their founders stock worth hundreds of millions of dollars often tied to future IPOs.

Tesla Inc.'s shareholders in March approved a pay package for CEO Elon Musk worth

\$2.6 billion that could ultimately gain him billions more over 10 years.

That compensation package, however, is predicated on the electric-car company's value surging to \$650 billion over 10 years, as well as a string of performance goals being met. The company's market capitalization stood at \$59.01 billion late Friday in New York.

Chinese e-commerce company JD.com Inc. gave its CEO a large stock award in the months before it listed in New York in 2014, saying it was "in consideration of his past and future services," according to its prospectus.

The restricted stock, which was valued at around \$900 million at the company's IPO price, was converted into tradable securities when the retailer went public.

The CEO had turned down stock-based compensation before the IPO, the company said at the time.

Mr. Lei, a Chinese entrepreneur, founded Xiaomi in 2010 and built it into the world's fourth-largest smartphone company, behind Samsung Electronics, Apple Inc.

and Huawei Technologies Co., according to industry researcher IDC.

The 48-year-old businessman is currently Xiaomi's largest shareholder, and entities linked to him will own about 29.4% of the company after it is public, according to a document viewed by The Wall Street Journal.

He also will control more than half of the company's voting rights, and his total stake would be worth roughly \$20 billion if Xiaomi prices its offering at the high end of the stated range.

Mr. Lei isn't selling any of his Xiaomi shares in the IPO and has committed not to do so for six months after the listing in early July.

He can sell some shares in the ensuing six months but not relinquish control of the company.

Xiaomi said in the document seen by the Journal that since its inception, Mr. Lei has led its business strategy and corporate culture, overseen key products and services and worked to reduce costs and improve efficiency in the business.

As a result, it said, smart-

phone sales increased sharply last year, contributing to a 68% jump in Xiaomi's revenue to 114.6 billion yuan (\$17.6 billion) in 2017.

The company reported a net loss of 43.89 billion yuan last year, but excluding one-time charges, it said its profit was 5.36 billion yuan.

The company said Mr. Lei also helped attract early investors and has been deeply involved in the company's investment and growth strategy. Xiaomi's last private

funding round in 2014 valued the company at around \$45 billion.

The price of Xiaomi's IPO will be determined next week, with the company set to list in Hong Kong on July 9.

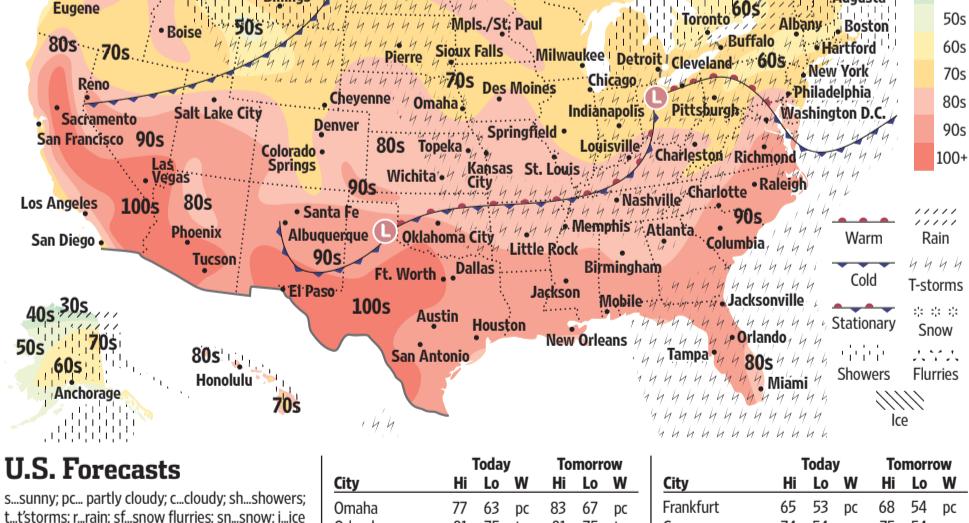
The company is aiming for a market valuation between \$54 billion and \$70 billion, according to term sheets viewed by the Journal, after scaling back the fundraising ambitions it had earlier this year.

In the run-up to its listing,

the company has been pitching itself as a fast-growing phone and internet services company with a significant presence in China and some overseas markets like India.

It is known for making lower-priced smartphones and internet-connected electronic gadgets like smart rice cookers. Mr. Lei has called Xiaomi an "innovation-driven internet company" that wants to increase sales from software and online services in the years ahead.

Weather



U.S. Forecasts

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

t=tstorms; r=rain; sf=snow; flr=snow; s=snow; ice=ice

Today Tomorrow

City	Hi	Lo	W	Hi	Lo	W
Anchorage	61	50	c	63	51	c
Atlanta	88	74	t	92	75	pc
Austin	97	76	pc	96	77	pc
Baltimore	82	66	t	88	68	pc
Boise	80	53	s	88	65	s
Boston	67	60	sh	74	64	pc
Burlington	73	59	sh	72	58	s
Charlotte	92	71	pc	96	71	s
Chicago	75	63	c	80	61	pc
Cleveland	78	65	t	77	61	pc
Dallas	99	77	pc	97	77	s
Denver	85	55	s	91	51	t
Detroit	78	65	t	78	60	pc
Honolulu	88	75	pc	87	74	sh
Houston	93	78	c	94	78	pc
Indianapolis	76	64	pc	83	66	pc
Kansas City	81	64	t	87	67	pc
Kansas City	110	81	s	105	82	s
Little Rock	85	74	t	91	75	pc
Los Angeles	80	64	pc	76	62	pc
Miami	89	77	t	87	78	t
Milwaukee	69	60	c	71	59	pc
Minneapolis	82	66	pc	78	67	t
Nashville	87	71	t	88	70	t
New Orleans	92	78	pc	92	76	pc
New York City	73	68	t	87	68	pc
Oklahoma City	88	71	t	95	74	s

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	64	52	pc	63	55	pc
Athènes	89	71	t	83	68	pc
Baghdad	102	80	s	106	79	s
Bangkok	96	81	pc	96	80	t
Beijing	97	72	s	97	73	sh
Berlin	63	52	sh	65	54	pc
Brussels	68	51	pc	68	52	pc
Buenos Aires	59	30	s	50	35	c
Dubai	100	87	s	100	87	s
Dublin	67	49	pc	71	53	pc
Edinburgh	64	48	pc	68	50	pc
Zurich	71	50	pc	69	51	pc



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WORLD NEWS

Turkey's Erdogan Bids to Prolong Rule

By DAVID GAUTHIER-VILLARS

ISTANBUL—Turkey's President Recep Tayyip Erdogan is bidding to extend his 15-year rule on Sunday in elections that rivals deem unfair—a growing pattern in countries from Russia to Hungary to Egypt, where leaders are using ballots as a waypoint to cement their authoritarian grip on power.

But with economic woes weighing heavily on Turkish voters, Mr. Erdogan's prospect of entering a five-year term with a rubber-stamp parliament isn't guaranteed, threatening a period of uncertainty in this strategic linchpin between the West and the Middle East.

Since a 2016 military coup attempt that nearly swept him away, Mr. Erdogan has jailed former allies he accuses of plotting the attack and run the country under "extraordinary rule" that allows for exceptional police measures and governance by decree. He has cracked down on political opponents and assembled a coterie of loyal oligarchs; he has repressed independent press and purged the military.

This one-man drive has given Mr. Erdogan unprecedented control over all state institutions, including the electoral authority, ahead of Sunday's presidential and parliamentary ballots.

A re-elected Mr. Erdogan would also gain vastly expanded executive powers over legislation and the judiciary, thanks to constitutional changes voters narrowly approved last year.

And yet, Turkish pollsters predict a divided result.

Surveys published before a 10-day blackout period showed Mr. Erdogan winning the presidency by a razor-thin margin in the first round or with a wider lead in a July 8 runoff between the top two finishers.

Those surveys also showed him possibly failing to secure a majority in the single-round parliamentary vote because, pollsters say, double-digit inflation and a dwindling lira have eroded confidence in his ruling party.



Supporters attended a rally for President Recep Tayyip Erdogan on Friday. If re-elected, Mr. Erdogan would gain expanded executive powers over legislation and the judiciary.

That could bring uncertainty as the country is helping Europe control a migrant influx and has repositioned itself as a power broker in the Syrian war.

Political upheaval in Turkey could also complicate efforts to repair a bruised relationship between Ankara and

Washington.

"This is going to be the most difficult election in our history," said Suat Kiniklioglu, who left Mr. Erdogan's Justice and Development Party, or AKP, in 2012.

Since calling elections two months ago, the 64-year-old Mr. Erdogan has been flooding the airwaves, leaving little airtime to rivals. He has unveiled grandiose construction plans, such as digging a 25-mile canal parallel to the Bosphorus, and announced a \$6 billion package comprising a tax amnesty and special allowances for pensioners.

"Give me your hands and let the most powerful reign begin," he says in a campaign clip featuring a phoenix flying

over river dams, bridges and other large public works built since he took office in 2003.

Rivals have criticized the canal project as environmental and urban-planning heresy, and pointed to the risks of corruption.

Muharrem Ince of the Republican People's Party, the presidential candidate who is best positioned to face Mr. Erdogan in the event of a runoff, has concentrated his campaign on governance, promising to end arbitrary arrests and lift the state of emergency.

"Turkey cannot live with this stress anymore," Mr. Ince said in an interview.

Mr. Erdogan says his challengers aren't suited to lead the country. "My rivals, what

are they capable of," he said. "Will they build an airport? Will they dig a canal?"

The president's re-election promises have appeared out of sync with the everyday preoccupations of voters, according to Murat Sari, head of Turkish polling agency Konsensus.

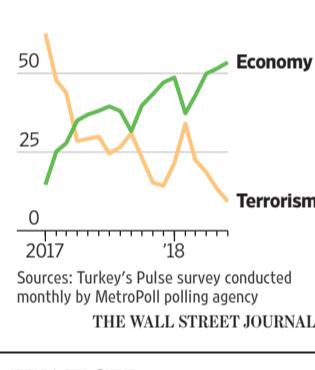
Since the start of the year, the Turkish lira has lost a quarter of its value against the dollar, dragged down by accelerating inflation and declarations by Mr. Erdogan that he intended to play a bigger role in directing monetary policy.

"Two years ago, voters cited terrorism as the most important problem facing Turkey," Mr. Sari said. "Now, it is inflation, followed by unemployment and income inequalities."

Pocketbook Issue

Heading into Sunday's election, discontent over the economy is running high among Turks.

Share of Turks who say the following are the country's most important problems



Sources: Turkey's Pulse survey conducted monthly by MetroPoll polling agency

THE WALL STREET JOURNAL.

WORLD WATCH**VATICAN****Ex-Diplomat Admits To Child Porn Charges**

A former Vatican diplomat admitted on Friday to downloading and sharing child pornography images on Tumblr, but suggested that his culpability was mitigated by a troubled state of mind.

Msgr. Carlo Alberto Capella, who was arrested in April for allegedly violating laws against possession and dissemination of child pornography, told a three-judge panel on the first day of his criminal trial that he didn't deny the charges against him.

At the same time, Msgr. Capella appeared to throw himself on the mercy of the Vatican City court, in which judges and prosecutors are laymen, not clerics. He sought to put his actions, which occurred during a diplomatic assignment to the U.S., in the context of a personal crisis.

The "sense of emptiness and uselessness" he felt during his stint in Washington led to a "compulsive" search for online child pornography, which he had never consumed before, he said.

The trial is the first for the crime in Vatican City, and one of several prominent actions by the Vatican recently to respond to the Catholic Church's sex-abuse crisis. Msgr. Capella, whose early career as a priest involved ministry to young people, said that he had never been guilty of abuse or other inappropriate behavior with minors.

—Francis X. Rocca

EUROZONE**Economy Shows Signs of an Uptick**

Business activity picked up in eurozone in June for the first time in five months—a sign the economy may be shaking off a sluggish start to the year.

Data firm IHS Markit said its composite purchasing managers index for the currency area rose to 54.8 in June from 54.1 in May. A reading above 50 signals an expansion in activity.

—Paul Hannon

INDONESIA**Cleric Gets Death For Inciting Terrorists**

An Islamic State-linked cleric was sentenced to death Friday, a rare decision that underscores a hardening mood against terrorists in the world's most populous Muslim-majority nation.

Aman Abdurrahman, founder of Indonesia's most dangerous pro-Islamic State group, was convicted of inciting followers to commit acts of terror—including a gun-and-bombs attack at a Starbucks in downtown Jakarta in January 2016.

Asludin Hatjani, a court-appointed lawyer, said his client didn't want to appeal. Mr. Hatjani said Mr. Abdurrahman shouldn't be held responsible for whether his writings and sermons inspire followers to commit terrorism.

—Anita Rachman and Ben Otto

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Aman Abdurrahman leaving court Friday after the verdict.

OBITUARIES

ADEL MAHMOUD
1941 – 2018

Vaccine Expert Took On The World's Problems

Adel Mahmoud was lecturing his global-health class at Princeton in 2014 when he broke down in tears.

The Ebola outbreak was ravaging West Africa, and Dr. Mahmoud cried when he told the class he was going to do something to prevent diseases like Ebola from spreading. Students that day got to see the kind of person Dr. Mahmoud was, said his Princeton colleague Jeremy Farrar.

"Adel was a remarkable intellect, but he never lost touch with humanity," Dr. Farrar said. "He never lost sense of the public good. Adel wanted to use science to benefit humanity."

Dr. Mahmoud, an infectious-disease expert, was president of Merck & Co.'s vaccine division

from 1998 until 2006. At the drug giant, he oversaw the development and sale of vaccines for HPV; the rotavirus infection; shingles; and a combination vaccine against measles, mumps, rubella and chickenpox. As of 2017, more than 500 million doses of those four vaccines had been distributed around the globe, according to Merck.

Dr. Mahmoud was born Aug. 24, 1941, in Cairo, and was the oldest of three children. When he was 10, he ran to the pharmacy to get his sick father penicillin, and when he returned, his father had died, his wife said.

Dr. Mahmoud died June 11 at age 76 of a brain hemorrhage in a New York City hospital.

—Patrick Thomas

ALLEN MCKELLAR
1920 – 2018

Essay on Hard Times Launched Pepsi Career

Allen McKellar, an African-American college senior in South Carolina, figured his chances were slight in 1940 when he entered an essay-writing contest in a bid to win an internship at Pepsi-Cola Co.

"How could I compete with those hundreds of students from around the country?" he said in an interview with the St. Louis Post-Dispatch later. "You're talking Yale, Harvard, Brandeis, Stanford," he said.

His essay acknowledged fears stoked by World War II but concluded: "We can still face the future with courage, with hope and with unbounded gratitude because America offers its youth an opportunity to face the dawn."

Pepsi chose him as one of 13

interns. After serving in the Army, Mr. McKellar returned in 1947 to join a Pepsi marketing team focused on African-Americans at a time when few large companies hired blacks for white-collar jobs.

Most hotels wouldn't accommodate these salesmen, and some bottlers shunned them. One Pepsi executive humiliated them by declaring that the product shouldn't be seen as a drink for African-Americans, using a racial slur. (The company later apologized.)

"We tried to steer clear of any racial stuff, and I knew how to maneuver around it," Mr. McKellar said.

He died May 28 at a hospital near St. Louis. He was 98.

—James R. Hagerty

CHARLES HOOLEY
1928 – 2018

Cub Foods Co-Founder Was Bargain-Store Pioneer

BY PATRICK McGROARTY

Bargain shoppers can thank Charles Hooley for the no-frills feel of more and more U.S. grocery stores.

Mr. Hooley, who died June 17 at 89 years of age, was a pioneer of big, spartan supermarkets that prized low prices over presentation. Groceries at his stores were unloaded from trucks as close as possible to the wooden shelves where they would be sold, and displayed in their shipping cases.

At Cub Foods, which he and three partners founded in Minnesota in 1968, Mr. Hooley and his family dispensed with price tags on each item. (This was before bar codes.)

Instead, Cub gave shoppers black grease pencils to carry with them through the store. They read the price for a can of soup or box of cereal off a red tag on its shipping case, then scrawled it on the item themselves. Checkout clerks tallied up a total from the prices shoppers had written on their groceries. Fewer workers to individually price and stock Cub's shelves meant lower prices overall.

"Charlie was a real entrepreneur," said Mike Wright, Mr. Hooley's cousin and a former chief executive at Supervalu Inc., the grocery wholesaler that bought Cub in 1980. "He knew people would want a quality product at lower prices."

Charles Matthew Hooley was born in Stillwater, Minn., on Oct. 18, 1928, to Matthew and Alva Hooley. Mr. Hooley's great-grandfather, who immigrated from Ireland to Minnesota in the 1870s, sold meat and other provisions in lumber camps along the banks of the St. Croix River, a tributary of the Mississippi.

His grandfather turned the business into a general store in Stillwater, which his father and



Hooley and his partners realized that they could get their customers to do some of their work for them in exchange for low prices. "We just trusted the customer," said John Hooley, a nephew of Mr. Hooley's who also worked for Cub. "The cost of operation was extremely low."

In 1980, Mr. Hooley and his partners sold Cub Foods to Supervalu, which expanded Cub to more than 100 stores in 13 states. Mr. Hooley, who focused in part on selecting sites for new Cub stores, remained at Supervalu as Cub's president until 1981.

"We are forever grateful for Charlie and all he did to bring customers new and innovative ways to shop for groceries," Supervalu said this week. Today, Cub's 80 stores are the bulk of Supervalu's 114 retail outlets. Supervalu's wholesale business supplies food items to more than 3,400 U.S. stores.

Mr. Hooley embarked on a peripatetic retirement, raising horses, sailing on Lake Superior and piloting small planes. He restored classic cars and boats that he would bring up the Mississippi and into the St. Croix.

He became a home developer as Stillwater changed from a small town into a bedroom community for St. Paul and Minneapolis, which are some 20 miles to the southwest.

In 1993, Stillwater's city council appointed him mayor for two years. He lobbied in Washington for funding to build a levy that still protects the city's riverfront. "He never stopped moving," his daughter said.

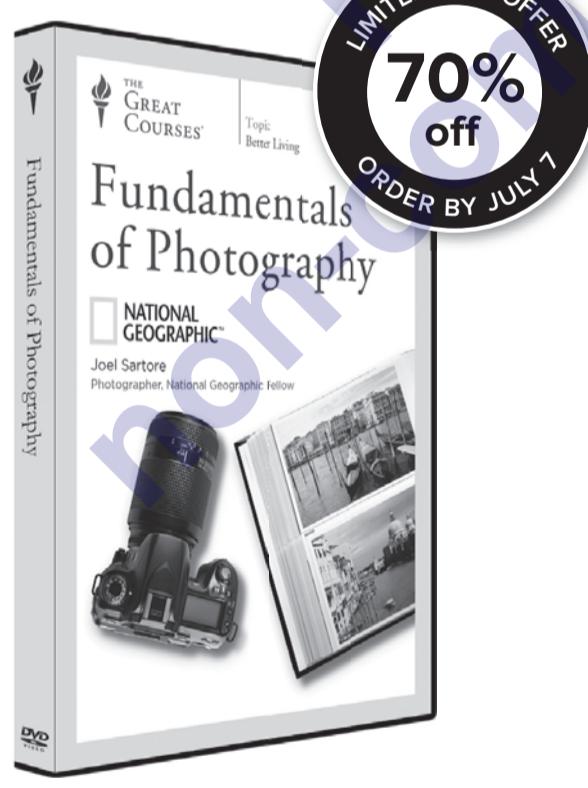
Mr. Hooley died after a long fight with cancer. He is survived by his wife, Nancy; six children; 22 grandchildren; and two great-grandchildren.

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13. Let's Go to Work—Wildlife
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U.S. NEWS

Time Bomb Looms for The Aging

Continued from Page One

have to rely more on children for funding, pressuring younger generations, too.

Companies, while benefiting from older workers' experience, also have to grapple with employees who delay retirement, which means they'll be footing the costs of a less healthy workforce and retraining older workers.

And for the nation, the retirement shortfall portends a drain on public resources, especially if seniors reduce taxable spending and officials decide to cover additional public-assistance costs for older Americans who can't make ends meet.

"This generation was left on their own," said Alicia Munnell, director of the Boston College Center for Retirement Research. The Journal's conclusion about living standards in retirement was based on estimates provided by Ms. Munnell's center and data from the U.S. Census.

As with many baby boomers, 56-year-old Kreg Wittmayer once thought he was doing things right for a solid retirement. In his 20s, he began saving in his 401(k). He cashed it out after a divorce at age 34. He built up the fund again, then cashed out five years later after losing his job, he says. "It was just too easy to get at."

Mr. Wittmayer, of Des Moines, Iowa, says he now has a little over \$100,000 saved for retirement. He owes \$92,000 in parent loans for his daughters' college costs, he says. He doesn't know when, or whether, he will be able to retire, in direct contrast to his parents, a former firefighter and a former teacher who collect guaranteed pensions. "They never had to worry about saving for their retirement."

This prospect is upending decades of progress in financial security among the aging. In the postwar era, for a while, fixed government and company pensions gave millions a guaranteed income on top of Social Security. An improving economy led to increased wages. Many Americans retired in better shape than their parents.

No more. Baby boomers were the first generation of Americans who were encouraged to manage their own retirement savings with 401(k)s and similar vehicles. Many made investing mistakes, didn't sock enough away or waited too long to start.

Consider:

◆ Median personal income of Americans 55 through 69 leveled off after 2000—for the first time since data became available in 1950—according to an analysis of census data done for the Journal by the Urban Institute, a nonprofit research organization that has published research advocating for more government funding for long-term care. Median income for people 25 through 54 is below its 2000 peak, but has edged up in recent years, and younger workers have more time to adjust retirement-savings strategies.

◆ Households with 401(k) investments and at least one worker aged 55 through 64 had a median \$135,000 in tax-advantaged retirement accounts as of 2016, according to the latest calculations from Boston College's center. For a couple aged 62 and 65 who retire today, that would produce about \$600 a month in annuity income for life, the center says.

◆ The percentage of fami-

lies with any debt headed by people 55 or older has risen steadily for more than two decades, to 68% in 2016 from 54% in 1992, according to the Employee Benefit Research Institute, a nonpartisan public-policy research nonprofit.

◆ Americans aged 60 through 69 had about \$2 trillion in debt in 2017, an 11% increase per capita from 2004, according to New York Federal Reserve data adjusted for inflation. They had \$168 billion in outstanding car loans in 2017, 25% more per capita than in 2004. They had more than six times as much student-loan debt in 2017 than they did in 2004, Fed data show.

Demographic forces

A combination of economic and demographic forces have left older Americans with bigger bills and less money to pay them.

Tempted by a prolonged era of low interest rates, boomers piled on debt to cope with rising home, health-care and college costs. Interest-rate declines hurt their security blankets. Lower earnings on bonds prompted many insurance firms to increase premiums for the universal-life and long-term-care insurance many Americans bought to help pay expenses. Some public-sector workers are living with uncertainty as cash-strapped governments consider pension cuts.

Gains in life expectancy, combined with the soaring price of education, have left people in their 50s and 60s supporting adult children and older relatives. Some are likely to have to rely on professional caregivers, who are in short supply and are more expensive than informal arrangements of the past.

Then there are health-care costs. Since 1999, average worker contributions toward individual health-insurance premiums have risen 281%, to \$1,213, during a period of 47% inflation, according to the nonprofit Kaiser Family Foundation. Nearly half of 1,518 workers surveyed last June by the Employee Benefit Research Institute said their health-care costs increased over the prior year, causing more than a quarter to cut back on retirement savings, and nearly half to reduce other savings.

Only a quarter of large firms offer retiree medical insurance, which typically covers retirees before they become eligible for Medicare, down from 40% in 1999, according to Kaiser. More money is coming out of people's Social Security checks to pay for Medicare premiums and costs that the federal program doesn't cover, Kaiser says.

Medical spending accounted for 41% of the average \$1,115 monthly Social Security benefit in 2013, and the percentage has likely risen since, it says.

Unexpected health costs have taken a toll on Sharon Kabel, 66, of East Aurora, N.Y. She already had trouble making ends meet after a yarn shop she owned for about 15 years failed in 2017. Then she suffered a heart attack this year.

In the store's heyday, she employed three part-time workers. On Friday evenings, customers gathered to knit over cookies and wine. "I was like a bartender. People would come in and tell me about their children and their problems," she says. Many customers eventually defected to the internet.

Her Social Security check is barely enough to cover the \$800 monthly mortgage on the house she bought after a divorce settlement 11 years ago. She brings in another \$800 a month cleaning houses, baby-sitting, walking dogs and selling yarn stored in



'I just want to scream bloody murder. It is hurting so bad.'

Linda McCord, 69, on her life-insurance premiums, which have more than tripled in two years.



'I live frugally. I don't get my hair cut or go on vacations, and I drive a 12-year old car.'

Sharon Kabel, 66, who cleans houses, babysits, walks dogs and sells yarn to make extra money.

her basement, she says. She grows vegetables and cans them for the winter.

She just started working three days a week at a garden center, a job she says will last until winter. "I live frugally. I don't get my hair cut or go on vacations, and I drive a 12-year-old car."

After a hospitalization, Ms. Kabel relied on friends and relatives for help. Some brought food and gift cards. Because Ms. Kabel skipped a Part D drug plan when she signed up for Medicare last year, one of her five children paid the \$173 monthly cost of one prescription, she says. Another paid a \$350 heating bill.

She has since secured drug coverage but owes \$10,000 in credit-card debt. As a shop owner, she never earned enough to set up a tax-advantaged retirement plan.

For many Americans facing a less secure retirement than their parents, the biggest reason is the shift from pensions to 401(k)-type plans.

A piano and organ maker in the 1880s launched one of the first employer-sponsored pension plans, and railroads, state and local governments, and others followed, according to the Social Security Administration. By the 1930s, about 15% of the labor force had employer pensions.

In 1935, federal officials created Social Security to offer a basic income. Pensions gained steam after World War II, and by the 1980s, 46% of private-sector workers were in a pension plan, according to the Employee Benefit Research Institute.

Pension retreat

A seemingly small congressional action in 1978 set the stage for a pension retreat. Some companies had sought tax-deferred treatment of executives' bonuses and stock options to supplement their pension payouts, and Congress authorized the move. The tax-law change ushered in the 401(k), allowing employees to reduce their taxable income by placing pretax dollars in an account.

In the 1980s, union strength was ebbing and a recession



'I'm still working and trying to catch up.'

Parline Boswell, 63, who anticipates working until 70.

pressured employers to reduce pension funding, says Teresa Ghilarducci, an economics professor at the New School. Many employers deployed the 401(k) to displace pensions.

Market declines in 2000 and 2008 revealed the perils of do-it-yourself retirements, as many 401(k) participants cut back on contributions, shifted funds out of stocks and never put them back in, or withdrew money to pay bills.

Arthur Smith Jr., 61, is still feeling the impact. He consistently saved in 401(k)-type plans with various employers over the past 35 years, he says. His 401(k) got hit hard in the market crashes, he says, in large part because he invested in individual tech stocks.

"We were allowed to pick our own stocks and I jumped on some high-risk ones," he says. His 401(k) lost about half its value early in the 2000s and lost about half again in 2008, he says. "We didn't plan it right and lost a few times."

He and his wife, Connie, 56, withdrew about \$25,000 from the account to buy a house last year when he was transferred to Houston from New York. The account is down to about \$20,000, they say, and they haven't been able to sell their New York home, so they have two mortgages.

He has a pension from a decade working at a large corporation that he expects will generate about \$500 a month. Combined with Social Secu-

rity, he could earn about \$3,000 a month in retirement income at age 66, which he says isn't enough. "My ideas of retiring are gone."

Others have been diligent savers but lacked knowledge to manage their money. "You don't have a lot of people to coach you how to invest," says Parline Boswell, 63, of New York City. She saved \$5,000 during several years as a housekeeper in the 1990s while raising three children.

In 1998, she went to a bank for investing advice and ended up with a money-market account, which earned minimal income until 2007. She had become a hospital phlebotomist and in a conversation with colleagues learned about tax-advantaged investing.

She says she now has about \$30,000 in a 403(b), a cousin to the 401(k). "That's not enough," she says. "I'm still working and trying to catch up." She also helps with expenses for her mother, aged near 100, and anticipates working until 70.

Recognizing the 401(k)'s shortcomings, Congress in 2006 enacted legislation making it easier for employers to enroll employees automatically and put them into funds that shift focus from stocks to bonds as they age. Almost a dozen states have authorized state-run retirement-savings programs to cover some of the estimated 55 million private-sector workers without workplace plans, according to AARP, the advocacy group for older Americans.

Those safeguards generally came too late for Americans now in their 60s, including Linda McCord, 69, of Denison, Texas. After 15 years as a manager at a consumer-lending firm, she took a lump-sum pension payment in the late 1980s following the sale of the business, she says. None of the finance or banking jobs she held after that offered a pension.

She wasn't concerned about her retirement because her husband had hundreds of thousands of dollars in a profit-sharing plan. She did have a 401(k) at a mortgage-origination firm in the early 2000s, but its balance was small when she left the workforce in 2003 due to health problems.

Her husband, Rusty, 63, followed in 2011 after a factory closing. They lived off her Social Security Disability Income for a couple of years and spent much of the money in his profit-sharing plan. They now live on her Social Security and his disability payments.

Money tight, Ms. McCord says she is selling parts of a collection of Star Trek action figures, dolls, yo-yos, lunchboxes and a book autographed by actor Leonard Nimoy.

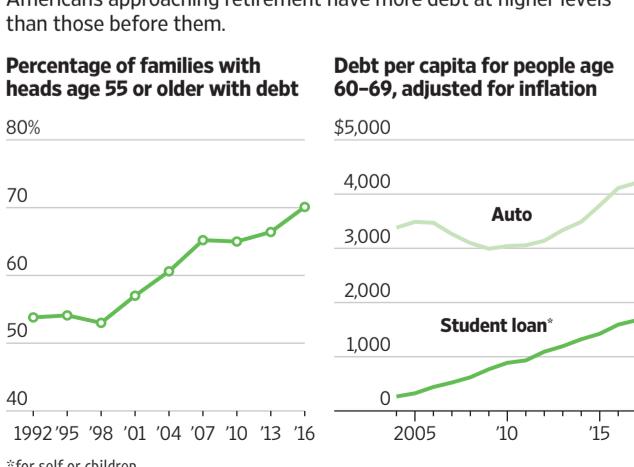
She also struggles with another higher cost for her age group: life-insurance premiums. The annual premium on a policy she has owned since 1994 more than tripled over the past two years, she says, to about \$2,000 this year. "I just want to scream bloody murder," she says. "It is hurting so bad."

She wants the \$100,000 policy to pay for her funeral, to extinguish debts and to "hopefully have a little for our grandkids" left over.

Borrowed Trouble

Americans approaching retirement have more debt at higher levels than those before them.

Percentage of families with heads age 55 or older with debt



*for self or children
Sources: Employee Benefit Research Institute (pct. with debt); NY Fed Consumer Credit Panel/Equifax (loans)

80%
70
60
50
40

1992 '95 '98 '01 '04 '07 '10 '13 '16

5,000
4,000
3,000
2,000
1,000
0

\$5,000
\$4,000
\$3,000
\$2,000
\$1,000
\$0

NY Fed Consumer Credit Panel/Equifax (loans)

THE WALL STREET JOURNAL

OPINION

Mueller's Fruit of the Poisonous Tree

By David B. Rivkin Jr.
And Elizabeth Price Foley

Special counsel Robert Mueller's investigation may face a serious legal obstacle: It is tainted by antecedent political bias. The June 14 report from Michael Horowitz, the Justice Department's inspector general, unearthed a pattern of anti-Trump bias by high-ranking officials at the Federal Bureau of Investigation. Some of their communications, the report says, were "not only indicative of a biased state of mind but imply a willingness to take action to impact a presidential candidate's electoral prospects." Although Mr. Horowitz could not definitively ascertain whether this bias "directly affected" specific FBI actions in the Hillary Clinton email investigation, it nonetheless affects the legality of the Trump-Russia collusion inquiry, code-named Crossfire Hurricane.

Crossfire was launched only months before the 2016 election. Its FBI progenitors—the same ones who had investigated Mrs. Clinton—deployed at least one informant to probe Trump campaign advisers, obtained Foreign Intelligence Surveillance Court wiretap warrants, issued national security letters to gather records, and unmasked the identities of campaign officials who were surveilled. They also repeatedly leaked investigative information.

It makes no difference how honorable he is. His investigation is tainted by the bias that attended its origin in 2016.

Mr. Horowitz is separately scrutinizing Crossfire and isn't expected to finish for months. But the current report reveals that FBI officials displayed not merely an appearance of bias against Donald Trump, but animus bordering on hatred. Peter Strzok, who led both the Clinton and Trump investigations, confidently assuaged a colleague's fear that Mr. Trump would become president: "No he won't. We'll stop it." An unnamed FBI lawyer assigned to Crossfire told a colleague he was "devastated" and "numb" after Mr. Trump won, while declaring to another FBI attorney: "Viva le resistance."

The report highlights the FBI's failure to act promptly upon discovering that Anthony Weiner's laptop contained thousands of Mrs. Clinton's emails. Investigators justified the delay by citing the "higher priority" of Crossfire.

But Mr. Horowitz writes: "We did not have confidence that Strzok's decision to prioritize the Russia investigation over following up on [the] investigative lead discovered on the Weiner laptop was free from bias."

Similarly, although Mr. Horowitz found no evidence that then-FBI Director James Comey was trying to influence the election, Mr. Comey did make decisions based on political considerations.

He told the inspector general that his election-eve decision to re-open the Clinton email investigation was motivated by a desire to protect her assumed presidency's legitimacy.

The inspector general wrote that Mr. Strzok's text messages "created the appearance that investigative decisions were impacted by bias or

improper considerations." The report adds, importantly, that "most of the text messages raising such questions pertained to the Russia investigation." Given how biases ineluctably shape behavior, these facts create a strong inference that by squelching the Clinton investigation and building a narrative of Trump-Russia collusion, a group of government officials sought to bolster Mrs. Clinton's electoral chances and, if the unthinkable happened, obtain an insurance policy to cripple the Trump administration with accusations of illegitimacy.

What does this have to do with Mr. Mueller, who was appointed in May 2017 after President Trump fired Mr. Comey? The inspector general concludes that the pervasive bias "cast a cloud over the FBI investigations to which these employees were assigned," including Crossfire.

And if Crossfire was politically motivated, then its culmination, the appointment of a special counsel, inherited the taint. All special-counsel activities—investigations, plea deals, subpoenas, reports, indictments and convictions—are fruit of a poisonous tree, byproducts of a violation of due process. That Mr. Mueller and his staff had nothing to do with Crossfire's origin offers no cure.

When the government deprives a person of life, liberty or property, it is required to use fundamentally fair processes. The Supreme Court has made clear that when governmental action "shocks the conscience," it violates due process. Such conduct includes investigative or prosecutorial efforts that appear, under the totality of the circumstances, to be motivated by corruption, bias or entrapment.

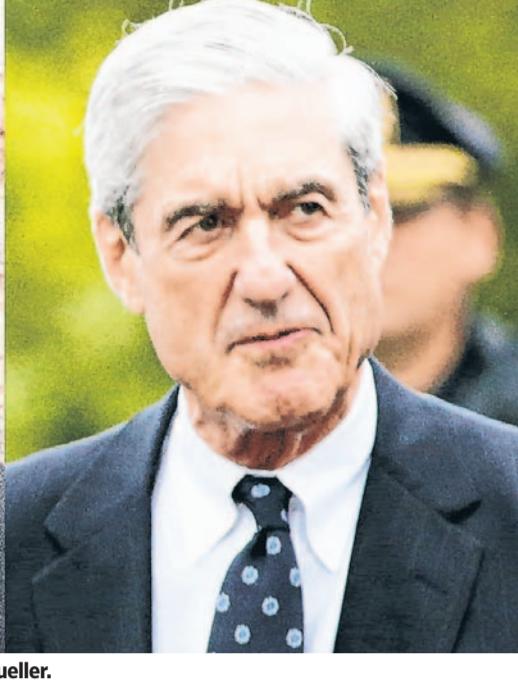
In *U.S. v. Russell* (1973), the justices observed: "We may someday be presented with a situation in which the conduct of law enforcement agents is so outrageous that due process principles would absolutely bar the government from invoking judicial processes to obtain a conviction." It didn't take long. In *Blackledge v. Perry* (1974), the court concluded that due process was offended by a prosecutor's "realistic likelihood of 'vindictiveness'" that tainted the "very initiation of proceedings."

In *Young v. U.S. ex rel. Vuitton* (1987), the justices held that because prosecutors have "power to employ the full machinery of the state in scrutinizing any given individual . . . we must have assurance that those who would wield this power will be guided solely by their sense of public responsibility for the attainment of justice." Prosecutors must be "disinterested" and make "dispassionate assessments," free from any personal bias.

In *Williams v. Pennsylvania* (2016), the court held that a state judge's potential bias violated due process because he had played a role, a quarter-century earlier, in prosecuting the death-row inmate whose habeas corpus petition he was hearing. The passage of time and involvement of others do not vitiate the taint but heighten "the need for objective



FBI agent Peter Strzok and special counsel Robert Mueller.



rules preventing the operation of bias that might otherwise be obscured," the justices wrote. A single biased individual "might still have an influence that, while not so visible . . . is nevertheless significant."

In addition to the numerous anti-Trump messages uncovered by the inspector general, there is a strong circumstantial case—including personnel, timing, methods and the absence of evidence—that Crossfire was initiated for political, not national-security, purposes.

It was initiated in defiance of a longstanding Justice Department presumption against investigating campaigns in an election year. And while impartiality is always required, a 2012 memo by then-Attorney General Eric Holder emphasizes that impartiality is "particularly important in an election year," and "politics must play no role in the decisions of federal prosecutors or investigators regarding any investigations. . . . Law enforcement officers and prosecutors may never select the timing of investigative steps or criminal charges for the purpose of affecting any election, or for the purpose of giving an advantage or disadvantage to any candidate or political party."

Strong evidence of a crime can overcome this policy, as was the case with the bureau's investigation of Mrs. Clinton's private email server, which began more than a year before the 2016 election. But Crossfire was not a criminal investigation. It was a counterintelligence investigation predicated on the notion that Russia could be colluding with the Trump campaign. There appears to have been no discernible evidence of Trump-Russia collusion at the time Crossfire was launched, further reinforcing the notion that it was initiated "for the purpose" of affecting the presidential election.

Strong evidence of a crime can overcome this policy, as was the case with the bureau's investigation of Mrs. Clinton's private email server, which began more than a year before the 2016 election. But Crossfire was not a criminal investigation. It was a counterintelligence investigation predicated on the notion that Russia could be colluding with the Trump campaign. There appears to have been no discernible evidence of Trump-Russia collusion at the time Crossfire was launched, further reinforcing the notion that it was initiated "for the purpose" of affecting the presidential election.

The chief evidence of collusion is the hacking of the Democratic National Committee's servers. But nothing in the public record suggests the Trump campaign aided that effort. The collusion narrative therefore hinges on the more generic assertion that Russia aimed to help Mr. Trump's election, and that the Trump campaign reciprocated by embracing pro-Russian policies.

Yet despite massive surveillance and investigation, there's still no public evidence of any such exchange—only that Russia attempted to sow political discord

by undermining Mrs. Clinton and to a lesser extent Mr. Trump.

Some members of the Trump team interacted with Russians and advocated dovish policies. But so did numerous American political and academic elites, including many Clinton advisers. Presidential campaigns routinely seek opposition research and interact with foreign powers. The Clinton campaign funded the Steele dossier, whose British author paid Russians to dish anti-Trump dirt. The Podesta Group, led by the brother of Mrs. Clinton's campaign chairman, received millions lobbying for Russia's largest bank and the European Center for a Modern Ukraine, both with deep Kremlin ties. The Clinton Foundation and Bill Clinton took millions from Kremlin-connected businesses.

No evidence has emerged of Trump-Russia collusion, and Mr. Mueller has yet to bring collusion-related charges against anyone. Evidence suggests one of his targets, George Papadopoulos, was lured to London, plied with the prospect of Russian information damaging to Mrs. Clinton, and taken to dinner, where he drunkenly bragged that he'd heard about such dirt but never seen it. These circumstances not only fail to suggest Mr. Papadopoulos committed a crime, they reek of entrapment. The source of this information, former Australian diplomat Alexander Downer, admits Mr. Papadopoulos never mentioned emails, destroying any reasonable inference of a connection between the DNC hack and the Trump campaign.

Crossfire's progenitors thus ignored an obvious question: If Russia promised unspecified dirt on Mrs. Clinton but never delivered it, how would that amount to collusion with the Trump campaign?

If anything, such behavior suggests an attempt to entice and potentially embarrass Mr. Trump by dangling the prospect of compromising information and getting his aides to jump at it.

Given the paucity of evidence, it's staggering that the FBI would initiate a counterintelligence investigation, led by politically biased staff, amid a presidential campaign. The aggressive methods and subsequent leaking only strengthen that conclusion. If the FBI sincerely believed Trump associates were Russian targets or agents, the proper response would have been to inform Mr. Trump so that he could protect his campaign and the country.

Mr. Trump's critics argue that the claim of political bias is belied

by the fact that Crossfire was not leaked before the election. In fact, there were vigorous, successful pre-election efforts to publicize the Trump-Russia collusion narrative. Shortly after Crossfire's launch, CIA Director John Brennan and Mr. Comey briefed Congress, triggering predictable leaking. Christopher Steele and his patrons embarked on a media roadshow, making their dossier something of an open secret in Washington.

On Aug. 29, 2016, the New York Times published a letter to Mr. Comey from Senate Minority Leader Harry Reid, saying he'd learned of

"evidence of a direct connection between the Russian government and Donald Trump's presidential campaign," which had "employed a number of individuals with significant and disturbing ties to Russia and the Kremlin." On Aug. 30, the ranking Democratic members of four House committees wrote a public letter to Mr. Comey requesting "that the FBI assess whether connections between Trump campaign officials and Russian interests" may have contributed to the DNC hack so as "to interfere with the U.S. presidential election." On Sept. 23, Yahoo News's Michael Isikoff reported the Hill briefings and the Steele dossier's allegations regarding Carter Page. On Oct. 30, Harry Reid again publicly wrote Mr. Comey: "In my communications with you and other top officials in the national security community, it has become clear that you possess explosive information about close ties and coordination between Donald Trump, his top advisors, and the Russian government."

That these leaking efforts failed to prevent Mr. Trump's victory, or that Mr. Comey's ham-fisted interventions might have also hurt Mrs. Clinton's electoral prospects, does not diminish the legal significance of the anti-Trump bias shown by government officials.

The totality of the circumstances creates the appearance that Crossfire was politically motivated. Since an attempt by federal law enforcement to influence a presidential election "shocks the conscience," any prosecutorial effort derived from such an outrageous abuse of power must be suppressed. The public will learn more once the inspector general finishes his investigation into Crossfire's genesis. But given what is now known, due process demands, at a minimum, that the special counsel's activity be paused. Those affected by Mr. Mueller's investigation

could litigate such an argument in court. One would hope, however, that given the facts either Mr. Mueller himself or Deputy Attorney General Rod Rosenstein would do it first.

Mr. Rivkin and Ms. Foley practice appellate and constitutional law in Washington. He served at the Justice Department and the White House Counsel's Office during the Reagan and George H.W. Bush administrations. She is a professor at Florida International University College of Law.

A California Billionaire Sets Michigan's Energy Policy



CROSS
COUNTRY
By Jason
Hayes

Michigan's two largest electricity companies struck a "breakthrough agreement" last month with billionaire California environmentalist Tom Steyer to boost the Wolverine State's clean-energy requirements. Earlier

this year, Mr. Steyer had funded a ballot initiative slated

for August to force Michigan's electric

ity providers to source 30% of

their overall sales from renewable

options such as wind and solar by

2030. But under the new agreement,

the utilities will aim to produce a

minimum 25% of their energy from

renewable sources and a further 25%

from energy-efficiency measures by

that same year. This 50% green-en

ergy goal will effectively govern

the state's energy policy for at least the

next decade.

News of the deal between Mr.

Steyer and the utilities—DTE En

ergy and Consumers Energy—has

left many in Michigan wondering

what happened to the established

process for setting energy policy. The deal hasn't been approved by state officials or voters. How is it possible that two utilities and a single special-interest group can independently agree to raise the state's renewable energy mandate and get away with it?

If DTE and Consumers Energy were private businesses operating in a free market, the specifics of their contracts with outside organizations would concern only their investors and boards. But the companies are state-regulated monopolies, shielded from competition by Michigan's laws. And the going has been good for them recently: The Michigan Public Service Commission has approved 15 separate rate increases for the two companies since 2003.

The role of national environmental groups in driving the agreement has deprived voters of influence even as proponents of green energy gripe about the interference of advocacy groups opposed to their measures. The Sierra Club complained in 2014 that corporate money is "polluting our

democracy and our environment," while Massachusetts Sen. Elizabeth Warren has admonished the "billionaires and special interests . . . conspiring to buy our political system."

But when green activists like Mr. Steyer and his political-action committee, NextGen America, pour millions into politics, progressives and

environmental groups are often supportive. Regina Strong, a managing director at Michigan's Sierra Club chapter, publicly supported Mr. Steyer's deal with DTE and Consumers Energy, claiming the 50% goal was only "the floor and not the ceiling for what these two utilities can achieve by 2030."

Earlier this year Mr. Steyer donated more than \$2 million to a

group called Clean Energy, Healthy Michigan. His support propped up the initial "30 by 30" ballot initiative that forced DTE and Consumers Energy to the bargaining table. Mr. Steyer has backed similar campaigns in Arizona and Nevada.

Even with NextGen bankrolling Clean Energy, Healthy Michigan's collection of more than 350,000 signatures, the group knew it would have a hard time convincing Michigan voters to support their lofty—and costly—goals. Michiganders had already decisively rejected a less ambitious "25 by 25" ballot initiative in 2012, and DTE and Consumers Energy initially had denounced this year's campaign for bringing national politics into Michigan's electricity policy.

But the utilities gave in to pressure from Mr. Steyer, and are now lauding the agreement for its ability to expand on a 2016 legislative overhaul of Michigan's electricity system. That law mandated a 35% clean-energy goal and had increased the state's renewable energy mandate

from 10% to 15% by 2021. The state Legislature began implementing the multiyear process in 2017. But now—without being consulted and before the 2016 requirements have even been met—Michigan residents learn that they will be paying for even more stringent requirements.

Mr. Steyer and his utility partners say their independent agreement to set Michigan's electricity policy is the right choice for the state. But the way the deal was done has short-circuited the democratic process. Michigan already has the highest electricity rates of any of the Great Lakes states, and most residents are forced to buy their electricity from DTE or Consumers Energy. Mr. Steyer's activism may or may not make Michigan's air cleaner and its residents healthier, but one thing is certain: Michigan households and businesses will soon be paying more to keep the lights on.

Mr. Hayes is director of environmental policy at the Mackinac Center for Public Policy.

OPINION

REVIEW & OUTLOOK

Robbers, Cellphones and the Law

Chief Justice John Roberts prides himself on presiding over a Supreme Court that delivers careful, narrow opinions with clear guidance for lower courts and citizens. Yet on Friday he personally delivered the opposite—a 5-4 majority opinion that creates new constitutional obligations for law enforcement without clear guidelines for how to operate in the digital future. Is this the Roberts Court or the Warren Burger Court?

The Supreme Court's message to police in *Carpenter v. U.S.* seems simple at first blush: If you want location records from a suspect's cellphone carrier, you'd better get a warrant. But the ruling extends the Court's Fourth Amendment protections against unreasonable searches to government requests for cell-site data for the first time. And it does so in a way that departs from the personal-property standard that has long governed the Court's search-and-seizure jurisprudence.

After a run of armed robberies in 2010-11, police obtained 127 days of data from Timothy Carpenter's mobile carrier, which showed his phone pinging nearby cell towers while the crimes were being committed. Getting those records, under the mechanism established by Congress, requires presenting a magistrate judge with "specific and articulable facts" to demonstrate the data are "relevant and material to an ongoing criminal investigation."

Yet Chief Justice Roberts joined the Court's four liberals to hold that this process violated Carpenter's Fourth Amendment rights. In the future, the Chief writes, "the Government must generally obtain a warrant supported by probable cause."

Typically police can get business records—say, bank statements or a list of dialed phone numbers—with a subpoena that requires a lesser standard than probable cause. Under decades-old High Court precedents, such information is considered the company's property, not the customer's. This is known as the "third-party doctrine," which holds that a person has no expectation of privacy from records he has agreed to turn over to someone else—such as whom you call on the phone.

But in the majority's view, quantity of data in the digital age has a quality all its own.

Charles Krauthammer

Many people in recent weeks have praised the character and contributions to American public life of Charles Krauthammer, who died Thursday at age 68. But allow us to add a few words about the way he thought and argued as a journalist because our republic could use more like him.

Krauthammer arrived at journalism after stops in psychiatric medicine and political speech writing. Once he arrived at journalism, writing for the Washington Post, he was home. We emphasize his journalistic roots because his writing and later his commentary for Fox News embody the best traditions of a free press. He understood that his journalistic platforms were both an opportunity and an obligation.

They gave him the opportunity to witness and influence the great events of his day, such as the Reagan challenge to Soviet Communism, the Iraq war during the Bush Presidency, the election of the first black U.S. President, and the tumultuous emergence of Donald Trump's brand of populism.

Today, everyone who has an opinion about anything can share it with the world on social media. Charles Krauthammer never forgot that he owed his readers and audience something more than on-the-fly opinion. When his admirers say he was learned, they mean that Krauthammer had deep respect for the importance of knowledge and facts. Any Krauthammer

His journalism was rooted in facts and principle.

commentary was grounded in facts—whether the lessons of history, as in the Middle East, or the dynamic facts of a legislative struggle on Capitol Hill.

A typical Krauthammer column or TV appearance was a reflection or judgment on fact-based reality. Which is to say, Charles Krauthammer was old school.

What does that mean? It means that Krauthammer didn't do snark and he didn't sneer at opponents. He often looked impatient when others did. His humor was sly and never mean-spirited. He didn't build his opinions out of emotional resentments. He wasn't tribal. He refused to be any politician's cheerleader. He was his own man.

His readers and viewers liked that. No, they loved it. They loved him for being a trustworthy voice. He had credibility, and once he had it, he made sure he never lost it.

Krauthammer did not shrink from promoting his convictions with clarity and firmness, especially in foreign affairs. He spoke often about the notion of American exceptionalism, which he called "a venerable idea." His belief that America could be a force for good in the world was idealistic and practical. In a 2010 speech for the Fund for American Studies, he argued that World War II had left a vacuum, "which we had to fill to maintain liberty for ourselves and for the world."

Good and honorable journalism has lost one of its great practitioners.

The Jersey Tax Spiral Continues

New Jersey's Democrats are in a budget standoff between worse and worse, though it's difficult to tell which proposal is which.

Governor Phil Murphy, who defeated the ghost of Chris Christie in last November's election, is pushing for a new "millionaires tax," which would bump the top rate on personal income to 10.75% from 8.97%. He also wants to add nearly half a percentage point to the sales tax, raising it to 7%. New Jersey already has the country's highest property taxes.

Senate President Stephen Sweeney voted for a "millionaires tax" several times when he knew Mr. Christie would veto it. But now that state and local taxes can no longer be deducted on a federal return, Mr. Sweeney worries Mr. Murphy's plan would send even more high-earning residents packing for Florida.

Instead he wants to temporarily—yeah, right—raise the state's top corporate tax rate from 9% to 13%, which would be the highest in the nation. So that way New Jerseyans will stay put, and only their employers will flee?

Neither side is budging despite the Governor's veto threat. As the Senate was gearing up to pass its proposal Thursday, Mr. Murphy went on a tear: "I got elected to come here and crack the back of this idiocy of kicking the can,

New Governor Phil Murphy follows the Connecticut model.

phantom numbers, band-aids, toothpicks." Mr. Sweeney's reply: "We are the Legislature. And we're not gonna be dictated."

Aside from whom to soak, there are other disagreements. The Governor's budget is \$37.4 billion; the legislature's is a mere \$36.5 billion. He wants to spend \$50 million on free community college; they would allocate \$5 million. He proposes an additional \$283 million for schools; they want \$348 million. Both sides are ignoring the state's runaway pension obligations.

No deal by June 30 means New Jersey's government could shut down. The state has already frozen some spending and ordered agencies to draw up contingency plans. If this sounds familiar, it's because a shutdown happened last year, too. Say what you will about Mr. Christie—and we have—at least he stopped the Legislature from trying to make New Jersey even less desirable for business than Connecticut.

Now that Democrats have the run of Trenton, the only questions are whose taxes are going up and by how much. Whatever budget agreement Messrs. Murphy and Sweeney may eventually arrive at, it seems likely to cement New Jersey as one of the most taxing places to live and work in America.

A 5-4 Supreme Court ruling rejects Fourth Amendment precedent.

Sprint Corporation and its competitors are not your typical witnesses," Chief Justice Roberts writes. "They are ever alert, and their memory is nearly infallible." He adds that "the exhaustive chronicle of location information casually collected by wireless carriers today" constitutes "a distinct category of information."

But wouldn't a year's worth of credit-card statements, revealing purchase locations and much else, also meet that standard? What if police want only a few hours of a suspect's cellphone location data? Or what if they want a "tower dump" showing a list of the phones connected when the bomb went off or the shots were fired? The majority's answer is straightforward: "We do not express a view on matters not before us."

But they have set a new precedent that will invite multiple legal challenges from the ACLU and the Brennan Center on precisely those questions. The risk is that putting information like this off limits without a warrant may impede serious investigations.

"As this case demonstrates," Justice Anthony Kennedy writes in a dissent joined by Justices Samuel Alito and Clarence Thomas, "cell-site records are uniquely suited to help the Government develop probable cause to apprehend some of the Nation's most dangerous criminals: serial killers, rapists, arsonists, robbers, and so forth." Carpenter is serving 116 years for armed robbery because police were able to link him to the crime scenes.

Yes, reasonable minds can be troubled by the volume of information that cellphone carriers inhale. But the rules under which police access that data were set by Congress, which is better positioned to balance the needs of law enforcement with the public's demands for personal privacy. The narrow Roberts majority has now inserted itself in a way that will complicate that necessary democratic balancing.

Look past the online hosannas about "digital privacy" that have greeted the *Carpenter* ruling. "The desire to make a statement about privacy in the digital age," Justice Samuel Alito concludes his separate dissent, "does not justify the consequences that today's decision is likely to produce."

commentary was grounded in facts—whether the lessons of history, as in the Middle East, or the dynamic facts of a legislative struggle on Capitol Hill.

A typical Krauthammer column or TV appearance was a reflection or judgment on fact-based reality. Which is to say, Charles Krauthammer was old school.

What does that mean? It means that Krauthammer didn't do snark and he didn't sneer at opponents. He often looked impatient when others did. His humor was sly and never mean-spirited. He didn't build his opinions out of emotional resentments. He wasn't tribal. He refused to be any politician's cheerleader. He was his own man.

His readers and viewers liked that. No, they loved it. They loved him for being a trustworthy voice. He had credibility, and once he had it, he made sure he never lost it.

Krauthammer did not shrink from promoting his convictions with clarity and firmness, especially in foreign affairs. He spoke often about the notion of American exceptionalism, which he called "a venerable idea." His belief that America could be a force for good in the world was idealistic and practical. In a 2010 speech for the Fund for American Studies, he argued that World War II had left a vacuum, "which we had to fill to maintain liberty for ourselves and for the world."

Good and honorable journalism has lost one of its great practitioners.

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LETTERS TO THE EDITOR

Trump Isn't to Blame for Family Separations

Regarding your editorial "The GOP's Immigration Meltdown" (June 19): I am a criminal defense attorney and can say with confidence that hundreds, if not thousands, of parents and their minor children are separated in this country every day by the criminal justice system. What was happening at our southern border is routine.

It is not uncommon for criminal defendants to bring their minor children to court with them for bail hearings, revocation of bail hearings, revocation of probation hearings and sentencing hearings. Perhaps they think that the presence of their children will influence the judge. It has been my experience that it will not.

If a criminal defendant is denied bail, has his bail revoked (as Paul Manafort recently experienced), has his probation revoked or is sentenced to prison, he will be taken into custody and, by definition, separated from his children (the children don't accompany the defendant to prison). If a family member or other guardian isn't present to take the children, the children will be taken by a state agency that is charged with caring for children who have no adult to care for them.

Illegally entering the U.S. is, by definition, a crime. If the parent is taken into custody by law enforcement for the crime of illegally entering the U.S., that parent will be separated from his minor children, just as any other criminal defendant in the examples above.

As an attorney, I don't understand the current outrage. Parents have been separated, are being separated and will continue to be separated

from their minor children by the criminal justice system. Why should there be an exception for noncitizens who have been arrested for the crime of illegally entering the U.S.? As far as I know, there is no exception for any other crime.

IVARS LACIS
Peachtree City, Ga.

The blame is misplaced. The separation of the illegal-immigrant parents from their children wasn't the fault of the U.S. government, Congress, President Trump, HHS, DHS or the taxpayers. The fault lies with those irresponsible parents dragging their children away from their homeland. It is well within the realm of child cruelty to force these small people across unfriendly foreign borders.

C.M. KASE
Bloomington, Ind.

DHS Secretary Kirstjen Nielsen did an outstanding job clarifying the administration's position and actions. President Trump was right in demanding congressional action before changing his zero-tolerance policy. This is no different than not lifting sanctions on North Korea before it acts on denuclearization. This looks like consistency, not confusion, to this voter.

RAY WALLACE
Vonore, Tenn.

All this blowup proves is that neither party wants to fix our lack of coherent immigration laws. They simply want to use the mess to beat each other up with every election year.

JIM PALMISANO
Cincinnati

What's Taking 'Em Out of the Old Ballpark

I've been an avid baseball fan since 1960 and I see several reasons for the attendance drop come to mind, the foremost being the price to attend a game ("MLB: Sharp Attendance Drop Concerns Baseball," Sports, June 16). Maybe if MLB commissioner Rob Manfred actually had to pay to see a game, he'd understand the problem.

As with every other major sport, huge player salaries have resulted in high ticket prices and longer games.

Owners want to keep fans in the park as long as possible to buy their overpriced hot dogs and beer to pay for today's (in many cases) overpriced talent. Add in innumerable television commercials and you get long games that are expensive to attend. A family of four has to spend \$500 or more to attend a game, which isn't feasible for many folks. But the owners have shown no ability to impose realistic

salary controls, so it's probably too late for that to change.

CHUCK MCGEE
Moultonborough, N.H.

There is an overlooked reason for baseball ticket sales being down this season: the tax reform and JOBS Act of 2017, which eliminated the tax deduction for tickets to sporting events. Organizations that use professional sporting-event tickets as promotions for customers no longer get a tax deduction. I suspect that has influenced some business buyers to reject baseball tickets as a form of advertising.

HOUSTON D. SMITH JR.
Atlanta

The article points to a similarity between Major League Baseball and the banking and thrift consolidation. There are 30 MLB teams, but there aren't 30 good ownership groups and management teams.

BOB SEPICH
Cary, N.C.

Watching baseball games has become an endurance contest. As a fan, I'll watch on TV because I can do something else, like read, at the same time. But going to a major league game? I wouldn't go even if they were free and my team was in first place.

PAUL HERBERT
Fairfax, Va.

Let's Hope Jerome Powell Isn't Wrong Like Bernanke

Regarding the Letters "Dumbing Down New York's Public Schools" (June 13): The opinion of Mayor Bill de Blasio that the elite public high schools are dominated by the wealthy is patently false. Forty-four percent of the students at New York City's elite Stuyvesant High School are eligible for the free-lunch program.

If the admission test is racially biased, how does he explain that Thelonious Monk, Eric Holder, Thomas Sowell, Alvin Poussaint and Roy Innis were students there? The purpose of the test is to separate those who will succeed at Stuyvesant from those who will not. The misguided plan that places political correctness above sound educational policy is bound to destroy the best high school in New York City.

SUSAN ORBACH

New York

Good Infrastructure Means Regular Maintenance, Too

As an engineer, David Siegel doesn't disappoint in his rational approach to infrastructure development ("Don't Binge on Bridge-Building," op-ed, June 19). Unfortunately, his prescription requires a strong government infrastructure workforce, but political winds blow against that and sap our national leadership in infrastructure. Mission agencies such as those in transportation and water resources have downsized, compared with entitlement programs. Outsourcing to contractors is great, but a comprehensive national infrastructure program also requires a vital partnership between political leaders and government executives. If you drain the swamp, remember not to kill off the life that is in it.

PROF. NEIL GRIGG
Colorado State University
Fort Collins, Colo.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"The Dow fell again today, its third straight day without an excuse."

OPINION

Did an Ancient Greek Anticipate Trump?

By Lance Morrow

In 1931, the philosopher and mathematician Bertrand Russell announced his verdict: "I think the universe is all spots and jumps, without unity, without continuity, without coherence or orderliness or any of the other properties that governs love.... It consists of events, short, small, and haphazard. Order, unity, and continuity are human inventions, just as truly as are catalogues and encyclopedias."

The incoherent 21st century seems to confirm Russell's impression. Any tendency toward order is contradicted by big-bang disruptions, anarchic social media and Donald Trump,

Heraclitus' view of the world in constant flux found echoes in Hegel and now in the president.

whose life is a masterpiece of spots and jumps. Each day of his presidency seems to arrive de novo, disconnected historically from the day before. History unfolds in a circus of tweets and surprises, with Mr. Trump playing all the roles: roaring lion and trapeze artist, clown and calliope. He is only one man, of course, but for the moment Mr. Trump seems to be the representative man: the star of our incoherence.

There is a preposterous la-di-da in trying to use philosophy to make sense of Mr. Trump—even dragging in, as I intend to do, the greatest of the pre-Socratic Greeks. Mr. Trump's enemies will, at mildest, sneer that it's putting lipstick on a pig. But, as anchors say on CNN, take a listen.

You might start by improving on Russell. What we see before us is not spots and jumps in static designs, but rather spots and jumps

constantly in motion—incoherent now, perhaps, but tending always to form themselves into new arrangements (like flocking birds or schooling fish) that will, before long, break up and become incoherent again and, after a time, form themselves into new patterns. The crucial factor is motion: the ceaseless agitation and restlessness of things. The markets behave this way, like flocking birds—coalescing, scattering, coalescing again. So does public opinion, especially in the age of Facebook and Twitter. So do refugees streaming out of the wreckage, and so do civilizations.

Two-and-a-half millennia before Russell, the Greek philosopher Heraclitus drew attention to the inherent dynamism of the universe. A philosopher of the sixth century B.C., his work has come down to us only in fragments (139 in all), quoted here and there by such later writers as Plutarch and Clement of Alexandria. His great work, "On Nature," was lost many centuries ago. Born in Ephesus, of royal blood (he turned his birthright over to his brother), Heraclitus wrote around the same time as Confucius, Lao Tzu and the Buddha. He is best remembered as the man who said you cannot step into the same river twice.

His contemporaries found Heraclitus—a misanthropic aristocrat, an insufferable elitist by modern standards—difficult to understand: They called him "the dark" or "the obscure." Yet today his thought has a radiant clarity. He anticipated Einstein's theory that energy is the essence of matter: Heraclitean fire suggests an absolutely unstable world, in constant flux, consuming and creating, life passing into death and death into life, day ousting night and night, day; and good, evil and evil, good. "The earth is melted into the sea by that same reckoning whereby the sea sinks into the earth." Or: "As all things change to fire, and fire exhausted falls back into things, the crops are sold for money



spent on food." All contradictions are reconciled in the two-stroke dynamics of the world. Everything has a twin. Heraclitus planted the seed that grew into Hegel's dialectic—thesis, antithesis, synthesis.

In Heraclitus' doctrine of perpetual flux, each moment (as in his famous river) is unique and irrecoverable. That is especially true in an epoch, like this one, of momentous choice and change. What is true at one moment may become untrue, or at least irrelevant, in the next.

In such an age, Mr. Trump—one of history's plungers—shoots the rapids. If he is inclined to make up facts, it is because, in his mind, the new facts (or new falsehoods—who cares?) are indispensable to what he considers his real work, which is the creation of new realities: the deal and its fruition. Lies become facts when they come in handy. The secret of good lying, and effective negotiations, is to believe your own lie at the time you tell it.

Forget about Mr. Trump's bad manners and vulgar style. His idea

of truth or falsehood is utilitarian: Absolutely everything that he does or thinks is a negotiation with the possibilities as he sees them at a given moment; the implication of amorality is implicit. Mr. Trump's way may be called either leadership or Caesarianism, depending on your point of view. The river that he swims is often the Rubicon.

The American theologian and poet of the idea underlying Mr. Trump's rise is Ralph Waldo Emerson, who believed in the rising every day of a new sun—an essentially American sun. There is some dissonance in the notion of Emerson, the wonder-rabbi of Concord, as spiritual sponsor of the sleepless tweeter, the man on the "Access Hollywood" tape. But Emerson himself wrote that most men, most of the time, are dogs. Now and then, he said, they may—unexpectedly and unaccountably—sing like angels, uttering "the words they have heard in heaven." After they are done singing, "the mad fit returns," and they "wallow like dogs" once again. Mr. Trump's history as a dog is well known.

The dog and the angel are twins of human nature—another pair of Heraclitean opposites. Mr. Trump is a charlatan and a grifter, or at best a sketchy Prospero. His enemies, in the millions, have him down as a monster. Or perhaps—despite all—he is a leader of consequence and maybe (who knows?) a genius of history. Maybe he is all of those things, acting in tumultuous concert. We do not yet know the outcome.

Remember what Solon told Croesus, a Trump-like figure who was king of Lydia just before Heraclitus' time: Best not to render ultimate judgment on a man's story until you have seen the end of it. In the 21st century, life is a lot stranger than it used to be.

Mr. Morrow, a senior fellow at the Ethics and Public Policy Center, is a former essayist for Time.

'I Bet on the Wrong Horse,' Says an Unrepentant 101-Year-Old Spy

By David Evanier

New York

Three decades after the Cold War, stories of Russian infiltration may come as a surprise to Americans. But some of us are old enough to remember that Russian skullduggery and espionage have a long history, going back to the inception of the Soviet Union in 1917.

The most infamous chapter was the atomic espionage case of Ethel and Julius Rosenberg, who were convicted of espionage and executed in June 1953. Even at the time, many people didn't know there was a third defendant tried with the Rosenbergs. His name was Morton Sobell; he was convicted and imprisoned for conspiracy to commit espionage. Born half a year before the October Revolution, he is still alive at 101.

Convicted alongside the Rosenbergs in 1953, Morton Sobell still shrugs at communism's horrors.

I first visited him at his Manhattan apartment in 1982. He had freedom, girlfriends, a Social Security check. My early interviews with him hinted at how much he wanted to let the world know he had been a great spy—but he was torn. Was he a martyr who had helped the Soviets, or a scapegoat for the U.S. government? There was a tension between wanting to do the right thing for the U.S.S.R. by proclaiming his innocence and his egotistical need for attention by making his crimes known.

Julius Rosenberg recruited Mr. Sobell in December 1943 to spy for the Soviet Union. In June 1947, Mr. Sobell was hired by the Reeves Instrument Corp., which was working on ballistic-missile defense systems. The classified information he gave

the Soviet Union was later used against America in both Korea and Vietnam.

Mr. Sobell recalled that, on a frantic weekend in 1948, he helped copy hundreds of pages of secret Air Force documents stolen from the safe of Theodore von Karman, a world-renowned aerospace engineer. The material included data about the Lexington report, a study of the feasibility of nuclear-powered aircraft. Mr. Sobell, Julius Rosenberg, William Perl and an unidentified fourth man spent a weekend on Morton Street in Greenwich Village, photographing all of von Karman's files. Mr. Sobell described that weekend to me as wild, exciting and "fun."

When the Rosenbergs were about to be arrested in 1950, Mr. Sobell fled to Mexico. Once he got there, he used many aliases and looked frantically for passage to the Soviet Union. Yet when he visited the Soviet Embassy in Mexico City, he never asked for help. Mexican authorities arrested Mr. Sobell—he tried to grab a gun from them—and delivered him to the U.S. to face trial with the Rosenbergs.

He was sentenced to 30 years and served almost 18. On his release in 1969, he went to Moscow and received a hero's welcome from the KGB. His handler, Alexander Feklisov, revealed in a memoir that Mr. Sobell passed on thousands of pages of text and drawings of valuable military secrets about sonar, radar, infrared rays and the aiming devices for artillery pieces, along with the first data on missile-guidance systems that could be used for the atomic bomb.

In 2008, after 58 years of noisily asserting that he had been framed, Mr. Sobell astonished his supporters by telling a reporter that he had, in fact, been guilty of spying for the Soviet Union. I had already written about him in my novel about the Rosenberg case, "Red Love." But in 2011 his stepdaughter,

Kate Riley, approached me about writing his biography.

And so Morton Sobell and I sat facing each other again after 29 years. Though he admitted what he'd done, he was unrepentant. "I bet on the wrong horse!" he quipped when I asked why he'd betrayed America. "I thought the U.S.S.R. was a genuine socialist country and this was the ideal."

I asked him if spying for the Soviet Union was part of being progressive.

"To me, it was natural, yes," he replied. "But the U.S.S.R. was the biggest disillusionment. Capitalism has its points. It's dynamic! Theirs was very static. They didn't understand the dynamics of growth."

But there was the monstrous terror, too.

Without batting an eyelash: "Well, that comes with the territory."

Mr. Sobell introduced me as his "inquisitor" to his grandson Max Sobell. The young Mr. Sobell bantered with the elder. Morton Sobell can be a charmer, like many of the psychopaths I have known.

Max Sobell reminded him: "You still had the camera in Mexico that you photographed secrets with."

"Yeah," Sobell shouted, "the Mexican police stole it!"

"No, it's evidence," Max said.

"They didn't know that."

Max: "I had this great Colt 45 and I killed someone . . . and they stole my gun!" See the point?"

"No," Morton Sobell said. "And they paid the Mexican police to kidnap me. That's crooked."

"So institutions still have to play by the rules, but individuals don't? Your alias was Morton Sand. You were being deceitful."

"Ohhhhh! You have a lot to learn, my boy!"

Trying to clear this up, I said to Morton Sobell, "But you stole the secrets, right?"

"Stole?" he replied. "I transmitted them."

He paused, then asked: "Are you going to publish this in a high-end publication?"

Mr. Evanier is author of 10 books, including "Woody: The Biography," and a former senior editor of the Paris Review. His forthcoming biography is tentatively titled "Rogue Spy: The Life of Morton Sobell."

A Tesla Crackup Foretold



BUSINESS WORLD
By Holman W. Jenkins, Jr.

Before we get to the looming Tesla funding crisis, let's notice that the web still isn't living up to its reputation. Given all the agencies and organizations dying to inform you about global warming, it's almost maddening

that one piece of data is unavailable:

how much of the global emissions "problem" is caused by cars and light trucks that consumers buy.

Take the Union of Concerned Scientists. It's happy to tell you: "Our personal vehicles are a major cause of global warming. Collectively, cars and trucks account for nearly one-fifth of all US emissions."

But the atmosphere does not distinguish between U.S. emissions and global emissions (U.S. emissions are less than 15% of the total). And "our personal vehicles" and "cars and trucks" are overlapping but not identical categories. Most personal vehicles sit idle most of the time. Heavier vehicles used commercially account for just 2.5% of the fleet and 27% of the emissions. Also, it might surprise you to know that U.S. farm and construction machinery and similar equipment (such as forklifts) emits about 60% as much as America's beloved pickup trucks.

Nobody really knows but the total global vehicle fleet has recently been estimated at 1.2 billion. Even recklessly assuming that foreigners drive big American cars and rack up big American annual mileages, personal vehicles likely account for much less than 10% of emissions. The U.N.'s climate panel estimated in 2010 that transportation *in total* (cars, trucks, planes, trains and ships) amounted to just 14% of global emissions.

So it was always silly to imagine Tesla's luxury passenger cars could ever be anything more than a

rounding error. Even more so when you remember that electric cars need to be charged up on something, and 68% of global electricity generation is powered by coal, natural gas and oil.

Elon Musk is not stupid. He knows this. His preachers about climate change, to put a rational gloss on it, were a sales pitch. It added to the considerable allure of his cars, which they also get from being fabulous gadgets, status symbols and eligible for government subsidies.

The real problem is that governments everywhere have ordained that electric cars will be sold at a loss.

In the coming crackup, it will be natural to ask what went wrong. Mr. Musk is an entrepreneur but other entrepreneurs are not Mr. Musk. They live and die by whether their good or service commands a price that can cover its costs.

Mr. Musk has been able to duck this so-called hard budget constraint for years not only because of government handouts (though those have been plenty) but because investors were willing to continue throwing in new capital despite his failure to generate a profit.

His recent grousing on earnings calls and other behavior suggests Mr. Musk knows this is ending. But why? When he has missed so many targets, are investors really adamant that he hit his stated Model 3 production goal of 5,000 units a week in June and begin to show positive cash flow? Or is this failure just incidental to their questioning of the unspoken premise of the Tesla project, namely the idea that governments will assure Tesla's success by progressively taking away buyers'

freedom to opt for gasoline-powered cars despite their superior utility over electric-powered cars?

The answer is neither. In fact, the real news is that governments everywhere have decided, perversely, that electric cars *will not be profitable*. In every major market—the U.S., Europe, China—the same political dispensation now applies: Established auto makers effectively will be required to make and sell electric cars at a loss in order to continue profiting from gas-powered vehicles.

This has rapidly become the institutional structure of the electric-car industry world-wide, for the benefit of the incumbents, whether GM in the U.S. or Daimler in Germany. Let's face it, the political class always had a bigger investment in these incumbents than it ever did in Tesla.

Tesla has a great brand, great technology and great vehicles. To survive, it also needs to mate itself to a nonelectric pickup truck business. We said as much here two years ago and many readers thought we were kidding. We weren't kidding.

We'll save for another day the relating of this phenomenon to Mr. Musk's recently erratic behavior and pronouncements. You can find on the web his latest email to his employees blaming a saboteur plus a speculative conspiracy of the oil and traditional auto industries for his company's struggles with the Model 3. Keep your eye on the bigger picture—the bigger picture is the global regulatory capture of the electric car moment by the status quo. And note the irony that Tesla's home state of California was the original pioneer of this insiders' regulatory bargain with its so-called zero-emissions-vehicle mandate.

Electric cars were going to remain a niche in any case, but public policy is quickly ruling out the possibility (which Tesla needed) of them at least being a profitable niche.

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Javier Hernandez stars for Mexico, right, after spending most of the season on the bench for West Ham.

Run for the Benchwarmers

Many of Mexico's key stars spent the club season as bit-part players

BY JONATHAN CLEGG

Moscow

THE FIRST WEEK of the 2018 World Cup has produced its share of shocks and upsets, but amid all the nutty results, only one can be regarded as *completamente loco*.

Mexico's 1-0 defeat of defending champion Germany stands out as the biggest eye-opener of the tournament so far, not least because of what happened.

The way Mexico swarmed the Germans and carved out opportunities with rapid counterattacks amounted to a 90-minute display of non-stop energy. It was both extraordinary and downright exhausting—and that was just watching at home from your couch.

But what's most remarkable about Mexico's blistering 100 mph gameplan is the months of groundwork that were required to pull it off. Long before they arrived in Russia, during the club season that precedes the tournament, Mexico's players were preparing for the World Cup in the best possible way: by sitting on the bench.

From Hector Moreno at the back to Javier Hernandez up front, many of the key players in Mexico's unlikely defeat of Germany spent last season as backups, benchwarmers and bit-part players for their club teams. The upshot is they arrived in Russia unusually fresh, well-rested and ready to run themselves into the ground.

"It's not just the level of energy they played that was so impres-

sive, it was that they could maintain that energy for 90 minutes," said Alejandro Moreno, a former Venezuela international.

Unlike the Olympics, which becomes the primary focus for athletes years in advance, the World Cup comes at the end of a grueling European club season that stretches from August to May and can include as many as 60 matches.

Players selected to represent their countries in the tournament are lucky

last season. That's because he made the starting lineup in only 11 of the club's 38 league games. Moreno, the defender, made just eight appearances for Real Sociedad.

Striker Raul Jimenez, a 66th-minute substitute against Germany, started six times for Benfica in the Portuguese league. Forward Carlos Vela can at least claim to be a regular starter for his club, but only because he was shipped off to Major League Soccer in January, after making just two starts for Sociedad in Spain's La Liga.

Many coaches would have balked at the idea of naming a squad made up of players who spent so much of the season sitting in the dugout.

But Mexico's Juan Carlos Osorio gradually came to see his stars' lack of match practice as an opportunity.

He devised a game plan that called for the soccer equivalent of a full-court press, asking his unworn players to close down the Germans whenever they gained possession and then steam upfield at breakneck speed when they turned the ball over.

"If you are unhappy with your situation at your club, there is no bigger stage to tell the rest of the world: 'I'm here, come and get me,'" Moreno said. "If you want a big move, to get what you feel you deserve, there is no bigger moment than the World Cup."



Mexico's Miguel Layun

to receive even a week off before they return to training in the hope of lifting the game's most prestigious trophy.

But if Mexico's players looked unusually spry for a bunch that had been running up and down a soccer pitch twice a week for the last nine months, it's because mostly they hadn't. Hernandez, the country's star striker, spent most of last season kicking his heels on the bench for West Ham in the English Premier League. He started fewer than half the team's games.

Midfielder Miguel Layun, who seemed to cover every blade of grass against Germany, didn't do quite so much running for Sevilla

BRAZIL LIVES UP TO REPUTATION

BY ANDREW BEATON

St. Petersburg, Russia

A SUPERPOWER playing like a superpower isn't exactly the status quo at this World Cup. Defending champion Germany needs to scramble in their final two group stage games just to advance, while Argen-

tina, the 2014 runner-ups, is also in jeopardy of an early elimination.

Brazil, however, is starting to look like a powerful squad.

The Brazilians came through with a 2-0 victory against Costa Rica on Friday with two stoppage time goals that made a few things clear: Neymar is a force to be reckoned with. So is Philippe Coutinho.

And Brazil is as dangerous as everybody thought it might be.

"The second half was beautiful," said Brazil manager Tite, who celebrated his team's first goal so vigorously he tumbled to the ground. "It was perfect."

Neymar, who has been recovering from a foot injury, consistently opened up the game for the Brazilians. He had close attempts in the 56th and 72nd minutes, before finally scoring in the closing moments of the game.

"He had a difficult injury. He had a very hard patch," Coutinho said. "His joy of being back, of being back on the pitch, is contagious."

Now, Brazil hasn't lost in its last 13 games. While Neymar and Coutinho dazzled on attack, the defense has given only three goals during this stretch.

Which is just another reason why Brazil is a favorite—and, given everything that has happened at this World Cup, possibly the favorite.



LEE SMITH/REUTERS

OLYMPICS

USOC SEEKS DIVERSE SET OF CANDIDATES

BY RACHEL BACHMAN

IN ITS SEARCH for a new chief executive in the wake of a sex-abuse scandal in gymnastics and allegations of abuse in numerous other sports, the U.S. Olympic Committee is considering a slate of candidates that is at least 50% women.

Scott Blackmun resigned as CEO in February after questions mounted of his handling of allegations against USA Gymnastics doctor Larry Nassar. More than 250 women and girls have alleged in police reports and lawsuits that Nassar abused them under the guise of medical treatment. He is in federal prison serving a 60-year sentence on child-pornography and obstruction charges.

The USOC hopes to name a replacement for Blackmun within two weeks if not sooner, USOC chairman Larry Probst said Friday after the USOC board's quarterly board meeting.

The USOC's acting CEO, retired corporate executive Susanne Lyons, was offered the permanent CEO position but has declined it, according to someone familiar with the situation. Lyons declined to comment. The USOC's first and only previous female chief executive

was Stephanie Streeter in 2009.

Probst and Lyons met with several U.S. senators this week, and anticipate that USOC officials will go before another Senate panel in mid-to-late July to address issues of athlete safety and reform, Lyons said. Former USA Gymnastics officials appeared before a Senate panel earlier this month, and Lyons said USA Gymnastics chief executive Kerry Perry appeared at the USOC board meeting Friday to address ongoing reforms.

"We have discussed with them at length the need for a culture that doesn't make it difficult for people to speak up," Lyons said.

Leaders of the U.S. governing bodies of gymnastics, volleyball, swimming and taekwondo were questioned by a House committee last month about their groups' handling of alleged sexual abuse of athletes.

Lyons, also appearing before the panel, testified that the USOC had the power to require governing bodies to implement policies and procedures to keep athletes safe and that it needed to "exercise that authority more thoroughly."

A probe by Ropes & Gray LLP of the USOC's handling of the Nassar case could be complete by summer's end, Probst said. Lyons has

pledged to release that law firm's written report in its entirety to the public. Earlier this month, the USOC announced the formation of a commission to review how the USOC interacts with and oversees national governing bodies, to be chaired by WNBA president Lisa Borders.

One area of examination could be the groups' leadership makeup. Of the 49 national governing bodies overseen by the USOC, 46 are led by men, one of whom is African-American. About half of the Team USA athletes at the most recent Summer and Winter Olympics were female.

In a CEO, Probst said, "obviously we want to find a very strong leader, someone that can communicate effectively with all the different constituencies." Lyons added: "someone who is going to be willing to put the athletes front and center."

During the CEO search, USOC representatives contacted Michele Roberts, executive director of the National Basketball Players Association, Dawn Hudson, former NFL chief marketing officer, and Mary Wittenberg, former head of New York Road Runners, but none are pursuing the job, according to people familiar with the situation.



WIN MCNAMEE/GETTY IMAGES

CURSE OF THE CUP CHAMPION

BY JOSHUA ROBINSON
AND JONATHAN CLEGGMoscow
IN THE MOMENTS after his team's stunning defeat to Mexico last week, German manager Joachim Löw made a bold promise about his defending World Cup champions: He would change exactly nothing. This was no time to be "completely headless," he declared.

It was an unfortunate word choice because if the World Cup's recent history has shown us anything, it's that it doesn't take long for the head wearing the crown to end up in the guillotine.

With its upset loss, Germany became the fourth of the past five defending champions to fail to win its opening game of the tournament. And if it drops points against either of its next two opponents, starting with Sweden on Saturday, an even worse fate could follow. Stable, reliable Germany would become the third straight champion to follow World Cup triumph with the global embarrassment of an exit after the group stage.

It happened to France in 2002, Italy in 2010 and Spain in 2014—all brilliant sides at one tournament, violently cut down to size at the next.

The Germans have reached at least the semifinal stage of every major tournament since the 2006 World Cup, relying on a conveyor belt of talent that is the envy of the international game. Under Löw, the second longest-serving manager at this tournament, the team has been mostly drama-free, leaving spectacular flameouts and managerial turnover to less level-headed nations.

But in the aftermath of the

TV Listings

Saturday, June 23
(All times Eastern)
8 a.m.: Belgium vs. Tunisia (FOX)
11 a.m.: S. Korea vs. Mexico (FOX)
2 p.m.: Germany vs. Sweden (FOX)

CLEMENS BILAN/EPA/SHUTTERSTOCK



Tax Report

If you receive a pension, check your withholding now **B5**

EXCHANGE

THE WALL STREET JOURNAL.

Charged Up

Luxury auto makers are betting on electric vehicles **B4**



BUSINESS | FINANCE | TECHNOLOGY | MANAGEMENT

DJIA 24580.89 ▲ 119.19 0.5%

NASDAQ 7692.82 ▼ 0.3%

STOXX 600 385.01 ▲ 1.1%

10-YR. TREAS. ▼ 1/32, yield 2.902%

OIL \$68.58 ▲ \$3.04

GOLD \$1,267.40 ▲ \$0.20

EURO \$1.1656

YEN 109.97

SATURDAY/SUNDAY, JUNE 23 - 24, 2018 | **B1**

Banks Vie Over Deposits

Lenders pitch large bonuses for customers

By RACHEL LOUISE ENSIGN

Despite seven interest-rate increases by the Federal Reserve since 2015, many banks have resisted rewarding deposit customers with higher rates.

Some customers, however, are getting a far better deal.

The recent moves from the Fed have set off a battle for deposits for the first time since the financial crisis. In an effort to stanch deposit declines, lenders are offering new customers one-time payments of hundreds of dollars to open accounts. For the banks, these bonuses can have the benefit of being tucked away in obscure parts of earnings reports where they don't weigh on closely followed profitability metrics.

The average bonus at regional lenders has risen to almost \$300 from less than \$200.

While some lenders have been giving deposit bonuses for years, the pitches have become larger and more common. Over the six months ended in March, the number of banks sending more than five million of the mail offers has risen to 15 from seven in mid-2015, according to consulting firm Novantas. The average bonus at regional lenders, which likely spend millions of dollars a year on the cash incentives, also has risen to almost \$300 from less than \$200 over a similar period, the firm said.

Most large national and regional banks, including **JPMorgan Chase & Co.**, **Wells Fargo & Co.** and **SunTrust Banks Inc.**, are now offering bonuses to certain customers that typically range from \$150 to \$500. While that might not be as lucrative as a higher rate for people with large deposit balances, it is a big payout for those with smaller accounts.

The offers stem from the desire to attract new primary checking and savings accounts. These customers

Please turn to the next page

Missing '4' In Earnings Raises SEC's Suspicions

Accounting move could boost quarterly results

By DAVE MICHAELS

WASHINGTON—Federal regulators are investigating the case of the missing "4," exploring the numeral's conspicuous absence in quarterly reports that could mean companies have improperly rounded up their earnings per share to the next highest cent, according to people familiar with the matter.

Enforcement officials at the Securities and Exchange Commission have sent queries to at least 10 companies, asking the firms to provide information about accounting adjustments that could push their reported earnings per share higher, one person familiar with the matter said.

The queries follow the release of an academic paper that found evidence of companies nudging up earnings results. The academic research found the number "4" appeared at an abnormally low rate in the tenths place of companies' earnings per share. Reporting that figure as "5" or higher allows a firm to round up its earnings per share another cent.

For instance, a company with earnings of 55.4 cents a share would round to 55 cents a share, while a company with earnings of 55.5 cents a share would round to 56 cents.

Public companies have strong incentives to report higher earnings per share, particularly those followed by Wall Street analysts whose quarterly forecasts are used to benchmark corporate performance.

Please turn to page B12

Shari Redstone's Path to Power

On the sidelines of the Super Bowl last year, Shari Redstone had a run-in with a CBS Corp. director that left her wanting him removed from the board of the broadcasting giant her family controls.

The 64-year-old media heiress already had a previous interaction with 75-year-old Charles Gifford that she claimed in court documents. When he allegedly grabbed her face and told her to listen to him, that was the last straw. She said that Mr. Gifford later apologized, explaining that was just how he treated his daughters when he wanted their attention.

In a statement, Mr. Gifford said he was walking with a cane after surgery when he saw his friend of more than 20 years. "I remember greeting her and giving her a quick hug, just like I would my own family. I am very disappointed Shari felt our encounter was any more than this," he said. Another person who witnessed the encounter saw no hug, but did see Mr. Gifford cupping Ms. Redstone's chin and speaking to her in a demeaning paternal manner.

Ms. Redstone had hoped that a merger of CBS with Viacom Inc., which the companies had been negotiating throughout the month of April, would provide an op-

portunity to quietly remove him. But as those talks began to falter in May, she pressed to have him removed anyway. The next business day, CBS went nuclear, suing her in court, accusing her of meddling with the board and seeking to strip her family of their voting control.

In the two years leading up to this lawsuit, Ms. Redstone had been doing something that no American woman had ever done before: actively controlling a media empire worth more than \$30 billion. As the de facto leader of **National Amusements Inc.**, the family holding company that owns nearly 80% of the voting shares of CBS and Viacom, she calls the shots at both companies, which she lately had been trying to nudge toward a union in the face of a rapidly consolidating media industry.

Although she came by this power somewhat strangely—and some say against the wishes of her ailing 95-year-old father, Sumner Redstone—there is no question

that she has it. That effectively makes her the most significant female media owner since Katharine Graham took over the much smaller Washington Post Co. in the 1970s.

Ms. Redstone was there on the winter day in 1963, an 8-year-old in her best dress, when her father, uncle and grandfather unveiled their drive-in chain's first indoor theater in Worcester, Mass. For a decade, the three Redstone men had worked together to expand National Amusements from a handful of drive-ins to a chain of 27 theaters. They bought up the land under each, giving them the flexibility to turn the sites into indoor theaters, then multiplexes, and ultimately to take control of holdings stretching from MTV to Paramount Pictures to Simon & Schuster. When Ms. Redstone revisited Worcester decades later to unveil a theater of her own, she declared, "It's in the blood."

As a child, Ms. Redstone was her father's favorite. While her older brother was reserved, she inherited her father's auburn hair, blue eyes, intelligence, combativeness and obsessive streak. "He always spoke more admiringly about Shari than about Brent," said Winn Wittman, the son of Sumner's longtime mistress, Delsa Winer. As a teenager in the Boston suburbs, she fell for Ayn Rand's objectivist philosophy that a person's primary moral duty was to her own happiness. But she was also pulled to

Please turn to the next page

BY KEACH HAGEY

How she pushed past closed doors, boardroom snickers and a falling out with her father to take over a media empire

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THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

AMAZON.COM INC.

The health-care partnership jointly announced by Amazon, Berkshire Hathaway Inc. and JPMorgan Chase & Co. in January now has a face. The business giants on Wednesday appointed Dr. Atul Gawande as chief executive of a yet-to-be-named company tasked with tackling rising employee health-care costs. Dr. Gawande's resume includes practicing surgery at Brigham and Women's Hospital, teaching at Harvard, writing for the New Yorker and serving as executive director of Ariadne Labs, commitments he will maintain in various capacities when he begins his new role July 9.

WALGREENS BOOTS ALLIANCE INC.

For the first time since 1907, General Electric Co. will not trade as part of the 30-stock Dow Jones Industrial Average. It's ceding its spot to drugstore retailer Walgreens, a move that gives more weight to the consumer and health-care sectors of the U.S. economy. Walgreens, which dates back to 1901, has expanded in recent years by merging with a European drug wholesaler and buying up stores from Rite Aid Corp. Its shares have declined 13% in the past year, and it now has a market capitalization of \$67 billion. GE has declined 53% in that same span.

Shari Redstone's Rise

Continued from the prior page
ward public service and working with children, volunteering at Boston Children's Hospital and spending her free periods in high school teaching kindergartners. In the end, she became a lawyer like her father and brother before her.

It was in the dubiously romantic setting of a Boston University tax-law lecture that she met her future husband. A slight man with intense brown eyes and an air of great confidence, Ira Korff was the scion of a prominent family of Boston rabbis, with a dizzying number of professional degrees. Mr. Redstone, who valued academic achievement above all else, saw a lot of himself in his eloquent, ambitious son-in-law, and recruited him to join the family business. Ms. Redstone, meanwhile, decided to stay home with their three children.

Mr. Redstone doted on his grandchildren, making his home kosher for them. But his first love was his business. When his daughter told him her marriage to Mr. Korff was ending, his response, according to people close to the family, was, "Does that mean Ira's going to leave the company?" Mr. Redstone tapped his consigliere, Philippe Dauman, to figure out a way to keep Mr. Korff in the fold, giving him a long-term consulting contract that angered his daughter. People close to the family point to this episode as the initial break between father and daughter.

Nevertheless, Mr. Redstone recruited his daughter into the business, and by 1995, she was the executive vice president of National Amusements, the same title her father had held under his father.

For the first year, Ms. Redstone mostly kept her mouth shut and listened to the veteran executives who had been running the theater chain together for decades. But when they closed the door behind her after she left a meeting so that they could talk about her behind her back, she marched back into the room, making clear she wouldn't tolerate such isolation.

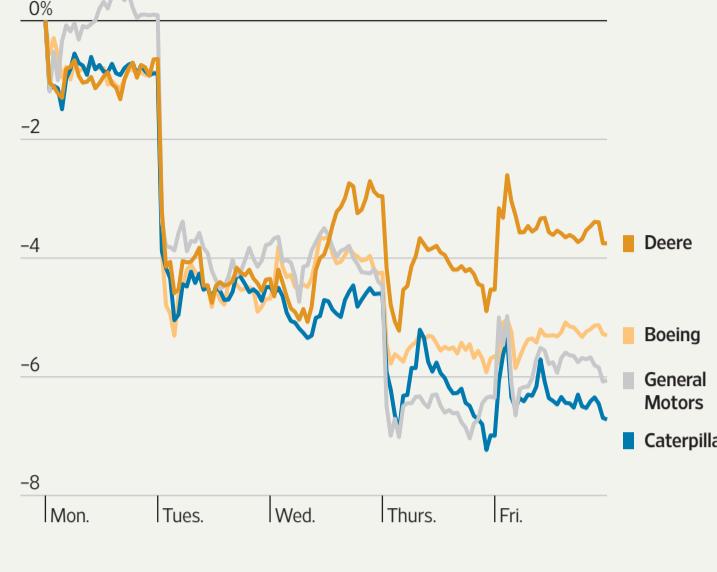
She befriended Nikki Rocco, Universal Pictures's head of distribution, in part because they were the only women anyone could think of who did what they did. "As a woman in the business, you have to go the extra mile to get along with men," Ms. Rocco said. "There is no room for weakness."

Ms. Redstone steered the theater chain through rough waters, holding back from the late 1990s frenzy of building megaplexes and as a result, keeping National afloat as its peers later went bankrupt. With the American market mature, she focused on international expansion and introducing upscale amenities like cocktails. But her father retained the CEO title and still had the box-office grosses faxed to him each morning.

It was really only when Mr. Redstone's wife of 52 years divorced him in 2002 that his daughter gained true power. Because she and her brother owned a significant minority of shares in National Amusements, Mr. Redstone needed

PERFORMANCE OF INDUSTRIAL COMPANIES THIS WEEK

Source: SIX Financial



BOEING CO.

Investors are waking up to the idea that the trade war between the U.S. and China could be the real deal. President Donald Trump fired the latest salvo Monday when he threatened another \$200 billion in tariffs. That sent a wide swath of the stock market tumbling Tuesday. Boeing, which counts China as its largest market, single-handedly took 94 points off the Dow Jones Industrial Average that day.

STARBUCKS CORP.

Starbucks' stock was in need of a pick-me-up Wednesday after the company announced it would close 150 U.S. stores and expected global same-store sales growth of 1% in the current quarter, far below Wall Street's expectations. The closures, which are concentrated in urban areas where stores are clustered and rents are high, are a sign the coffee giant overestimated Americans' caffeine cravings and expanded too quickly. Chief Executive Kevin Johnson said the company now plans to focus on growing the chain's "digital relationship" with customers.

21ST CENTURY FOX INC.

Walt Disney Co. upped the ante in its bidding war with Comcast Corp. for 21st Century Fox assets Wednesday, raising its offer to more than \$70 billion in cash and stock. That's up from its original \$52.4 billion stock bid and tops Comcast's unsolicited \$65 billion all-cash proposal. The Fox board accepted the offer, which equates to \$38 a share, describing it as "superior to the proposal" made by Comcast earlier this month. If the deal closes, Fox shareholders would own 19% of the combined company. (21st Century Fox and Wall Street Journal-parent News Corp share common ownership.)

INTEL CORP.

Intel Chief Executive Brian Krzanich resigned Wednesday after the company learned that he'd had a relationship with an employee, a violation of company policy. Chief Financial Officer Robert Swan will serve as interim CEO until the company's search yields a replacement leader. If the board picks an outsider, it will be the first in the chipmaker's 50-year history. To counter the news, Intel offered a rosy second-quarter forecast ahead of its earnings call on July 26, but investors uncertain about the executive shake-up sent the stock down anyway.

CHEVRON CORP.

Members of the Organization of the Petroleum Exporting Countries agreed Friday to boost output by about 600,000 barrels a day. That was less than some observers had expected, and the news that the world wasn't suddenly going to be awash in oil sent crude prices higher. The energy sector led the S&P 500, while Chevron and Exxon Mobil Corp. collectively added 29 points to the Dow's rise. The deal still needs final approval from Russia and other non-OPEC members. That's expected to come Saturday.

—Laine Higgins and Caitlin Ostroff



Shari Redstone, shown here in 2017, faced insults, isolation and boardroom snickers. Now she controls Viacom and CBS.

their cooperation to ensure he didn't lose control of the company. Ms. Redstone gave it and was named her father's successor as chairman of Viacom. Her brother did not and was removed from Viacom's board the next year. Two months before the divorce was finalized, Mr. Redstone praised his daughter in print for the first time, telling Forbes, "She is a great businesswoman."

She wanted a larger role at Viacom, but Viacom's management hated the idea. When her father brought her around the executive offices one day, Viacom's then-president sarcastically asked Mr. Redstone if it was "take-your-daughter-to-work day."

But after Mr. Redstone decided in 2005 to split Viacom and CBS, he tapped his daughter to be vice chairman, telling the Los Angeles Times that when he dies, "control of the company is likely to pass to Shari."

Viacom's president cracked to Mr. Redstone that it was 'take-your-daughter-to-work day'

Ms. Redstone was not afraid to use the vice chairman's seat to disagree with her father. After shareholders sued Viacom in 2005 for paying her father and his top two lieutenants \$160 million in a year in which the stock dropped 18%, she helped recruit new independent board members and successfully pressed to tie pay more to performance. (The lawsuit was settled.)

Her relationship with her father deteriorated the most over his obsession more than a decade ago with investing in the struggling videogame maker Midway Games Inc., best known for its early-'90s hit "Mortal Kombat." He borrowed against National Amusements shares to buy Midway stock, and when Midway's poor performance prompted a margin call, he asked National Amusements—which Shari owned a minority stake in—

to bail him out. She agreed, but only if he agreed to stop using the family fortune for Midway investing. When he wanted to use National Amusements to resume his Midway purchases a few years later, Ms. Redstone was the lone voice on National Amusements' board—which included confidants of Mr. Redstone such as Mr. Dauman—to oppose it. The moment crystallized for her the impossibility of her situation: So long as these men were on the board of National Amusements, her stake would always be meaningless.

She hired lawyers and began negotiating her possible exit from the empire. In the midst of these talks, her father blasted her in a 2007 letter to Forbes, saying the boards of CBS and Viacom—not the trust set up to oversee his stakes when he dies or is incapacitated—would decide his successor, adding that "it is I, with little or no contribution on their part, who built these great media companies."

But when the financial crisis hit, Sumner's Midway bets contributed to a debt crisis that threatened National Amusements' control of CBS and Viacom—exactly the scenario Ms. Redstone had warned against.

She led the debt restructuring, selling off many of the theaters. But she blamed her father for destroying her grandfather's legacy. In 2009, her lawyer delivered an explosive, 80-page draft lawsuit to her father detailing years of alleged mistreatment—including the Midway fiasco—threatening to file it the next day. Negotiations followed, and Ms. Redstone ended up with a settlement that gave her National Amusements' Russian theaters, a lifetime employment contract, charitable donations and \$5 million, with which she would go on to reinvent herself as a venture capitalist, far from her father's shadow.

By 2013, Mr. Redstone was twice-divorced and living with two women half his age. His daughter was largely estranged, and as he gave his companions more and more of his money—up to \$150 million in total—the father-daughter bond deteriorated even further. She blamed the women for turning the crack between her and her fa-

ther into a canyon. They, in turn, argued that the gulf preceded them. She hired a private investigator to research their pasts and relied on a network of nurses to secretly report on the happenings in his Beverly Hills mansion.

But in the end, it was not Ms. Redstone's actions but the women's fear of her that caused their downfall. In 2015, they chose to participate in a Vanity Fair profile, jockeying for weeks (ultimately unsuccessfully) to get Mr. Redstone—by then on a feeding tube and barely able to speak—to publicly slam his daughter to the magazine. They hoped that the airing of his dim view of his daughter would protect them from any legal attacks on his gifts to them after he died, according to people familiar with the matter. A secret lover of one of the women read the article and went public with their affair. Within months, both women were gone from Mr. Redstone's mansion and will, clearing the way for Ms. Redstone to reconcile with her father.

This reconciliation is the linchpin of the power struggle that Ms. Redstone led at Viacom in 2016, which led to the ouster of Ms. Redstone's longtime rival, Mr. Dauman, and the overhaul of Viacom's board, following years of poor performance. CBS's recent court filings in its case against the Redstones suggest that Chief Executive Leslie Moonves is worried he will meet the same fate.

As with Mr. Redstone's ex-companions, it was not what Ms. Redstone had done, but what CBS feared that she might do, that prompted the board's extraordinary vote in May to strip her family of control.

A Delaware judge will ultimately decide the outcome, but given Ms. Redstone's track record of battles, it would be unwise to count her out.

—Adapted from Keach Hagey's new book *"The King of Content: Sumner Redstone's Battle for Viacom, CBS, and Everlasting Control of His Media Empire,"* to be published by HarperBusiness on June 26, 2018. *HarperBusiness and The Wall Street Journal are both owned by News Corp.*

Lenders Vie Over Deposits

Continued from the prior page
are considered the most desirable because they rarely leave and are promising prospects for other product sales.

The bonuses are "the modern version of a toaster," said Matt Jauchius, chief marketing officer at Cincinnati-based Fifth Third Bancorp, referring to the gift banks gave to those opening new accounts years ago. He says the bank is handing out more \$250 offers for those opening new checking accounts.

The push comes as deposits have become harder to come by. The Federal Reserve has raised its benchmark interest rate by about 1.75 percentage points, which has caused some depositors to shop around for a money-market fund that earns higher yields.

The central bank is also unwinding its balance sheet, a process that broadly sucks deposits out of the financial system.

While the very biggest banks have continued to add new money, 10 of 22 major regional banks in 2017 experienced declining U.S. deposits, compared with only two the year before, according to a Wall Street Journal analysis.

The bonuses are 'the modern version of a toaster,' says Matt Jauchius of Fifth Third.

Deposits are the lifeblood of banks and a key factor in profitability. Banks use deposits to make loans, so a bank that loses them could be forced to rein in lending or pursue more expensive funding.

Since the financial crisis, when savers flocked to federally insured bank deposits, lenders have accumulated billions in additional deposits. And they still have far more than they need to fund loans.

But growth in deposits has slowed. When the Fed raised interest rates in the past, banks raised rates paid to depositors to keep them around. This time around, banks have passed along only 18% of the benefit from higher rates to customers, according to Erika Narian, a bank analyst at Bank of America Corp.

The bonuses typically have the benefit of not weighing on key deposit metrics, such as net interest margin, that bank investors are following closely now that rates are rising. Instead, the bonuses are often accounted for in other parts of bank earnings that investors pay less attention to.

Investors have cheered how the low rates paid on deposits have helped lift net interest margin, the profit a bank makes by borrowing money from depositors and lending it out. But such enthusiasm doesn't factor in the effect of the bonuses.

"The cost of deposits on a bank's balance sheet doesn't tell the full story anymore," said Jason Goldberg, an analyst covering banks at Barclays PLC.

BUSINESS NEWS

Intel Faces Challenge in CEO Hunt

If chip maker resorts to naming an outsider, that would be a break from its history

By JAY GREENE
AND TRIPP MICKLE

Intel Corp. Chief Executive Brian Krzanich's abrupt resignation this past week creates a quandary for the chip maker's board: Pick a successor from a thin bench of internal candidates, or turn the storied \$243 billion company over to an outsider for the first time in its 50-year history.

Mr. Krzanich, who resigned Wednesday for violating company policy by having a relationship with a co-worker, had no clear successor. It has been years since the company has had a president or operating chief, stepping stones for some previous Intel CEOs.

Chief Financial Officer Robert Swan, who was named interim CEO on Thursday, told employees in a companywide videoconference that he wasn't interested in staying on as permanent CEO, according to one

employee who saw the webcast. Still, hiring an outsider would be difficult, people familiar with the company say. Intel is a semiconductor-industry leader with integrated design, manufacturing and marketing operations, and its culture is rooted in a belief it is superior to rivals because of its place in tech history.

Intel declined to comment on its CEO search.

The last time the CEO job was open was when Paul Otellini, Mr. Krzanich's predecessor, surprised the board in November 2012 by announcing he would step down. Intel spent about six months searching for a new chief, weighing about five internal and five external candidates, according to one of the people, who was familiar with the search.

New Street Research analyst Pierre Ferragu thinks Mr. Swan, who joined Intel 1½ years ago from eBay Inc., could still stay on as CEO if the board were to ask. But if Intel goes outside, it might not have to look too far to find a familiar face, Mr. Ferragu said.

Two possible outside candidates, he said, are both former

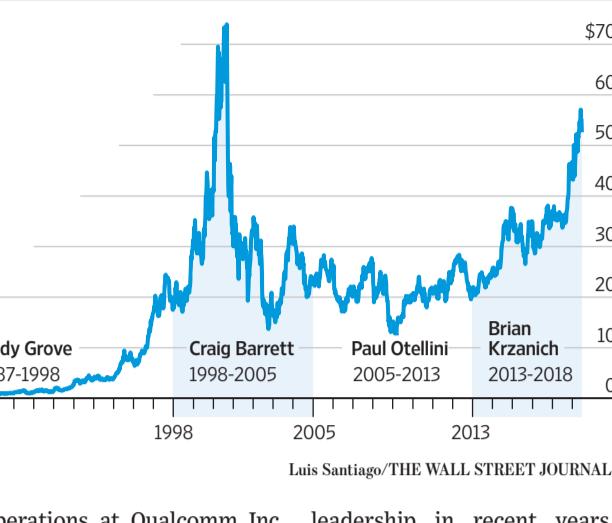
Conducting

Intel's search for Brian Krzanich's successor as CEO comes amid a multiyear rebound in the company's share price toward late-1990s levels.

Intel's share price and CEO tenures



Sources: the company (tenure); FactSet (shares)



Luis Santiago/THE WALL STREET JOURNAL.

Intel executives: Pat Gelsinger, CEO of **VMware** Inc., and Diane Bryant, operating chief of **Alphabet** Inc.'s Google Cloud unit. Mr. Gelsinger and Ms. Bryant declined to comment.

In a tweet responding to the suggestion that he get consideration as Mr. Krzanich's successor, Mr. Gelsinger wrote, "I love being CEO @vmware and not going anywhere else. The future is software!!!"

Another option is former Globalfoundries Inc. chief Sanjay Jha, who also once headed

operations at Qualcomm Inc. and has been on the short list of executive candidates for Intel in the past, according to a person familiar with Intel's thinking. Mr. Jha, who left Globalfoundries early this year, declined to comment.

Given the complexity of the challenges facing the next CEO, Intel's board is expected to favor an internal candidate, according to the people familiar with the company.

But the board had pushed Mr. Krzanich to diversify Intel's

leadership in recent years, these people said, contributing to a raft of senior departures. That has left Intel with a relatively short list of seasoned internal candidates, analysts say.

One of those candidates is Venkata M. Renduchintala, Intel's engineering chief. Another, Navin Shenoy, oversees Intel's high-margin data-center business.

Neither Mr. Shenoy, who is 44 years old, nor Mr. Renduchintala, who is 52, replied to requests to comment.

Krzanich's Affair Started Years Ago

By CARA LOMBARDO
AND JAY GREENE

Intel Corp. ex-Chief Executive Brian Krzanich's affair with an employee, which cost him his job this week, started before he was CEO and ended several years ago, according to people familiar with the matter.

The relationship, which those people said started about a decade ago, came into public view this week when Mr. Krzanich, 58 years old, resigned after the chip maker determined he had violated company policy by having a relationship with a co-worker.

The woman involved in the affair still works at Intel, the people said. She was in middle management when it began, still doesn't hold a senior role at the company and didn't work closely with Mr. Krzanich, they said.

Mr. Krzanich, who couldn't be reached for comment, had worked at Intel since 1982 and became CEO in 2013 after rising through a series of technical and leadership roles. The company declined to comment on his marital status.

It is not clear when exactly the relationship ended. Earlier this week, the company said in a statement that an investigation by internal and external counsel confirmed a violation of its nonfraternization policy, which was put into place in 2011 and prohibits managers from having sexual or romantic relationships with direct or indirect reports.

The recent chain of events was triggered when the employee mentioned the relationship to a colleague, the people said. This colleague, knowing company policy prohibits such relationships, felt compelled by the company's rules to report it to Intel's general counsel, and did so on June 14, the people said.

Soon after receiving the tip, the general counsel informed the board about the relationship, these people said. The board initiated an investigation, which it has said is ongoing.

By Wednesday, Mr. Krzanich had submitted his resignation, according to a securities filing Thursday.

Intel has a relatively strict policy governing fraternization compared with other companies. The policy is a "hard ban" that applies to all managers regardless of seniority and requires employees to raise any concerns immediately.

The episode comes after the #MeToo movement put a bright light on inappropriate workplace conduct, forcing a number of senior corporate and political officials out of their jobs.

Ad Players Rest Uneasily on Riviera

By SUZANNE VRANICA
AND LARA O'REILLY

CANNES, France—This year's Cannes Lions advertising festival, Madison Avenue's annual jaunt to the French Riviera, showed all the signs of an industry undergoing wrenching change.

Creative-ad agencies sent fewer people. The consulting firms, who are trying to edge onto their turf, stepped up their presence, as did other players like China's **Alibaba Group Holding** Ltd. and Amazon.com Inc.

Fewer yachts for ad-tech companies reflected the turbulence and consolidation in the sector. And reports surfaced of a new player on the horizon: AT&T Inc., which is in talks for a \$1.6 billion takeover of digital-ad specialist AppNexus.

Ad giants WPP PLC and Publicis Groupe SA are searching for and testing big ideas to deal with an array of challenges. Their customers, big marketers, are cutting back on agency payments, doing more work in-house and demanding more transparency about the media they buy.

The playbook thus far—reorganizing in hopes of being more nimble, and buying into companies that appear to be tech-savvy—is still very much a work in progress.

"Our business is going through structural change, not structural decline, and we have to adapt," Mark Read, the recently appointed co-chief operating officer of WPP, said in an



This year's festival in Cannes had attendees focusing on ad-industry cutbacks and new competition.

interview.

Former WPP CEO Martin Sorrell, who recently left the firm, said on the main stage Friday that it was "inevitable" ad holding companies would need to consolidate their alphabet soups of agencies.

Ad companies are in belt-tightening mode. WPP, whose financial performance has been

its worst since the financial crisis, cut back on the number of executives attending the weeklong confab by more than 20%, according to a person familiar with the matter.

Facebook Inc. and Alphabet Inc.'s Google struck more of a conciliatory tone than in previous years, after controversies such as the improper accessing

of Facebook user data and the continuing fallout over ads appearing next to inappropriate content on Google's YouTube.

"They know it's been a bad year for them," said Laura Desmond, former chief executive officer of Publicis Groupe's Starcom Mediavest. "I haven't seen this level of humility and partnership from them before."



PATRICIA DE MELO MOREIRA/AGENCE FRANCE PRESSE/GTY IMAGES

Renault to Keep Apart From Nissan

By SEAN McLAIN

TOKYO—Carlos Ghosn said Friday there was "zero chance" Renault SA would acquire partners Nissan Motor Co. and Mitsubishi Motors Corp., shedding light on the direction of a 19-year-old auto-making alliance that is preparing for a future without its chief architect.

Mr. Ghosn, chief executive of Renault and chairman of both Nissan and Mitsubishi, was speaking at the annual shareholder meeting of Mitsubishi

shi. "Anybody who will ask Nissan and Mitsubishi Motors to become wholly owned subsidiaries of Renault has zero chance of getting the result," he said.

Nissan CEO Hiroto Saikawa has said he opposes a merger and wants the companies to remain independent.

The Renault-Nissan-Mitsubishi alliance has succeeded in large part because of Mr. Ghosn, who is expected to step down from his position at Renault by 2022. He has said he wants to make the three-way

relationship "irreversible" by that point.

Based on Friday's comments, Mr. Ghosn is ruling out a simple acquisition by Renault of its Japanese partners. Similarly, a merger is difficult because of Mr. Saikawa's opposition, which is shaped by concerns about how rank-and-file employees at Nissan would react. "The last thing we want to do is...do something where some people are demotivated because they have the impression that they will be working for somebody else," Mr. Ghosn said.

He didn't direct the slur at

any co-worker, people familiar with the matter said, but using the word rather than referring to it as the "N-word" offended his colleagues.

Messrs. Hastings and Friedland have long been close, and Mr. Friedland had a big job at the company overseeing worldwide communications. He previously worked as a public-relations executive at Walt Disney Co., and before that he was a journalist at The Wall Street Journal.

Former WPP Chief Denies Misbehaving

By NICK KOSTOV

CANNES, France—WPP PLC founder Martin Sorrell denied Friday that he visited a prostitute and paid with company money, as he fielded questions about his reasons for resigning as chief executive of the world's largest advertising company.

"It's not true," Mr. Sorrell said of the allegation.

Speaking on stage at the Cannes Lions advertising festival, Mr. Sorrell was asked about a report in The Wall Street Journal that the company's board had investigated whether he used company money for a prostitute.

After three decades at WPP, Mr. Sorrell stepped down after

Slurs Prompt Netflix Firing

By SHALINI RAMACHANDRAN

Netflix Inc. Chief Executive Reed Hastings said he fired his chief communications officer after he used a racial slur in his conversations at work on multiple occasions.

Jonathan Friedland, the executive who was fired, said in a series of tweets that he spoke insensitively while talking to his public relations team about "words that offend in comedy."

He didn't direct the slur at

STRATEGY

Lessons From Intel For CEOs

Continued from page B1
a roster of companies that includes Microsoft Corp. and Bank of America Corp.

"Everything you do, everything you say and everything you write can and will be parsed and evaluated by everybody," he said. "CEOs don't get to where they are without being competent, but I see too many who have a lack of awareness."

If it feels like more CEOs are losing their jobs for unacceptable behavior, it's because they are. A recent study published by PwC found CEO dismissals for ethical lapses jumped 36% between the five-year period ending in 2011 and the same span ending in 2016. During that time, the typical tenure of company chiefs also declined, according to research firm Equilar. One reason for the trend, the firm noted, is the growing emphasis on corporate transparency and increased scrutiny of executives.

Among the most potent examples of this was when video leaked of Uber Technologies Inc. founder Travis Kalanick berating a driver for his ride-hailing service. In the immediate aftermath of that and other incidents, Mr. Kalanick said he was ashamed and needed leadership help, but he eventually stepped away from the role of chief executive.

Still, there are plenty of examples of CEOs who have been able to operate by their own set of standards, with minimal consequences.

Consider Johnson Controls

'Everything you do, everything you say... can and will be parsed and evaluated by everybody.'

Inc.'s former chief, Alex Molinaroli. The company in 2014 said the executive failed to comply with company policy by not disclosing an extramarital affair with a consultant whose company did work for Johnson Controls. The executive committee slashed Mr. Molinaroli's bonus by \$1 million, a drop in the bucket compared with the millions of dollars he would make until his planned 2017 exit. (Mr. Molinaroli told The Wall Street Journal at the time that he was "sorry everybody went through it.")

Or there is the case of Re/MAX Holdings Inc.'s co-founder David Liniger and the company's new chief executive, Adam Contos. In an internal investigation concluded this year, both were found to have violated company policy over a series of undisclosed gifts from Mr. Liniger and his wife to Mr. Contos earlier this year, including a \$2.4 million loan, according to the company, which hasn't released any statements from either man. Mr. Liniger was also found to have violated policies related to workplace conduct. The realty company wouldn't disclose whether the men faced disciplinary actions.

But increasingly, executives are facing very public consequences for alleged misbehavior—even when a CEO has been seen as integral to the company's success.

WPP's longtime leader Martin Sorrell recently stepped down amid a board probe into whether he used company money to pay a prostitute. (Mr. Sorrell has denied that he visited a prostitute and paid with company money.)

Steve Wynn left the helm of his namesake resorts and casinos company in the wake of sexual misconduct allegations.

Mr. Wynn said at the time of his resignation that he couldn't be effective in an environment in which "a rush to judgment takes precedence over everything else, including the facts." In a response to Journal questions for a January article he declined to address various such allegations but called the idea that he would assault a woman "preposterous."

Mr. Story, the consultant and board member, says mechanisms to hold the CEO accountable can help flag problems early. "They realize the margin of error has become infinitesimally small," he says.



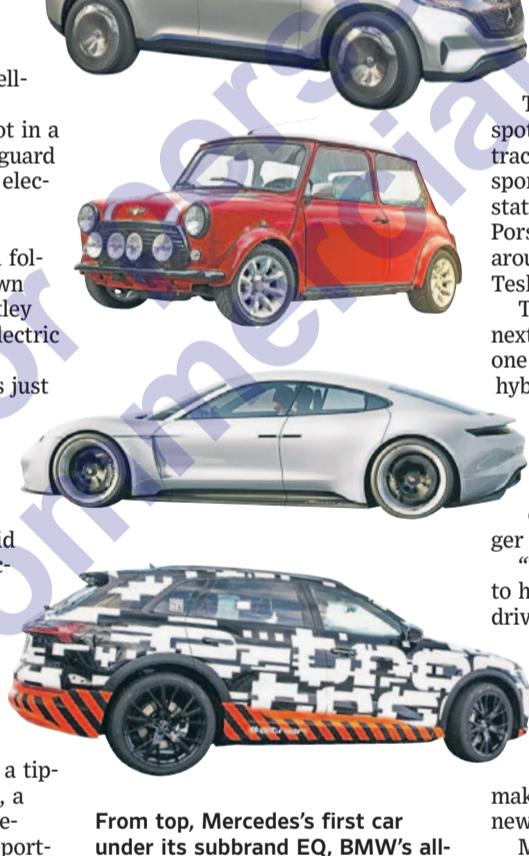
Jaguar is first out in the battle with Tesla, with its all-electric I-Pace in August.

TOP TO BOTTOM: JAGUAR; DAIMLER AG; BMW; PORSCHE; AUDI; TESLA

Luxury Cars Get Charged Up

Old guard auto makers mount a challenge to Tesla with their own premium electric vehicles

BY WILLIAM BOSTON



From top, Mercedes's first car under its subbrand EQ, BMW's all-electric version of its Mini, Porsche's Taycan and Audi's e-tron prototype. Below, a Tesla Model 3.

cles sold world-wide last year. Luxury car makers long ignored the challenge. Now they say they can no longer afford to.

"There is a new jump ball at the table for all luxury vehicles," says Scott Keogh, the head of Audi of

America, adding that the winner will be the car maker that can combine a great car with the digital ecosystem around it.

Porsche is putting the final touches to an electric-car factory to build the Taycan, its first all-electric car.

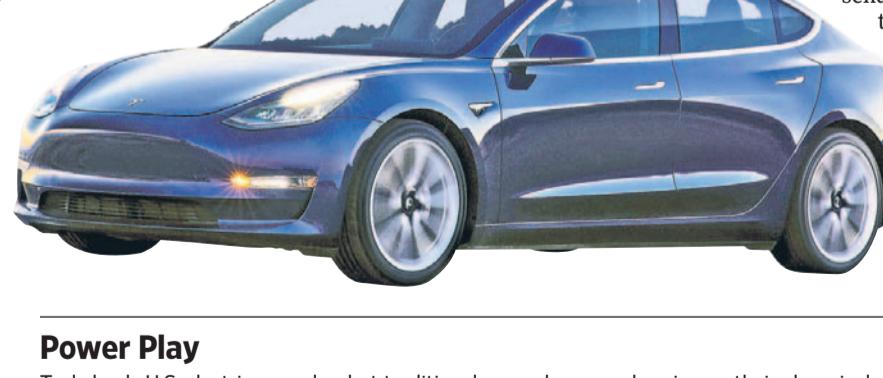
The Taycan prototype has been spotted on the Nürburgring race-track, a sleek ground-hugging sports car that resembles the stately Panamera. Its starting price, Porsche officials have said, will be around \$75,000, slightly lower than Tesla's Model S.

The car, to begin production next year, uses technology from one of Porsche's Le Mans racing hybrids. Detlev von Platen, Porsche board member in charge of sales, says the hybrid version accounts for 60% of Panamera sales in Europe, a sign even Porsche customers are eager to buy electric cars.

"The important thing is you have to have the feeling that you are driving a Porsche," he says.

Porsche went to extremes to build the car at the same factory where all of its original sports cars were made in Stuttgart's Zuffenhausen district, building new roads to make room for more than 1,400 new employees.

Mercedes aims to produce the first car under its new EQ subbrand next year and plans to launch 10 battery electric cars by 2022. BMW, a pioneer with its i3 compact electric vehicle a decade ago, next year will launch an all-electric version of its Mini brand, an all-electric X3 SUV in 2020 and its new flagship—the full-electric iNEXT, which will also include advance self-driving



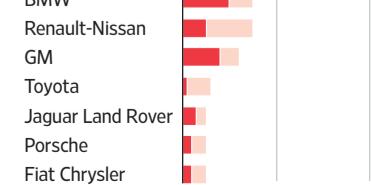
Power Play

Tesla leads U.S. electric-car sales, but traditional car makers are charging up their plans, including for luxury EVs.

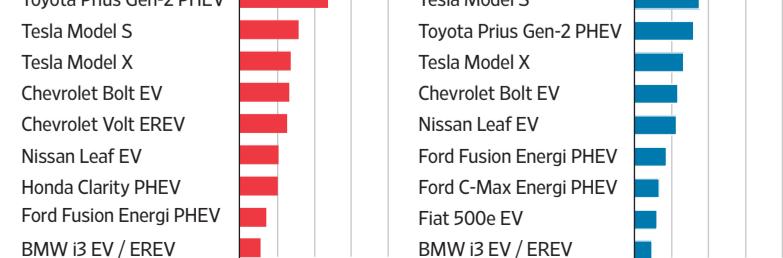
Electric car plans

■ Electric-vehicle models on sale now

■ Planned launches 2019-2022



Unit sales, in thousands



Note: Electric vehicles include battery electric vehicles and plug-in hybrids

Sources: the companies, Frost & Sullivan (plans); EV-Volumes.com (unit sales)

THE WALL STREET JOURNAL.

PERSONAL FINANCE

TAX REPORT | LAURA SAUNDERS

Retired? Check Your Withholding Now

The tax overhaul means pension recipients could face penalties when it comes time to file for 2018



Millions of Americans receiving pensions could be in for a bad tax surprise next year.

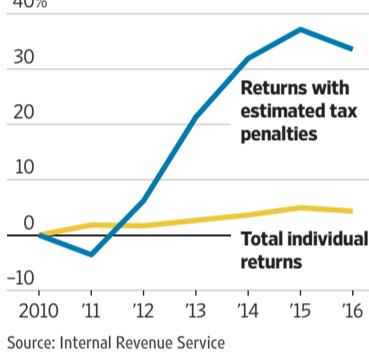
A little-noticed effect of last year's tax overhaul is that many pension payments are now larger, reflecting the new lower tax rates in effect for 2018. But this bump-up increases the risk that recipients will be underwithheld at tax time next year—and therefore owe a penalty. To avoid this, retirees should immediately check their withholding and adjust it if necessary.

One who will be checking is Ann Gardella, a retired music teacher now living in Southbury, Conn. She says most of her income is from her pension and the monthly payments rose earlier this year. Because she already has a tax balance due each April, she plans to review her withholding.

Penalized

The growth in filers who owe penalties on quarterly tax payments has far outpaced the growth in individuals filing returns in recent years.

Percentage change from 2010



Source: Internal Revenue Service
THE WALL STREET JOURNAL.

"I really don't want to owe penalties next year," says Ms. Gardella.

The situation with pensions is similar to what's happening with paychecks, says Jonathan Zimmerman, a benefits attorney with Morgan, Lewis & Bockius. Earlier this year, Treasury officials adjusted withholding tables to reflect changes for 2018 made by last year's tax overhaul, and these changes have been incorporated into many pension payments as well as employee paychecks.

But these adjustments didn't take into account many of the overhaul's changes. For example, the current withholding tables include tax-rate changes but not the effect of the new \$10,000 cap on deductions for state and local taxes. The withholding tables have never included this information, according to an IRS spokesman.

The upshot is that some pension recipients could wind up underwithheld in for 2018 because the automatic adjustments to their pension payments set them too high. In general, people must pay in at least 90% of the tax they'll owe during the year, or by the following mid-January if they are paying quarterly estimated taxes, to avoid a penalty. The penalty is based on an annual interest rate that's currently 5%.

Pension payments and filers' circumstances vary widely, so it's hard to predict who's at risk here. Mr. Zimmerman says that for a typical married pension recipient with a \$50,000 annual pension, the reduction in withholding comes to about \$818 a year. That may not sound like a lot, but it cuts withholding by about 20%. A pension payer that follows the government's tables isn't responsible if the recipient is underwithheld.

This new wrinkle in pension pay-



ments is yet another reason why retirees—especially those who recently retired or are working part-time—should be alert for "tax shocks," says Gil Charney, a director of H&R Block's Tax Institute.

For many retirees, income doesn't just drop, he explains. Often it becomes lumpy, especially if someone has part-time work, Social Security payments, or retirement-plan withdrawals. Medical expenses may become deductible for the first time, and additional "standard deductions" kick in at age 65.

Retirees must also decide what to withhold from Social Security payments and payouts from plans such as 401(k)s or individual retirement accounts at the same time that many are switching to quarterly estimated tax payments.

"The onus is on the taxpayer to make sure the withholding is correct," says Mr. Charney, rather than

on both the taxpayer and the employer.

There's evidence of rising taxpayer problems in this area. Between 2010 and 2016, the number of filers penalized for underpaying estimated taxes rose 36%, from 7.2 million to 9.8 million.

To help with these issues, the IRS has posted a new withholding calculator. It can be used by most filers, including retirees with multiple sources of income, according to an IRS spokesman.

To use it, you'll need a copy of last year's tax return and estimates of this year's sources of income and withholding so far. Based on the results, you may want to submit a revised Form W-4P, for pension and annuity withholding, to the payer.

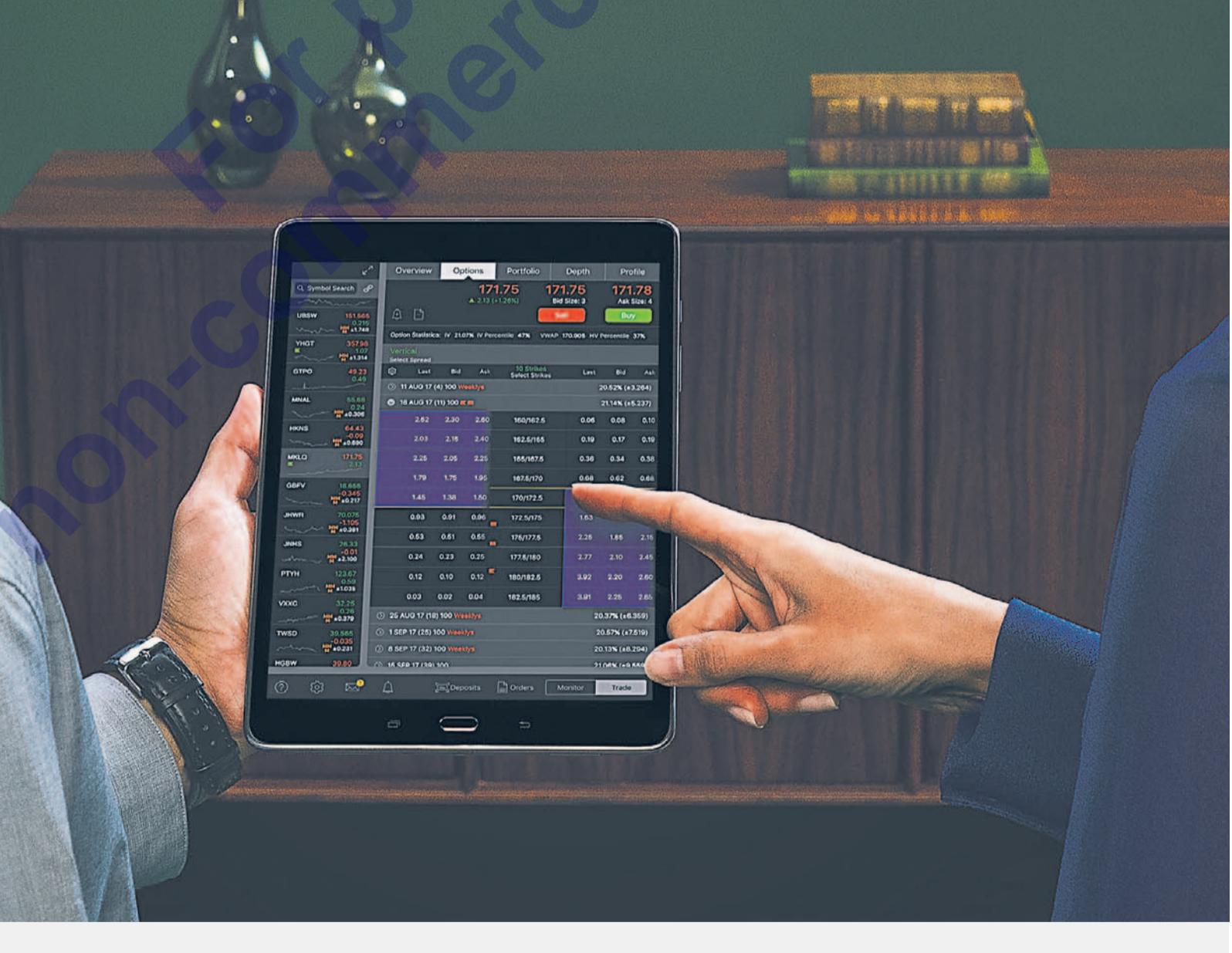
The form for Social Security withholding is W-4V. Filers can elect to withhold at one of four flat rates—7%, 10%, 12%, or 22%. To

change the withholding on the payouts from a retirement plan such as an IRA or 401(k), check with your provider.

What if a filer underpays estimated taxes? The law offers two outs. There's often no penalty if income is less than \$150,000 and the filer has paid in an amount equal to 100% of his tax for the prior year. For those earning more than \$150,000, the threshold rises to 110% of the prior year's tax.

The other is that the IRS often waives estimated tax penalties incurred in the year someone retires or becomes disabled, or sometimes the year after that. To qualify, the taxpayer submits Form 2210 with proof and an explanation that the error wasn't willful.

But this relief often comes after a scary letter from the IRS and filling out yet another form—so avoid it if you can.



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HUMAN CAPITAL



Joy Chen, left, a star to Chinese women, with media in Beijing in March, below.

Chinese women's lives?"

An executive recruiter at the time, she had gained a following with a career-advice blog for Chinese college students abroad. She resisted the publisher's overtures for a year, but after the birth of her second daughter, she agreed.

The book hit a zeitgeist moment, leading to TV appearances and magazine cover stories (and, for a time, a column by Ms. Chen in the Chinese edition of The Wall Street Journal).

"She's achieved a level of recognition that no other woman as an American Chinese has achieved," said Virginia Tan, 34, president of Lean In China. "She's an icon for them. They mob her."

'She changed my life...Seldom do you get the education that you must be a leader.'

Born in the U.S. to Chinese immigrants, Ms. Chen lives with her husband and two daughters in the Los Angeles suburb of Altadena. She says her life experience—including marriage at age 38—serves as a role model for many young women in China.

"They don't see women my age who have great careers and are in happy marriages," she said. "They look at their mothers' lives and they say, that's not the kind of life that I want."

At an informal gathering at a Beijing restaurant, fans talked about how Ms. Chen's first book showed them a new path.

"Joy talks about herself. She shares problems," Mi Lu, a 27-year-old financial analyst, said later. "I thought, 'OK, I can think things like this. I can do things like that. Everything can be different.'"

Ms. Chen's new book also draws on her life experience, including her appointment at age 31 as a deputy to Los Angeles' then-mayor, James Hahn.

"She always had a sense of what's needed and what's next," said current Los Angeles Mayor Eric Garcetti, who worked with Ms. Chen when he was a City Councilman. "She always had a good story to tell."

How to tell that story was the issue now at the Shidian offices in Beijing, where Ms. Chen and Mr. Liao moved from debating episode length to the content itself.

Mr. Liao said that some of the lessons are common sense, not the kind of career secrets people would pay to get. "They know you have to read 30 minutes a day," he said. "The course will have to show you how to find 30 minutes a day to read. There needs to be a daily checklist of things to do." He reiterated: "Charts, graphs."

Ms. Chen gradually came around. She wants to continue to help Chinese women grappling with life. She wants this course to be a hit.

She decided to hole herself up in her Beijing hotel room and spend the weekend rewriting the scripts.

—Xiao Xiao contributed to this article.



An American Lean-In Guru In China

Joy Chen gained superstardom among Chinese women with a book telling them to delay marriage. Now she's back with more career advice.

BY JOHN CORRIGAN

Joy Chen got a glimpse of the limelight as a Los Angeles deputy mayor two decades ago, but it was nothing like the fame she has found in China urging women to forget what they've been taught about matrimony.

Her 2012 best-seller, "Do Not Marry Before Age 30," became a touchstone for Chinese career women chafing under family pressure and convention to find a husband, and launched Ms. Chen on an improbable journey as an American self-help guru in China.

At a women's leadership forum in Beijing in March, young women who had sat texting idly during a venture capitalist's presentation sprang to attention when Ms. Chen

strode on stage in a red dress. Smartphones rose in unison above a sea of ponytails, "record" buttons switched on.

"She changed my life," said Lingxiao He, 28. "Usually, women are encouraged to take responsibilities in the family—to be a good mom, a good wife," Ms. He said. "Seldom do you get the education that you must be a leader."

Ms. Chen, 48 years old, now derives most of her income from paid appearances in China, along with promotion of Procter & Gamble Co. beauty products here, but finds herself at a crossroads. Her latest book, "How to Get Lucky in Your Career," sold fewer than 10,000 copies. To remain a force in the world's biggest consumer mar-

ket, Ms. Chen is changing tactics.

A day after her star turn before fans, Ms. Chen showed up in jeans and no makeup at the offices of a paid-content firm in Beijing, looking to turn "Get Lucky" into a 10-episode course to be sold on WeChat, Tencent Holding Ltd.'s ubiquitous smartphone app, which has 1 billion users.

The daylong session at Xiamen Shidian Cultural Communication Co. turned into a bit of digital schooling for Ms. Chen.

While Ms. Chen charmed her fans with Oprah-like warmth, Liao Shijian, Shidian's 28-year-old chief operations officer, wasn't so easily dazzled.

When Ms. Chen said she wanted each video segment to be no more

than 10 minutes, Mr. Liao shook his head, insisting on 25 minutes—as well as charts, graphs and practice assignments.

"No, no, no, no, no, no, no, no," Ms. Chen said, lapsing into English. "I'd rather make it short and not boring." Mr. Liao was firm. "Every minute must have value to people," he said. "It's different from free video."

Ms. Chen also pushed back eight years ago when a Chinese publisher approached her to write a book for China's "leftover women"—those who aren't married by their late 20s. "I hadn't spent much time in China," she said. "I didn't speak Chinese well at the time. I thought, how could somebody like me understand

accelerate innovation. So when you ask how the culture will be going forward, I'm very optimistic. For the new company, if you want to be in agriculture and make a difference, this is the place to be. The culture is obviously going to change but I believe it will become even stronger.

WSJ: Bayer announced this month that it will mothball Monsanto as a company name. How does that make you feel?

Mr. Grant: I've been here 37 years, so I have some nostalgia. I'm really proud of what Monsanto achieved. We didn't just lead an industry—we kind of formed it, with all the challenges and benefits that come with it. My personal view on the name is that it's a lot less about what the company is called, it's a lot more about what you achieve.

WSJ: What has this whole time been like for you, personally?

Mr. Grant: It's been extraordinarily emotional. There are a handful of us that took the company through the spinoff and IPO. We relaunched the company [after its 2002 spinoff from Pharmacia Corp.], coincidentally still called Monsanto, because we couldn't afford to change the name back then. We built the company from scratch. So it feels like my baby. I always felt if you are going to work and dedicate yourself to something, it should be meaningful, and I feel like what we created has been meaningful. So yes, it's been emotional.

EXIT INTERVIEW | HUGH GRANT

Life After the Sale

Monsanto's former CEO discusses his future, the promise of innovation in agriculture and the combination of disparate corporate cultures.

After nearly 40 years at Monsanto Co., the company that spread genetically engineered seed across the U.S. heartland and beyond, the 60-year-old Mr. Grant stepped down June 7 after the company's sale to Bayer AG closed. During his 15-year tenure as CEO, Monsanto's sales nearly tripled to \$14.6 billion, and its share price climbed by more than 12 times. Here, edited excerpts from an interview as Mr. Grant prepared to pack up his office. —Jacob Bunge

WSJ: Closing this deal comes after two years of first negotiating the sale to Bayer and then working through the regulatory process. After your last day, what do you have planned next?

Mr. Grant: I really don't have it figured out. I don't think I am going to wiggle my toes in the sand. I would like to think I could continue to have a voice in agriculture. It's been my whole life.

WSJ: Will you look for another CEO post, or continue to work on boards?

Mr. Grant: I'm on the board of PPG Industries Inc., the lead director there. [Otherwise,] I really don't know. There's two fields in ag I think are particularly interesting. One is the increasing importance of data science and improving decision quality in farming. The other one is the conundrum on how we use less water. There's business opportunities

in both of those areas. Digital agriculture [powered by data science] reminds me now of when we were in the mid-'90s when biotech first happened. I think it'll change agriculture that much. I'm also looking at some private-equity opportunities.

WSJ: Were you asked to stay on in any capacity, as an adviser or director?

Mr. Grant: I've been pretty clear: Bayer has built a really, really good team. The leadership team is a blend of Monsanto and Bayer, and I feel very good about the quality of the team. Now they get the opportunity to really drive innovation. It's cool. I'm proud of what we've built at Monsanto, proud of the innovation, and I think the deal will take it to a whole new level.

WSJ: Bayer and Monsanto have



VICTOR MORIYAMA/BLOOMBERG NEWS

been two very different companies. How do you think the integration will go, culturally?

Mr. Grant: At Monsanto, for the last six to seven years, we measure [employee] engagement scores every

quarter. During the last two years, our engagement scores have risen. We're seeing 86 [out of 100]

engagement. That's the anticipation of the organization, of what this deal can do and how it's going to

TECHNOLOGY



Amazon Chief Executive Jeff Bezos recently called the conflict between privacy and security an "issue of our age." But while he says Amazon will fight government investigators who try to obtain personal information from devices made by his company, Amazon is marketing face-recognition technology to private businesses and law-enforcement agencies alike, for uses that many believe are a threat to privacy.

Face recognition is a stark example of a technology that is being deployed faster than society and the law can adopt new norms and rules. It lets governments and private enterprise track citizens anywhere there is a camera, even if they're not carrying any devices. In general, people who are in public don't have any legal expectation of privacy and can be photographed or recorded.

Because of this, the technology has the potential to be more intrusive than warrantless phone tracking, which the U.S. Supreme Court just ruled unconstitutional. There are only two states, Texas and Illinois, that limit private companies' ability to track people via their faces. No state or federal laws limit the ability of law enforcement to do so.

Amazon's user agreement for its facial-recognition platform, called Rekognition, includes few prohibitions beyond what is already illegal—that is, very little. There's also no approval process for customers: Anyone with a credit card and an Amazon Web Services account can have at it.

High-quality, internet-connected cameras are becoming

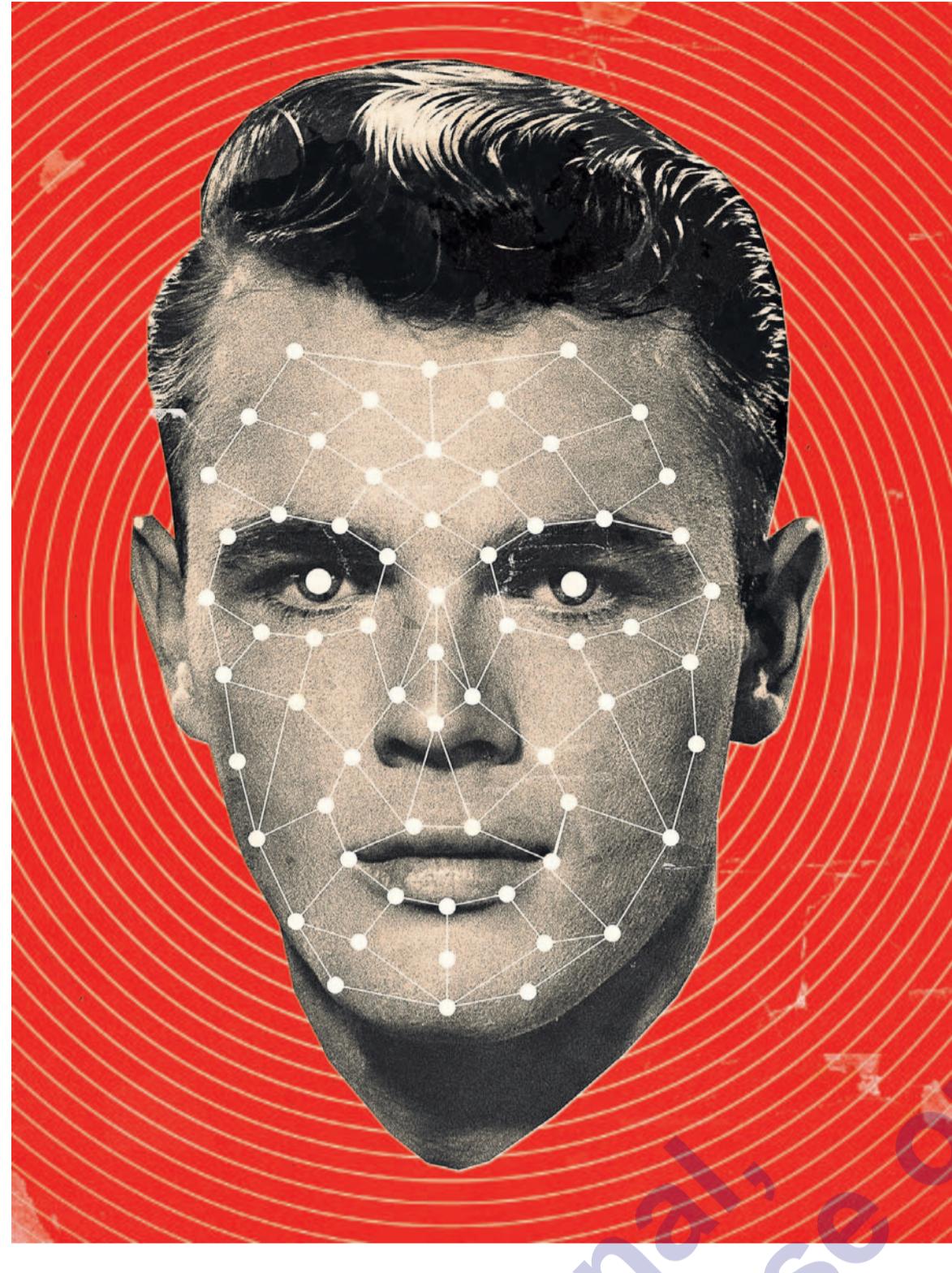
'The expectation of privacy ends when you sit down and smile at the government desk.'

ubiquitous—they're in everything from doorbells and automobiles to nurseries and schools. How widely is face-recognition technology being implemented in them? The full scope hasn't been reported. Companies such as FaceFirst that have sold face-recognition services for security applications for years cannot discuss their clients because non-disclosure agreements are standard in the industry, says its CEO Peter Trepp.

Beyond privacy concerns, experts have raised questions about the technology's accuracy, which may vary depending on gender and race.

Joy Buolamwini, a graduate researcher at the MIT Media Lab, has examined bias in face-recognition algorithms. She says her preliminary data on Amazon's Rekognition system found that it performs worse on women and people with dark skin than men and people with light skin, and worst of all on dark-skinned women. A surveillance system with these biases could potentially lead to more false identifications of some groups of people than others.

In materials that have since



LINCOLN AGNEW/GETTY IMAGES

KEYWORDS | CHRISTOPHER MIMS

Championing Privacy, Selling Surveillance

Amazon and other companies sell face-scanning software to anyone with a credit card, from shopkeepers to federal agents; very little is prohibited by the user agreement for Rekognition.

been deleted by Amazon, the company marketed Rekognition as having the potential to identify people in real time in video feeds gathered by police body cameras.

One company enabling real-time face recognition for police departments is Motorola Solutions, the Chicago-based public company that remained after the former telecom giant's mobile-phone division was split off in 2011. The company is partnering

with artificial-intelligence firm Neurala to enable face recognition through police body cameras. Motorola Solutions has also used Amazon's Rekognition technology in prototypes, says a company spokeswoman.

The Orlando Police Department has conducted a pilot with Amazon using Rekognition, which was fed data from cameras owned by the department, says a spokeswoman. Amazon initiated

the pilot, she adds.

Face recognition is a classic "dual use" technology—it can be used like a password, to verify a person is who he or she claims to be in a financial transaction, or it can be used for surveillance. My Wall Street Journal colleagues in China last year published an article showing how the country's government has been the most avid adopter of face recognition, making it part of an elaborate

system of social control.

Face recognition has a wide variety of potential uses, most unrelated to surveillance. Amazon's Rekognition system is used by C-SPAN to identify who is on camera at any moment. Microsoft's technology is used by Uber to verify drivers' identities. And while Google and Facebook don't sell their face-recognition abilities to developers, both companies have invested heavily in the technology.

Dozens of startups offer similar face-recognition services. One such startup, Kairos, refuses to sell its technology to governments or their contractors, says CEO Brian Bracken. Among the contracts he says his company has refused was a request for a face-recognition system by Axon Enterprise Inc., formerly Taser International, a maker of police body cameras and electroshock weapons.

"At this point in time, we are not working on face-recognition technology to be deployed on body cameras," says an Axon spokesman. The company has formed an AI ethics board to help it decide whether it should develop technologies like face recognition of potential suspects, he adds.

Kairos also refused to build a requested system to identify people in a crowd from footage captured by drones, says Mr. Bracken. The company does sell its technology to private firms for identity verification similar to the iPhone X's Face ID, for instance.

While face-recognition technology has existed in some form for decades, what's notable about the latest versions is their accessibility and affordability. That doesn't mean private firms will be able to easily identify people on the street, however. They generally lack access to comprehensive databases of faces and names, and the technology vendors don't provide them.

This is not a problem for law-enforcement agencies, which have access to databases of driver-license photos. "The expectation of privacy ends when you sit down and smile at the government desk," Joseph Michael, a deputy state's attorney in Washington County, Md., recently told the Journal.

Some Amazon investors are siding with the American Civil Liberties Union in an effort to pressure Amazon not to sell its face-recognition technology to law enforcement.

Microsoft ended up in hot water this past week when activists noticed marketing material from January announcing it sells cloud computing services to U.S. Immigration and Customs Enforcement. This technology includes "deep learning capabilities to accelerate facial recognition and identification." Some Microsoft employees are agitating for the company to end its relationship with ICE. Microsoft declined to comment for this column.

Alphabet Inc.'s Google recently bowed to pressure from the public and its own employees, and decided not to allow its AI technology to be used in military weapons. The leaders of Amazon, Microsoft and other tech companies may soon have to make similar tough decisions.



Esports Stadium Arlington, shown in a rendering, is slated to become the largest esports arena in the U.S. when it opens in late November.

word answer: Esports, otherwise known as competitive videogaming.

This month, Arlington will begin construction on a 100,000-square-foot esports facility: Esports Stadium Arlington. Once completed, it will be the country's largest venue devoted to the world's fastest-growing spectator sport.

Esports are on track to generate \$905.6 million from 380.2 million fans in 2018, up 38% from last year, according to market-research firm Newzoo BV.

Most enthusiasts watch via online platforms such as

Twitch, YouTube and Mixer, which offer live streams of competitions and other content.

But real-life match-ups are growing in frequency and popularity.

Since late 2015, half a dozen major esports venues have opened in the U.S. alone. Outfitted with top-tier gaming consoles, multistory screens and production facilities that livestream to YouTube and

Twitch, they cater to an audience far younger and more mobile-centric than most professional-sports fans. "It's a building type that's for a new consumer," says Brian Mirakian of Populous, the Kansas City, Mo.-based architecture firm designing Arlington's stadium.

Arlington is repurposing its 175,000-square-foot convention center to create an exhibition hall and the arena complete with retail, public gaming consoles and a training academy for the next generation of pros. The centerpiece of the facility is a 30,000-square-foot competition space that

will accommodate 250 to 2,500 fans, depending on the event. The stadium, which is scheduled to open in late November, will cost \$10 million, city officials said.

Allied Esports International, a network of esports venues, has opened six dedicated esports properties since late 2015 in China, Germany and California. Its largest venue—the 30,000-square-foot Esports Arena Las Vegas—opened in March.

Jud Hannigan, Allied's CEO, said arenas are important to the future of esports. Millions of people tune in online, he says, but "there is no substitute for getting together."

—Leigh Kamping-Carder

The Rise of The Videogame Stadium

Arlington, Texas, is a professional-sports powerhouse, home to the National Football League's Dallas Cowboys, Major League Baseball's Texas Rangers and the WNBA's Dallas Wings. The city hosted the 2011 Super Bowl and the 2010 and 2011 World Series.

Late last year, Arlington officials decided to pursue the next big thing in sports and asked New York University's Tisch Institute for Global Sport to recommend an area of investment. The program had what amounted to a one-

will accommodate 250 to 2,500 fans, depending on the event. The stadium, which is scheduled to open in late November, will cost \$10 million, city officials said.

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FINANCE



When a Country Gets Unbanked

Complex bank rules leave tiny Marshall Islands further stranded

By JULIE WERNAU

What happens to a country if it loses access to the world's money? On the Marshall Islands—a chain of volcanic islands in the middle of the Pacific Ocean, population 53,066—the only homegrown bank can't issue credit cards, doesn't have any ATMs and sends well-worn dollar bills between its island branches by boat. But it had been able to let islanders send and receive money from abroad through a link with Honolulu-based First Hawaiian Bank.

Now, it is in danger of losing that crucial financial tie to the outside world as First Hawaiian, a unit of France's BNP Paribas, prepares to close down all business with the Bank of the Marshall Islands. Without an international banking relationship, the bank gets cut off from a number of services, not just from handling international money transfers but also cashing paychecks from one of the island's largest employers—the U.S. military base.

The closure is a side effect of stricter banking rules to prevent money laundering and terrorism financing. Banks are especially wary of exposure to small Pacific nations that struggle to meet complex regulatory demands. International banks have also pulled out of Fiji, Samoa and Tonga and the use of cash across the Oceania region is rising, according to the International Monetary Fund.

Banks make at best scant profits from tiny markets like the Marshall Islands, the world's fourth-smallest economy. Spread over an area roughly the size of Indonesia and vulnerable to rising sea levels, the country uses the dollar as its currency and is highly reliant on U.S. assistance.

First Hawaiian, which has acted as an intermediary for the country's bank, hasn't found evidence of illegal financial activity but now views the business risk of its long-distance relationship as too high, according to people briefed on the matter. BNP officials have declined

to comment on the bank's decision.

The process of moving money into the country is already circuitous. When Albious Lator wants to send money from Springdale, Ark.—home to Tyson Foods and a contingent of Marshallese—to his brother in Ebeye, the country's second most populous area, he first has to wire it via Western Union to relatives in Majuro, the capital. They then transfer it via the domestic bank.

Ebeye's only venue for international transfers has been a MoneyGram branch tied to the domestic bank. During tax season, there can be a line of 100 people outside, says Ramanty Chong Gum, a 34-year-old high school math teacher on Ebeye. The MoneyGram already restricts the number of transactions for each customer; with First Hawaiian's exit, that channel will be cut off altogether.

"People think you just put money in and it comes out the other side," said Brad Windbigler, Western Union senior vice president. "Most banks need to deal with another bank to move money."

Unlike MoneyGram, Western Union can continue to operate in the Marshall Islands, as it bypasses the nation's financial system by working through the Bank of Guam. But for anyone on Ebeye, receiving money through Western Union means either using a middleman or taking a flight or a long boat ride 275 miles to the capital.

Workarounds abound. Marshall Islanders lucky enough to have debit cards issued by a foreign bank can ask friends who work on the U.S. military base on Kwajalein Atoll, where there is a bank operated by Bank of America (only American military personnel can open accounts there) to withdraw money for them. Those without cards make deals with those who do.

"We give them a little extra on the side," said Ms. Chong Gum.

In the absence of credit cards, mom-and-pop stores keep a log of transactions on credit until paychecks arrive, issuing cash for any remaining balance.



Top to bottom, a Bank of the Marshall Islands branch just steps from the sea on Ebeye. Inside the bank, a MoneyGram office, the island's only channel for overseas wire transfers, is now set to close as the bank loses its foreign partner. A customer hands over a check at an Ebeye store.

With no credit cards, many Marshallese stock up on food before leaving the country, as United Airlines, the one carrier that flies out of Majuro to the U.S., no longer accepts cash on board.

The IMF and other agencies are now trying to help the Bank of the Marshall Islands comply with the new rules.

"For a little country like this and for the small banking community there, this has been overwhelming,"

said Andrew Spindler, president of the Financial Services Volunteer Corps, a New York-based nonprofit that has been working with Marshall Island officials.

Officials agree that the financial isolation and the trend toward cash come with their own risks.

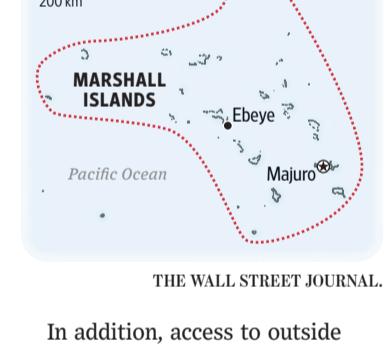
An inability to make international payments means it's harder for businesses to settle trade deals, according to the Financial Stability Board.

Marooned

The Marshall Islands are spread over an area roughly the size of Indonesia...



...with Ebeye a 275-mile boat ride from Majuro, the capital.



THE WALL STREET JOURNAL.

In addition, access to outside capital is crucial to fighting poverty in the emerging world, said Robert Mosbacher Jr., former president of the Overseas Private Investment Corp., a U.S. agency that helps American businesses invest in emerging markets.

Carolina Claver, senior financial-sector expert at the IMF, said at the fund's annual meeting that it's difficult to blame banks for leaving minuscule markets. "But on the other hand, you cannot exclude completely a country because it is small."

"Everybody's using cash and that's bad for anti-money laundering," says Sultan Korean, Marshall Islands banking commissioner.

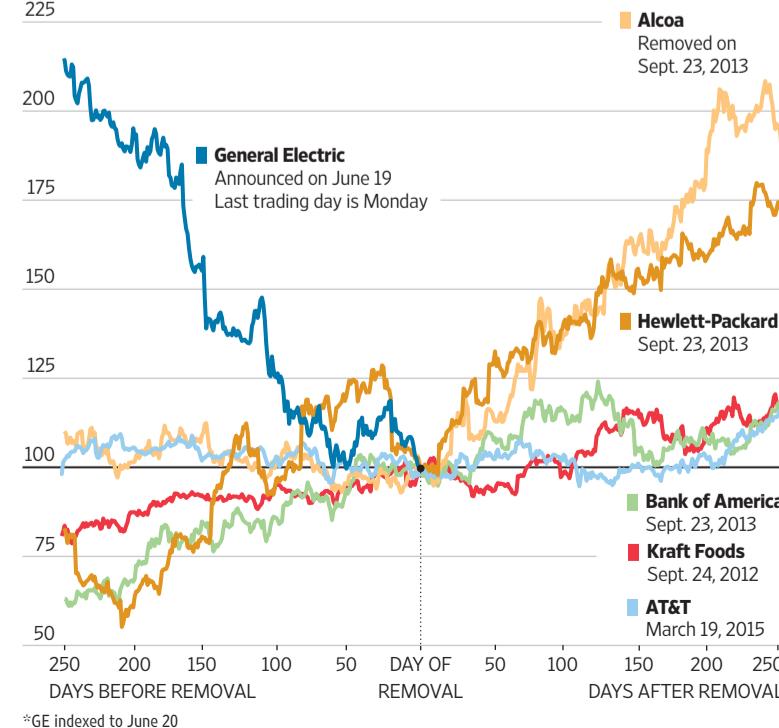
—Jordan Vinson

in Kwajalein, Marshall Islands, contributed to this article.

Don't Discount The Dow's Discards

General Electric is down and out, but stocks removed from the index tend to outperform its new entrants

Performance of stocks before and after being removed from the Dow Index, 100 = day of removal*



BY BEN EISEN

General Electric Co.'s removal from the Dow Jones Industrial Average this past week was a new low for the struggling industrial giant. But it could also be a sign of brighter days ahead.

GE will no longer be part of the blue-chip index come Tuesday, after the committee tasked with selecting Dow components decreed that it will be replaced by Walgreens Boots Alliance Inc. Over the past 12 months, GE has fallen 53% as it struggled to reorganize its business, minimizing the firm's influence in the price-weighted index.

In the past, getting kicked out of the Dow hasn't been as bad for a stock as might be expected. The last 10 booted companies have risen an average of 6.4% in the year after their respective removals, according to The Wall Street Journal's Market Data Group. The past 10 additions, by contrast, have fallen an average of 4.6%. (Wall Street Journal editors are included on the committee that makes decisions about Dow components.)

For GE, once among America's

biggest companies, the removal caps its lengthy decline. The company failed to grow its sprawling operation in recent years even as the broader economy recovered from the financial crisis. And critics say the company masked the extent of its troubles under former Chief Executive Jeffrey Immelt.

But there's a possibility GE's exit from the index could be happening right as it's hitting rock bottom. Analysts are predicting GE shares will rise, with the mean price target for the stock clocking in at \$16.42, according to FactSet, 26% above its current price.

"The damage has already been done," said Brad McMillan, the chief investment officer at Commonwealth Financial Network.

New CEO John Flannery has been cutting jobs and trimming costs. The company plans to jettison \$20 billion worth of its assets by the end of 2019.

It's too soon to know which way GE's shares will go. But history suggests investors shouldn't count out the Dow's discards.

—Akane Otani

contributed to this article.

MARKETS DIGEST

Dow Jones Industrial Average

Last 24.17 20.82
P/E estimate^a 16.18 18.17
Dividend yield 2.22 2.32
or 0.49%

All-time high 26616.71, 01/26/18



Bars measure the point change from session's open

Apr. May June

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2754.88 ▲ 5.12
Trailing P/E ratio^a 24.30 24.09
P/E estimate^a 17.36 18.76
Dividend yield 1.89 1.95
or 0.19%

All-time high 2872.87, 01/26/18



Bars measure the point change from session's open

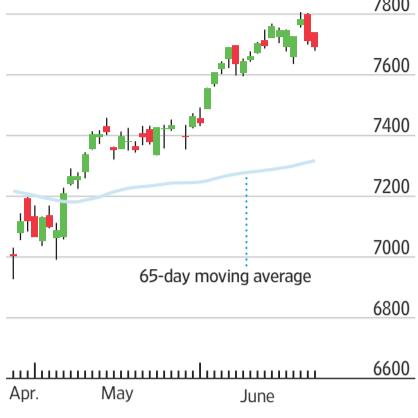
Apr. May June

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Nasdaq Composite Index

7692.82 ▼ 20.13
Trailing P/E ratio^a 26.10 26.15
P/E estimate^a 21.35 21.33
Dividend yield 0.93 1.10
or 0.26%

All-time high 7781.51, 06/20/18



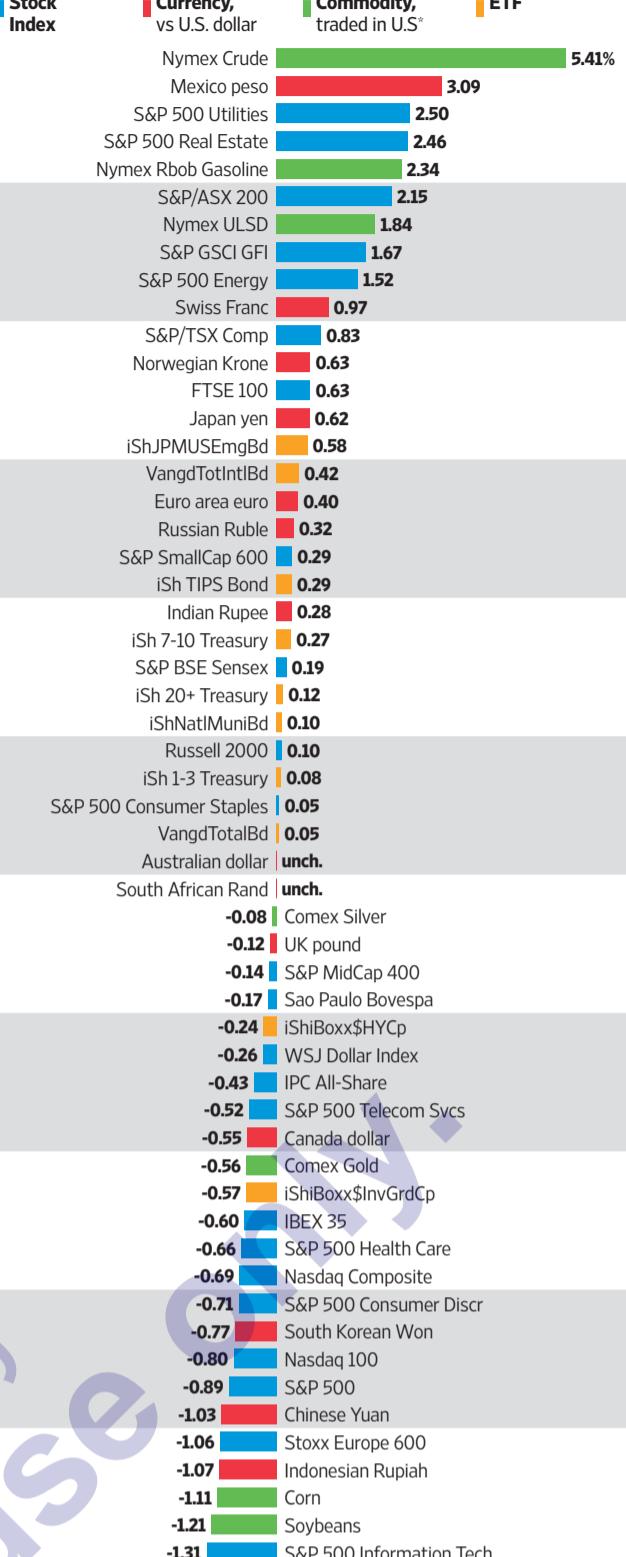
Bars measure the point change from session's open

Apr. May June

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

^aPrimary market NYSE American NYSE Arca only.

(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Major U.S. Stock-Market Indexes

	High	Low	Close	Net chg	% chg		High	Low	% chg	YTD	% chg
Dow Jones											

Industrial Average	24663.18	24526.97	24580.89	119.19	0.49		26616.71	21287.03	14.9	-0.6	10.7
Transportation Avg	10924.83	10765.58	10773.20	-53.64	-0.50		11373.38	9021.12	14.7	1.5	8.3
Utility Average	697.93	689.75	696.60	5.98	0.87		774.47	647.90	-4.0	-3.7	7.0
Total Stock Market	28851.99	28726.43	28743.22	43.40	0.15		29630.47	24958.26	13.8	3.9	8.9
Barron's 400	756.87	750.24	751.40	-0.87	-0.12		760.51	629.56	16.4	5.7	8.7

Nasdaq Stock Market

Nasdaq Composite	7739.71	7679.12	7692.82	-20.13	-0.26		7781.51	6089.46	22.8	11.4	14.3
Nasdaq 100	7239.75	7177.46	7197.51	-19.98	-0.28		7280.70	5596.96	24.0	12.5	16.6

S&P

500 Index	2764.17	2752.68	2754.88	5.12	0.19		2872.87	2409.75	13.0	3.0	9.1
MidCap 400	2001.14	1989.08	1989.61	2.27	0.11		2003.97	1691.67	14.1	4.7	8.7
SmallCap 600	1048.27	1038.14	1042.57	0.16	0.02		1052.40	817.25	22.2	11.4	12.1

Other Indexes

Russell 2000	1696.37	1680.91	1685.58	-3.37	-0.20		1706.99	1356.90	19.1	9.8	9.3
NYSE Composite	12677.70	12634.73	12639.57	79.34	0.63		13637.02	11699.83	7.7	-1.3	4.3
Value Line	582.95	579.04	580.66	1.62	0.28		589.69	503.24	11.5	3.3	4.0
NYSE Arca Biotech	4946.93	4896.97	4925.49	1.25	0.03		5018.28	3787.17	22.6	16.7	4.6
NYSE Arca Pharma	533.56	531.15	531.74	2.58	0.49		593.12	514.66	-3.1	-2.4	-3.4
KBWB Bank	108.63	106.63	106.6								

MARKET DATA

Futures Contracts

Metal & Petroleum Futures

		Contract					Open	High	low	Low	Settle	Chg	Open interest
		Open	High	low	Low	Settle	Chg	Open	High	low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.		3,0295	3,0325	3,0295	3,0325	0,0075	266						
June		3,0295	3,0325	3,0295	3,0325	0,0075	266						
Sept		3,0490	3,0685	3,0370	3,0490	0,0055	107,988						
Gold (CMX) -100 troy oz.; \$ per troy oz.													
June		1268,10	1270,20	1267,00	1267,40	0,20	191						
Aug		1268,60	1273,10	1268,40	1270,70	0,20	327,673						
Oct		1274,50	1277,90	1274,50	1276,40	0,10	12,688						
Dec		1281,30	1284,80	1280,50	1282,60	0,20	96,960						
Feb'19		1287,90	1289,60	1287,90	1288,80	0,20	15,717						
June		1300,30	1300,30	1299,60	1301,40	0,30	4,220						
Palladium (NYM) -50 troy oz.; \$ per troy oz.		945,30	956,20	942,30	946,40	0,80	21,067						
Sept		943,60	950,60	943,30	942,60	0,90	1,539						
Platinum (NYM) -50 troy oz.; \$ per troy oz.													
July		864,10	878,70	857,60	873,30	10,10	40,204						
Oct		867,60	879,60	861,00	875,00	8,40	47,993						
Silver (CMX) -50,000 troy oz.; \$ per troy oz.													
June		16,305	16,305	16,295	16,439	0,133	1						
July		16,310	16,485	16,310	16,459	0,133	73,711						
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.													
Aug		65,96	69,38	65,71	68,58	3,04	440,211						
Sept		65,25	68,25	64,99	67,63	2,77	268,098						
Oct		64,55	67,29	64,27	66,79	2,60	212,989						
Nov		64,13	66,69	63,99	66,34	2,50	145,431						
Dec		63,87	66,29	63,62	65,96	2,41	293,158						
Dec'19		60,17	61,82	59,90	61,71	1,82	193,081						
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.													
July		2,0771	2,1275	2,0749	2,1254	0,0553	44,034						
Aug		2,0812	2,1314	2,0785	2,1293	0,0551	99,010						
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.													
July		2,0172	2,0732	2,0133	2,0705	0,0582	54,402						
Aug		2,0011	2,0567	1,9968	2,0539	0,0579	122,307						
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.													
July		2,980	2,991	2,926	2,945	-0,03	53,540						
Aug		2,974	2,986	2,924	2,945	-0,02	191,468						
Sept		2,947	2,958	2,899	2,920	-0,02	168,797						
Oct		2,956	2,964	2,906	2,926	-0,02	172,756						
Jan'19		3,187	3,191	3,137	3,160	-0,02	116,060						
April		2,678	2,684	2,650	2,675	-0,06	118,316						

Agriculture Futures

		Interest Rate Futures					Open	High	low	Settle	Chg	Open interest	
		Open	High	low	Low	Settle	Chg	Open	High	low	Settle	Chg	Open interest
Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%													
Sept		143,290	144,030	143,130	143,310	... 795,195							
Dec		143,070	143,130	143,070	143,080	... 63							
Treasury Notes (CBT) -\$100,000; pts 32nds of 100%													
Sept		119,270	119,290	119,205	119,265	-1,0 3,469,995							
Dec		119,145	119,195	119,145	119,195	-2,0 10							
5 Yr. Treasury Notes (CBT) -\$100,000; pts 32nds of 100%													
June		113,202	113,205	113,187	113,217	-5 35,290							
Sept		113,132	113,140	113,095	113,125	-1,0 3,693,950							
2 Yr. Treasury Notes (CBT) -\$200,000; pts 32nds of 100%													
June		106,010	106,012	106,007	106,010	-5 7,668							
Sept		105,277	105,280	105,265	105,275	-5 1,840,133							
30 Day Federal Funds (CBT) -\$5,000,000; 100- daily avg.													
June		98,175	98,178	98,175	98,175	... 145,364							
Aug		98,060	98,070	98,055	98,065	... 276,796							
10 Yr. Del. Int. Rate Swaps (CBT) -\$100,000; pts 32nds of 100%													
Sept		95,469	95,500	95,344	95,469	-0,016 32,							

FINANCE NEWS

Activist Prospects in Carrizo Sale

BY RYAN DEZEMBER

Kimmeridge Energy Management Co. folded its activist campaign against Carrizo Oil & Gas, but it is retreating with about \$90 million profit.

The New York investment firm this past week sold its stake in the Houston energy producer following a sharp rise in its shares since spring. Kimmeridge netted a nearly \$90 million profit on its roughly \$100 million investment in Carrizo shares, according to people familiar with the matter.

Kimmeridge had urged Carrizo to sell its South Texas drilling fields and focus instead on those in West Texas, or combine with a rival. But the investment firm sold out of all but a sliver of its 8.1% stake in Carrizo this past week after the energy company's chief executive went on a television program popular with investors to tout Carrizo's strategy of drilling in both West and South Texas, said Ben Dell, Kimmeridge's founder and managing partner.

Carrizo disclosed the sale in a securities filing Friday. Carrizo didn't respond to requests for comment.

Carrizo's shares have risen 81% since early April when Kimmeridge disclosed that it



Kimmeridge netted a nearly \$90 million profit on its investment in the Texas energy company.

had raised its stake from 4.9% and planned to urge the company to focus on the Permian Basin in West Texas and perhaps find a merger partner. Carrizo's shares shot up 11% the day of the disclosure and rising commodity prices have helped push the stock higher, to a point. The SPDR S&P Oil & Gas Exploration & Production exchange-traded fund gained 19% in that time.

The sharp rise in Carrizo's stock has occurred as oil prices have plunged in the Permian, the result of the region's prolific wells overwhelming pipelines that connect the Texas deserts to markets along the Gulf Coast. At the same time, crude prices in the Eagle Ford shale in South Texas have been above the main U.S. benchmark due to the proximity of those wells

to shipping terminals near Houston, where crude can fetch higher international oil prices.

Kimmeridge had been urging Carrizo's management to sell its Eagle Ford acreage while the price was high and use the proceeds to bulk up in the Permian ahead of pipeline construction that is expected to clear the bottleneck, Mr. Dell said.

Beijing Takes Full Control of Anbang

BY CHAO DENG
AND JAMES T. AREDDY

BEIJING—Chinese authorities confirmed the transfer of nearly full ownership of Anbang Insurance Group Co. to a government-controlled fund, effectively transforming a once boldly entrepreneurial firm into a state-owned enterprise.

The China Banking and Insurance Regulatory Commission approved the transfer of 98.23% of Anbang to China Insurance Security Fund, according to a statement Friday from the regulator.

The fund, which serves as a backstop for the country's insurance companies, pumped nearly \$10 billion into Anbang in April amid government concerns the conglomerate would collapse. The bailout signaled the transfer of control, but until Friday details of its stake weren't known.

The fund will hold control of Anbang temporarily until a private shareholder can be found, a person with knowledge of the process said. In the meantime, the panel of financial regulators that has managed Anbang since the government takeover in Febru-

ary will continue to manage Anbang, the person said. He said the initial one-year time frame the government announced in its seizure notice may be extended by another year if necessary.

The transfer is the latest step by the government to get a handle on Anbang, which has claimed \$310 billion in assets and 35 million customers. The fund has acted as a clearinghouse for shares in insurers before, but Anbang's large size is likely to complicate a sale to other companies, according to analysts, because its operations would be redundant to other big insurers and because restrictions limit who can enter the industry.

Anbang's takeover marked a stunning reversal for founder Wu Xiaohui. After the transfer the percentage now owned by China Insurance Security Fund is virtually identical to a level of control in Anbang that Shanghai prosecutors alleged Mr. Wu maintained by using concealed methods. After a secretive one-day trial in March, Mr. Wu was found guilty of a variety of financial crimes related to fraud and abuse of power and sentenced to 18 years in prison.

SEC Halts In-House Cases

BY DAVE MICHAELS

WASHINGTON—Wall Street's top regulator pushed the pause button on cases being litigated through its in-house courts one day after suffering a defeat at the Supreme Court.

The Securities and Exchange Commission halted all cases pending before its administrative-law judges, as well as cases that had been appealed to the five-member SEC.

The judges on Friday issued orders freezing 12 cases they were considering.

The Supreme Court's decision found the SEC improperly selected its five judges, who

were picked through a civil-service process rather than appointed directly by commissioners. The court said the judges should have been selected by the president or his direct appointees, such as SEC commissioners.

Raymond Lucia, the former investment adviser who challenged the status of the SEC judges, is entitled to a new trial as a result of the decision.

The SEC probably must also retry roughly a dozen other defendants who argued the administrative-law judges were improperly picked, legal experts said.

The SEC last year sought to temper the controversy by rat-

ifying earlier decisions to hire the judges.

But the justices declined to weigh whether that move solved the problem. The commissioners have never directly appointed the judges.

The decision to halt all pending litigation reflects the agency's confusion over how to fix the judges' status, said Michael Liftik, a former senior official at the SEC now at Quinn Emanuel Urquhart & Sullivan LLP.

"The issue is trying to figure out if the commission needs to do anything further to properly appoint the ALJs consistent with the Supreme Court's decision," Mr. Liftik said.

Missing '4' Raises Suspicions

Continued from page B1
Investors often snap up shares of companies that beat expectations, even by a cent, and sell shares of companies that miss their forecasts.

The names of the companies that received the SEC's queries couldn't be learned. The SEC didn't immediately respond to a request for comment.

The investigation is in its early stages, one of the people said. Accounting rules offer some discretion for when managers recognize revenue or expenses, so quarterly adjustments can be legal even when they boost reported earnings per share.

The researchers, Nadya Malenko and Joseph Grundfest, referred to the dynamic they detected as "quadrophobia." The paper was widely read within the SEC, one of the people said.

The SEC has for several years sought to bring more cases over accounting fraud.

Probes involving financial reporting previously had taken a back seat to investigations over complex financial instruments and insider trading after the 2008 financial crisis.

In 2012, the SEC announced it had developed an "accounting quality model" that could scan companies' financial statements for anomalies that might indicate fraud.

SEC economists replicated aspects of Dr. Malenko's and Mr. Grundfest's study and found similar results—cases where the digit "4" rarely appeared over a large number of accounting quarters, one person said.

The paper of Dr. Malenko and Mr. Grundfest, which hasn't appeared in an academic journal and was last updated in 2014, showed that companies with signs of strategic rounding over many quarters were more likely to be charged with accounting violations, to restate earnings,



The SEC is asking at least 10 companies for information about accounting adjustments that could push reported EPS higher.

or become targets of shareholder lawsuits.

"The rounding itself might not be fraud, but it signals a certain aggressive approach to accounting practices," said Dr. Malenko, a finance professor at Boston College. "It can predict more serious accounting violations."

The research rests on an assumption that every number should appear in the tenths place 10% of the time. After reviewing nearly 95,612 quarterly results for more than 25,000 companies from 1980 to 2013, however, the authors found that "4" appeared in the

Companies closely followed by analysts were more likely to report fewer "4s," as were both the largest and the smallest firms. Firms with high stock-market valuations, as well as those with lower earnings per share, were also more likely to show signs of rounding up their earnings, the authors found.

As The Wall Street Journal reported in 2010, computer maker Dell Inc. didn't report earnings per share with a "4" in the tenths place between its 1988 initial public offering and 2006. The likelihood of that happening by random chance was 1 in 2,500.

In July 2010, Dell paid \$100 million to settle SEC charges that it misled investors about the source of earnings and used "cookie jar" reserves to manipulate quarterly results. Reversing excess reserves turned them into income, which allowed Dell to meet quarterly EPS targets in some cases, the SEC said.

At the time, a Dell spokesman said the company's financial-reporting practices are "rigorous" and the company is "committed to ongoing transparent and accurate reporting."

Pushing up earnings per share by a 10th of a cent doesn't require a significant accounting adjustment, making it easier for companies to nudge the ratio higher without attracting much scrutiny. In 2013, the mean additional amount of earnings required to do so was \$222,000, the researchers found.

Rounding can signal a certain aggressive approach to accounting practices.'

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Subject: RFP for Improvement of Roads in Yavatmal District in Maharashtra State

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Road connecting cities, and Pilgrimage centers in the state of Maharashtra by (Two laning / Two Laning with paved shoulders thereof) (The "Project") on Design, Build, Operate and Transfer (the "DBOT Annuity" or "Hybrid Annuity") basis, and has decided to carry out the bidding process for selection of (a private entity) as the Bidder to whom the Project may be awarded.

Brief particulars of the Project are as follows:

Sr. No.	Package No.	Name of the State Highway / Major District Road	Length (in Km)	Estimated Project Cost (Rs. in Crores)	Name of Concerned Division
1	AM-1	A) Improvement to Roads for pilgrimage centres Aundha Nagnath and Mahur in Nanded and Hingoli District, (Yavatmal Dist Border to Shembal pimpli Pusad Gunj Mahur) (SH-257,51 & 265 length 61.450km) Tq.Pusad Dist.Yavatmal	61.450	154.31	Executive Engineer, Public Works Division, Pusad Dist. Yavatmal
2		B) Improvement to roads to Join Taluka and District places in Yavatmal District (Digras Pusad and Darwaha Ner (SH-257 Length 50.173km) Tq.Pusad Dist.Yavatmal	50.173	113.01	Executive Engineer, Public Works Division, Pusad Dist. Yavatmal
3		C i) Improvement to Road Joining District Place in Yavatmal District (Yavatmal Kolambi Ghatanji) C ii) Improvement to Road Joining Two Taluka Places in Yavatmal District (Pandharkawada Sibala - Zari Jamm))	77.75	193.71	Executive Engineer, Public Works Division, Pandharkawada Dist. Yavatmal
4		D) Improvement to Road Joining Two District Place in Yavatmal and Washim District (Yavatmal Darwha Kupata	62.63	187.34	Executive Engineer, Public Works Division, Yavatmal Dist. Yavatmal
5		E (i) Improvement to roads to joining Two Distt. Place in Washim Distt. (Kupta Mangural Pir) E (ii) Improvement to roads to joining Two Taluka Places in Washim Distt. (Kamja Manora)	54.50	142.36	Executive Engineer, Public Works Division, Washim Dist. Washim
		Total	306.503 Km	790.73 crore	

The complete BID document can be viewed / downloaded from e-procurement portal of (<https://maharashtra.etenders.in>) "as per E-tender schedule".

• Bid must be submitted online only at (<https://maharashtra.etenders.in>) during the validity of registration with the (Maharashtra Government e-Tendering Portal) i.e. (<https://maharashtra.etenders.in>) on or before Date of closing for Technical Bid as per E-tender schedule".

Technical submissions of the Bids received online shall be opened on "as per E-tender schedule"

Bid submitted through any other mode shall not be entertained. However, Bid security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause-2.11.2 of the RFP shall be submitted physically by the Bidder on or before Date of opening of Technical Bid "as per E-tender schedule".

Please note that the Authority reserves the right to accept or reject all or any of the BIDs without assigning any reason whatsoever.

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MARKETS NEWS

Treasury Prices Climb On Week

By GUNJAN BANERJI

Government bond prices fell slightly Friday but capped off a second week of gains.

The yield on the 10-year Treasury note inched higher to 2.902%, from 2.899% on Thursday. Yields

CREDIT MARKETS rise as bond prices fall.

Yields rose with global stocks on Friday after a turbulent week, reducing demand for assets perceived as safe like Treasury bonds, which have swung on news from Federal Reserve Chairman Jerome Powell. Mr. Powell said falling unemployment and ramped up inflation could lead to additional interest-rate increases, driving the 10-year Treasury yield higher.

Bond yields have fallen despite the Fed chief's comments on interest-rate hikes.

The 10-year yield rose as high as 2.928% in early trading Friday before paring gains, according to Tradeweb.

Bill Merz, head of fixed-income research for U.S. Bank Wealth Management, said it was noteworthy that yields have fallen since Mr. Powell's comments on Wednesday, finishing a second week of declines.

The 10-year yield has been down for four of the past five weeks.

Economic fundamentals and inflation data, which erode the purchasing power of government bonds' fixed payments, support higher interest rates, but declining yields indicate that investors are questioning these premises.

There has been a disconnect between what the data show and what the bond market indicates investors are expecting, Mr. Merz said.

"There's a real tug of war going on," in the bond market, he added.

Additionally, the Treasury Department will sell more than \$200 billion in debt this coming week, flooding the market with supply.



Saudi Oil Minister Khalid al-Falih before Friday's OPEC meeting, where an output deal was reached.

Blue Chips Post 2% Weekly Drop

By RIVA GOLD AND AKANE OTANI

FRIDAY'S MARKETS The Dow Jones Industrial Average rose Friday but posted its biggest one-week slide since March as escalating tariff tensions drove investors out of companies they fear could suffer under tighter trade conditions.

Stocks wobbled throughout the week, with shares of industrial firms, agricultural companies and auto makers sliding as investors worried that global trading relations were becoming increasingly fractured.

President Donald Trump asked his administration Monday to identify an additional \$200 billion of Chinese goods that would be penalized with

tariffs. He then threatened Friday to impose a 20% tariff on European cars after the European Union began imposing duties on U.S. products ranging from bourbon whiskey to Harley-Davidson motorcycles.

The moves contributed to unease among investors, who worry that such fractious approaches could hinder global growth at a time when many already believe that economic momentum is fading.

The Dow industrials dropped eight straight sessions through Thursday—notching its longest streak of declines in more than a year.

As investors broadly shed risk, investors withdrew the biggest weekly amount from emerging-market equities, financials and investment-grade

bond funds since 2016, according to Bank of America Merrill Lynch.

"We're starting to see some corporate impact to some of the rhetoric coming out of Washington," said Barbara Reinhart, head of asset allocation at Voya Investment Management. "Potentially targeting the auto sector has a far greater economic impact than anything that has been done so far."

The Dow industrials rose 119.19 points, or 0.5%, to 24580.89, Friday but slid 509.59 points, or 2%, for the week.

The S&P 500 added 5.12 points, or 0.2% to 2754.88, and fell 24.78 points, or 0.9%, for the week, while the Nasdaq Composite edged down 20.13

points, or 0.3%, to 7692.82, and lost 53.56 points, or 0.7%, for the week.

Stocks got a boost Friday from energy shares, although that wasn't enough to offset broad declines throughout the week from other sectors.

Dow component **Chevron** rose \$2.51, or 2%, to \$125.10, and **Exxon Mobil** added 1.69, or 2.1%, to 81.38, after members of the Organization of the Petroleum Exporting Countries agreed to a deal to join other big producers in boosting oil production by about 600,000 barrels a day.

The move came as a relief to investors who had been expecting the cartel to decide to boost daily output even further.

That sent U.S. crude for Au-

gust delivery up 4.6%, to \$68.58 a barrel—its biggest one-day percentage gain since 2016. Crude was up 5.8% for the week.

Industrial shares in the S&P 500 rose Friday but posted weekly declines, with **Caterpillar** down 10.08, or 6.7%, to 139.94, for the week and **Boeing** losing 18.97, or 5.3%, to 338.91 over five sessions.

Elsewhere, the Stoxx Europe 600 rose 1.1% Friday but fell 1.1% for the week, weighed down by shares of European auto makers.

Japan's Nikkei Stock Average fell 0.8% Friday and 1.5% for the week, while the Shanghai Composite Index rose 0.5% Friday but dropped 4.4% during the week, for its worst week since February.

Gold's Moment in the Sun Appears on the Wane

Tarnished

Gold hit its lowest level of 2018 on Thursday following its worst five-day stretch in almost a year but rebounded slightly Friday.



BY AMRITH RAMKUMAR

Gold slumped nearly 3% in the past six sessions, hitting its lowest levels of the year, the latest sign that investors are betting on continued U.S. growth and

COMMODITIES shrugging off trade tensions between the world's two largest economies.

Gold's prolonged retreat comes after months of range-bound trading that followed three straight quarterly gains. The recent slump is causing some bullish investors to wonder whether the metal's years-long rebound might be coming to an end.

While gold stayed above \$1,300 a troy ounce for much

of the year, investors are watching to see if further volatility pushes prices lower. On Friday, gold for June delivery rose less than 0.1%, to \$1,267.40 a troy ounce.

With prices still well below 2011 records, some had anticipated that investor fears would push gold higher as investors flocked to assets perceived as safe. Instead, the metal has languished as economic-growth momentum has shifted to the U.S. and the Federal Reserve has continued to raise interest rates. The metal's weakness has coincided with the dollar reaching near a one-year high and the yield on the two-year Treasury piercing 2.5% for the first time since 2008. The developments are causing some analysts to

predict bullion will extend its decline, with few signs that a recession will derail the nine-year-old bull market.

"Gold doesn't seem to be the vogue play right now," said Nathan Thooft, senior managing director of global asset allocation at Manulife Asset Management. "People would rather own short-term Treasurys or make a dollar bet than make a gold bet."

In addition to making gold less attractive to some, a stronger dollar makes gold more expensive for overseas buyers. That is another reason the metal had its worst five-day stretch in almost a year through Thursday even as President Donald Trump escalated a trade conflict with China.

Sliding Bitcoin Sparks Broad Crypto Selloff

By PAUL VIGNA

The price of the top cryptocurrencies fell sharply on Friday, with bitcoin falling near this year's low, after Japanese regulators ordered **bitFlyer** Inc. and five other cryptocurrency exchanges to improve security measures.

Bitcoin was down about 10% on the day at \$6,069 as of late Friday and had traded as low as \$6,022, according to CoinDesk, close to its 2018 low of \$5,947 that was reached in early February.

Friday's selloff was sparked by news that Tokyo-based bitFlyer, one of the world's largest cryptocurrency exchanges, was ordered by regulators to stop taking on new customers, finding that the firm's measures to prevent money laundering and terrorist financing were insufficient.

bitFlyer apologized to its customers and said it would halt taking new customers until it addressed the regulators' findings.

"Our management and all employees are united in our understanding of how serious these issues are," bitFlyer said.

Its statement didn't address corporate-governance issues or the alleged false information, and company representatives didn't answer phone calls seeking comment.

Bitcoin has been falling steadily since hitting a record high of \$19,800 in mid-December. It surged to \$17,136 in early January, but has been mainly moving down since then.

At its current price, it is down about 69% from the De-

cember high.

The top 70 cryptocurrencies were in the red, according to CoinMarketCap.

Ether was down 12% at \$466 as of late Friday. The cryptocurrency, which has the second-highest combined market value after bitcoin, has careened in the past few months, trading at a 2018 low of \$370 on April 6, rising to \$820 on May 5, and falling again to Friday morning's low.

It hit a 2018 high of \$1,226 on Jan. 12.

Rounding out the top-five digital currencies, ripple was down 8.6% at 49 cents on the day, as of late Friday, bitcoin cash was down 14% at \$751, and EOS was down 17% at \$8.66, according to CoinMarketCap.

The total market value of all circulating cryptocurrencies fell to \$261 billion, near its 2018 low.

That is down 69% from the record of \$833 billion reached on Jan. 7.

The percentages sound large, and indeed they are. But in its brief, nearly 10-year trading history, bitcoin has often careened wildly. In 2017, it flipped between what is generally considered a bull or bear market—a rise or drop of 20% or more—about once a month.

In a particularly frenzied 40-hour run in December, it rose 40%. It proceeded to drop 25% in a subsequent 24-hour period.

A few large bitcoin trades may have exacerbated Friday's selling. Within about 10 minutes of each other early Friday morning, two separate trades moved \$44 million and \$55 million of bitcoin.

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FINANCIAL ANALYSIS & COMMENTARY

No Magic Pill for The Drug Industry

Big pharmaceuticals' shares are underperforming—victims of their own success'

By CHARLEY GRANT

It's a golden age for drug development, but the major pharmaceutical companies aren't enjoying the good times.

U.S. health-care spending regularly grows faster than inflation and has reached about 18% of gross domestic product. Prescription drugs are a major component of that sum. The Centers for Medicare and Medicaid Services projects that total U.S. drug spending will rise by 68% to \$600 billion by 2026. Meanwhile, the Food and Drug Administration is approving new medicines at a brisk rate and venture capitalists have poured millions into biotech startups.

Yet the stock market is treating drugmakers as a struggling industry. The NYSE Arca Pharmaceutical Index has underperformed the S&P 500 by nearly 30 percentage points over the past two years. Not all drug companies are suffering. Over that same time frame, an index of small biotech stocks has beaten the S&P 500 by more than 50 percentage points.

One reason for the big stocks' underperformance: "Many larger

pharma and biotech companies alike have now become victims of their own success," says Jared Holz, a health care sector specialist at Jefferies. More money is chasing fewer opportunities, lowering returns and forcing companies that want to grow to take multibillion-dollar risks.

For instance, recent years have produced a trove of innovative medicines. The success stories include drugs that cure hepatitis C within months for most patients. New ways to fight cancer have shown spectacular results in certain patients. Other novel technologies like gene therapy have the potential to help previously untreatable patients.

But the march of scientific progress has translated into fewer unmet medical needs for the industry to tackle. Statins, the cholesterol drugs patients take daily for years, are now available as cheap generics. Today, even great discoveries treat much less common diseases with smaller pools of patients. To make sense commercially, such drugs often carry shockingly high prices per dose, inviting a political backlash.

Drugmakers are more depen-



MICHAEL BUCHER/THE WALL STREET JOURNAL

dent on their big hits than ever. Twenty years ago, Bristol-Myers Squibb's best selling statin, Pravachol, generated annual sales of \$1.6 billion. This year, analysts expect four drugs from Bristol-Myers will top \$2 billion in sales. Yet the company's total sales has increased by a fairly tame 18% in that time frame.

That can pose a challenge since today's blockbuster drug is a future revenue hole that needs to be

filled when competition emerges. Developing drugs has never been easy, but that chase has become much more expensive.

New drug candidates are increasingly complex biologic drugs, not traditional molecules. A member survey conducted by the Pharmaceutical Research and Manufacturers of America found that total spending on research and development topped 20% of sales in 2016, the highest on record. In 1980,

that spending accounted for less than 9% of sales.

Companies that can't develop enough successful new candidates internally need to buy them. About 50% of drugs in the pipeline come from external sources, a 2016 research paper found.

That need to find new drugs, coupled with low interest rates, has increased the temptation to make splashy acquisitions. There have been more than \$190 billion worth of global biotech and pharma acquisitions announced so far this year, according to Dealogic, on pace to top the record of \$315 billion set in 2015.

Deal prices are ratcheting higher, too. The average transaction value this year tops \$335 million. In 2011, that figure was about \$68 million, meaning companies are paying more for unproven drugs.

The strategy can be successful: Gilead Sciences completed one of the industry's greatest deals in 2011 when it bought Pharmasset for \$11 billion, getting what became its \$56 billion hepatitis C drug. But other deals of similar size have fared much worse. Alexion Pharmaceuticals bought Synageva BioPharma for \$8.4 billion, but the deal didn't result in meaningful growth. Celgene spent more than \$7 billion to acquire Receptos in 2015. But the acquired drug hasn't won FDA approval, and Celgene stock has shed more than 40% of its value since last fall.

Finding drugs that can meaningfully boost growth has become a high-stakes game of chance. Lately, the industry and investors have been on a losing streak.

Pharma Woes

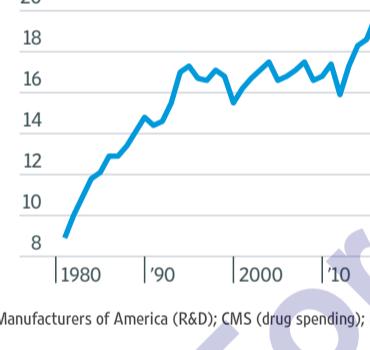
Biotech mergers and acquisitions are shaping up for a record year.

Global Pharmaceutical and biotech M&A deal value



Spending on research and development has gone up for decades.

R&D spending as a percentage of sales



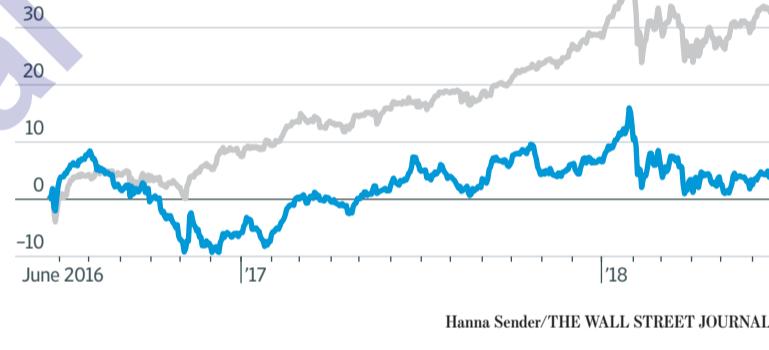
U.S. drug spending continues to rise.

U.S. drug spending



However, pharmaceuticals underperformed for the past two years.

NYSE Arca Pharmaceuticals Index vs. S&P 500



Beijing's Challenge: Propping Up Stocks

Can government stop sell-off without stirring panic?

By JACKY WONG

Chinese stocks are almost in a bear market. That's leaving Beijing in a pickle.

Shanghai's main benchmark closed Friday nearly 20% down from its most recent high, set in January. Worries about escalating U.S.-China trade tensions sent the index down 4% this past week alone.

The trade-war rhetoric is just pushing Chinese stocks further in the direction they were already headed. Regulators have been trying to rein in China's monster shadow banking system for several months, cracking down on the proliferation of wealth-management products. This, along with rising wholesale borrowing costs, has dried up some of the liquidity that had been underpinning stocks.

So far, Beijing hasn't carried out a big rescue effort, as it did in the summer of 2015 when the market lost a third of its value in just a month. Partly, that's because this year's move has been more gradual. It's also because the government

has never quite left the market anyway. The so-called national team, an assortment of government-backed investment funds that often acts to stabilize the market, still owns nearly half a trillion dollars of stocks, according to Wind Information.

Beijing is now in a delicate position, as it decides whether to step up its efforts. One big risk is the fact that major shareholders of listed companies have pledged more than \$800 billion of stocks in return for loans, according to data from the China Securities Depository and Clearing Corp. Any sudden sharp drop in the stock market from here could trigger margin calls, which could snowball into more stock selling.

Little wonder, then, that market participants are expecting some action in the coming days. A cut in the reserves that banks are required to hold at the central bank, which help increase liquidity, seems likely. Beijing will want to ensure this isn't taken as a sign of panic. But beneath the calm surface, policy makers are paddling ever harder.

The Bear Is Coming

Shanghai Composite Index



OVERHEARD

Users of devices like the Amazon Echo and Google Home know this well: Pretend you're planning a beach trip, and want to know the weather, traffic and time of sunset. Each request must be preceded with the appropriate command word, even if one request immediately follows another.

That changed a bit this past week, at least with those made by Google. The Internet giant made its "Continued Conversation" mode available for its line of Home smart speakers. This means users can throw several requests to their devices without using the "Hey, Google" command phrase before each one.

The new mode could raise concerns of eavesdropping since the speakers keep listening after one question. Owners of Google Home devices must opt in to the capability. But don't worry, the Engadget blog notes devices listen only for about 8 seconds after a request. Like having a teenager in the house.

OPEC's agreement helped oil prices rise for the day—though a lot more crude is headed to market

By SPENCER JAKAB

OPEC is "at it again," to borrow Donald Trump's wording, but not in the way he imagined.

The oil cartel reached a preliminary decision Friday to boost output by an effective 600,000 barrels a day, six months before its agreement was set to expire. The Organization of the Petroleum Exporting Countries displayed a show of unity that seemed unlikely earlier in the week, complicated, ironically enough, by the president's tweet. Major producer Iran cast doubt on OPEC reaching an agreement as recently as Thursday, sniping that the group "is not part of the Department of Energy of the United States."

Ultimately, OPEC may effectively boost daily output by 700,000 barrels by year's end.

The fact that the cartel came together in the end helped oil prices rise on Friday, though the output boost is only bullish compared with some of the larger numbers that were being tossed around a day or two ago. Compared with expectations of a 300,000- to 600,000-barrel-a-day increase coming out of a meeting between Saudi Crown Prince Mohammed bin Salman and Russian President Vladimir Putin at the opening game of the World Cup a week ago, it is bearish. Some convoluted oil math explains why.

OPEC's official output increase may be 1 million barrels a day, but the effective number from the car-

tel will be roughly 600,000 barrels a day because some members can't meet higher quotas. But Russia will boost production too, as will some non-signatories, resulting in roughly 1 million extra barrels a day, which should pressure oil prices as the year goes on.

This is why the math of the oil market is important. The current "OPEC plus" agreement, implemented in January 2017, was extraordinarily successful at raising prices and slashing inventories. The exporters jointly agreed to cut output by 2.2 million barrels a day. Of that amount, OPEC's portion was about 1.6 million barrels a day, but the signatories actually reduced output by about 2.15 million barrels a day if one compares last month's production with the October 2016 reference month. All the difference, and then some, can be explained by Venezuela's meltdown—an 850,000-barrel-a-day drop and growing. Another 500,000-barrel-a-day-or-so drop not counted in that total came from politically fragile Nigeria and Libya, whose production isn't counted in the deal numbers.

When all is said and done, OPEC may effectively boost output by something like 700,000 barrels a day by the end of 2018, according to analysts at Barclays who assume that Libya will be able to raise output. Throw in Russia's coming boost and the total output boost may be right around 1 million barrels a day. That is slightly less than what had been expected in recent days.

After its most successful action in decades, OPEC has managed to maintain harmony. For a day, at least, that overshadows the news that a lot more crude is headed to market.



The Art of Hugging
How to make sure workplace embraces are welcome **C3**

CULTURE | SCIENCE | POLITICS | HUMOR

REVIEW

THE WALL STREET JOURNAL.

Harnessing Nature
From sparking fires to splitting atoms: the story of energy **Books C7**



SATURDAY/SUNDAY, JUNE 23 - 24, 2018 | **C1**

Confession of An Anti-GMO Activist

Genetically modified crops have been vilified and banned, but the science is clear: They're perfectly safe. And what's more, the world desperately needs them.



By MARK LYNAS

In a now-famous segment of his talk show, Jimmy Kimmel sent a reporter out to a West Coast farmers market in 2014 to ask food-conscious shoppers what they thought of GMOs. All the interviewees declared their horrified avoidance of GMOs—and then, predictably, failed to come up with an explanation for what the letters "G.M.O." stand for.

The answer, of course, is "genetically modified organism." First launched commercially on a wide scale in U.S. agriculture in 1996, GMOs are typically plants or animals whose genomes have been modified by the addition of one or more genes from another species. From the outset they were met with controversy and resistance, dubbed "Frankenfoods" and subject to boycotts and protests that continue to this day in many countries.

Opposition was largely inspired and led by environmentalists, who asserted that genetically modified crops and foods would cause a range of harms. They argued that GMOs would damage the environment, because some were bred to withstand weed killers,



The main developer of GMO seeds, Monsanto, became a byword for corporate evil in much of the world.

which would then be used to excess.

They claimed that GMOs were especially bad for the developing world, tying farmers to expensive new seeds that would not reproduce, thus destroying traditional agriculture. Some campaigners dubbed GMOs "suicide seeds," pointing to cases of farmers in India who, trapped in debt, took their own lives. Perhaps most crucially, many opponents claimed that genetically modified foods were a threat to hu-

man health, causing a higher incidence of everything from cancer and autism to diabetes and obesity.

This wide-ranging indictment took its toll. In a matter of years, the main developer and proponent of GMO seeds, the Missouri-based agrochemical and biotech company Monsanto, became a byword for corporate evil in much of the world.

I am a science writer by profession, and I know these arguments well because, in those early years of GMO development, I was also an outspoken activist against the new technology. Along with green-minded British colleagues, I trespassed to destroy test fields of GMO crops, lobbied to have foods containing genetically modified ingredients banned in supermarkets, helped to organize

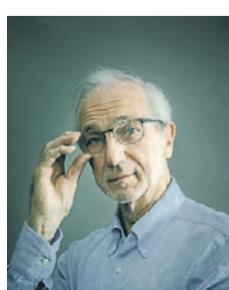
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How could I endorse the scientific consensus on climate change while denying the scientific consensus on GMOs?

This essay is adapted from Mr. Lynas's new book, "Seeds of Science: Why We Got It So Wrong on GMOs," which will be published on June 26 by Bloomsbury Sigma. He is a visiting fellow at the Cornell Alliance for Science.

Inside

WEEKEND CONFIDENTIAL



Architect Renzo Piano on his design ethic, his critics and his ambitious project for a movie museum in Los Angeles. **C6**

Medieval Macron

The French president invokes the reign of Charlemagne as he makes the case for European unity. **C4**

JASON GAY

The beach body our columnist hoped for is missing. He's trying to understand why. **C6**



BASEBALL

Sliding Is Back in Style
Replay review has prompted new basepath acrobatics. **C5**



REVIEW

Science Has Vindicated GMOs

Continued from the prior page

the world's first campaign targeting Monsanto, and even participated in an unsuccessful attempt to steal the world's first cloned farm animal, Dolly the Sheep.

I have since reversed my views on GMOs, as the evidence debunking almost all of these claims has accumulated over the years, but there's no denying the remarkable world-wide success of our campaign.

Numerous countries, from Peru to Russia, now entirely ban genetically modified crops from being cultivated. Only one GMO food crop, an insect-resistant corn, has ever been approved for use in Europe, and most European countries ban it anyway. Only a handful of African countries permit any GMOs at all. China and India allow their farmers to grow genetically modified cotton but little else.

Early research on genetically engineered wheat, potato and rice was shelved due to worries from food processors and retailers, and strict regulations were introduced making it extremely difficult and expensive to get genetically engineered crops approved anywhere in the world.

In the U.S., the anti-GMO movement initially saw only a limited impact as farmers rapidly and overwhelmingly adopted genetically modified soy, corn and cotton. More recently, laws passed in several states and by Congress have mandated labeling for GMO foods. Though transparency in these matters is a good thing, it is often paired with campaigns of disinformation against GMOs, such as the claim that they might transfer allergenic proteins (they don't). Meanwhile, the voluntary butterfly emblem of the Non-GMO Project has proliferated on products across grocery shelves, proudly displayed as a banner of supposed purity.

The problem isn't just that almost all of the alarms about GMOs were false. It's that the anti-GMO campaign has deprived much of the world of a crucial, life-improving technology—and has shown the readiness of many environmentalists to ignore science when it contradicts their prejudices. That's not the example we need just now as the planet faces the very real threat of climate change.

Contrary to our initial fears, the overall impact of genetically modified crops has been to dramatically reduce the amount and toxicity of pesticides sprayed by farmers. Crops such as Bt corn, so called because it incorporates proteins toxic to insects from the bacterium *Bacillus thuringiensis*, have enabled farmers to rely less on sprayed insecticides. A meta-analysis, combining the results of nearly 150 peer-reviewed studies, was published in 2014 in the highly regarded journal PLOS One. It concluded that GMO crops used 37% less chemical pesticide (that is, both insecticide and herbicide) than conventional versions of the same crops, thanks largely to the new crops' internal biological protection against insects.

Pesticide reductions have been especially notable in developing countries. In Bangladesh, for instance, I have seen firsthand how smallholder farmers have benefited from Bt varieties of eggplant. In the past, they often sprayed their crop with toxic chemicals as many as 100 times in a season to fight off pests. The GMO eggplant has enabled them to dramatically reduce insecticide spraying, in some places almost to zero.

And the GMO seeds reproduce perfectly well. Those Bangladeshi farmers save and share their new Bt eggplant seeds, helping their neighbors and extended families also to reduce pesticide spraying. Many crops now in development in African countries, such as drought-tolerant corn and disease-resistant banana and cassava, will be sold royalty-free by local seed companies in an effort to improve the livelihoods of subsistence farmers and reduce poverty.

Nor is there any truth to the charge that GMO crops have driven Indian farmers to suicide. The Bt cotton introduced to India in 2002 has turned out to be a boon. It now accounts for over 90% of Indian cotton acreage, with 800 different competing Bt cotton varieties on the domestic market. Farmer suicide in India, while undoubtedly tragic in each individual case, occurs at a rate similar to



▲ **MONSANTO CREW**
members count
hybrid corn sprouts
in a testing field
near Kihei, Hawaii
in 2014.



37%
less chemical
pesticide is
used for GMO
crops than
for their
conventional
versions, a 2014
study showed.



90%
of Indian
cotton acreage
now consists
of insect-
resistant
GMO plants.

that of such countries as Scotland or France, which don't use GMOs. The German researcher Matin Qaim estimates that the reduced use of insecticides by Indian farmers, thanks to GMO cotton, may have avoided as many as 2.4 million cases of poisoning a year.

Perhaps the most egregious and now-explored myth is that GMO foods are somehow bad for human health. Doctored graphs showing purported correlations between rates of autism and GMO crop adoption, or suggested links between genetic engineering and cancer rates, have become widespread internet memes. A 2015 study by the Pew Research Center found that only 37% of U.S. adults in the general public believe that it is safe to eat genetically modified foods, as compared with 88% of American scientists.

The reason for this gap is clear enough: Anti-GMO activists have peddled a great deal of misinformation to the general public, while the scientific community, in the U.S. and elsewhere, has known for years that there is no basis for the health concerns that have long bedeviled GMOs.

A massive 2016 report by the U.S. National Academy of Sciences concluded that "the data do not support the assertion that cancer rates have increased because of consumption of products of [genetically engineered] crops." Moreover, "patterns of change in cancer incidence in the U.S. are generally similar to those in the United Kingdom and Europe, where diets contain much lower amounts of food derived from [these] crops." The NAS reached the same conclusion for obesity, diabetes, celiac disease, various allergies and autism, pointing to no evidence of higher rates in countries that use GMOs.

The view that GMO foods have no discernible impact on health is now the well-established consensus across the international scientific community. It includes not just the NAS but the American Medical Association, the American Association for the Advancement of Science, the U.K.'s Royal Society, the French Academy of Science, the African Academy of Sciences and numerous others.

Even the usually GMO-skeptical European Commission admitted in a 2010 report: "The main conclusion to be drawn from the efforts of more than 130 research projects, covering a period of more than 25 years of research, and involving more than 500 independent research groups, is that biotechnology, and in particular GMOs, are not per se more risky than ... conventional plant breeding technologies."

Particularly striking to me was the strongly worded statement issued in 2012 by the board of the American Association for the Advancement of Science. It declared, "The science is quite clear: Crop improvement by the modern molecular techniques of biotechnology is safe." This language was almost identical in form to the 2007 state-

ment by the AAAS on climate change, which stated: "The scientific evidence is clear: Global climate change caused by human activities is occurring now, and it is a growing threat to society."

Indeed, it was this issue that forced me to publicly change my mind on GMOs. After my years of anti-GMO activism in the late 1990s, I moved on to write books on the topic of climate change, and I put a great deal of effort into trying to get the science right. I spent years poring through peer-reviewed journals and debating the issue in the media, insisting that the scientific consensus on climate change should be taken seriously.

But how could I so forcefully endorse the scientific consensus on climate change while simultaneously denying the scientific consensus on GMOs? I came to see that my refusal to accept the

science on GMOs put me on the same side, ironically, as those I would contemptuously term "deniers" for their refusal to accept the mainstream scientific view on human-caused climate change.

There are now encouraging signs that the more science-friendly environmental groups are recognizing this contradiction and beginning to shift their positions. Recently, the Environmental Defense Fund, one of the earliest groups opposing GMOs, revised its view on biotechnology after lengthy internal debate. EDF, to its credit, now "recognizes the use of biotechnology as a legitimate deployment of science in the search for effective solutions."

I have often been attacked, especially by my onetime activist friends, for changing my mind on GMOs. But what was the alternative? To stick to a position that I knew to be false in order to avoid losing reputation? Environmentalism, perhaps more than any other philosophy, requires science. And science means that you must change your mind when the evidence changes, however inconvenient that might be.

So what is it about GMOs that made environmentalists so wary in the first place? The real objection, I suspect, has always been a deeper philosophical one, about human beings "messing with nature" in new and uncertain ways. The idea of technological hubris has long been a concern of the Green movement, also evident in the long-standing and equally misguided campaign against nuclear power.

These reflexes explain why environmentalism is often not the progressive force that it claims to be. Holding a progressive worldview means believing in the possibility of positive change, recognizing past improvements and seeing the potential of scientific and technological innovation to solve humanity's most pressing problems. In their campaign against GMOs, environmentalists have flirted with reactionary politics, aiming to block innovation and to protect traditional agricultural methods in the service of often-romanticized notions of vanished rural idylls.

The coming world of 10 billion people demands a more clear-headed and genuinely progressive approach. The great challenge will be to produce enough food for this tremendous surge in population while also protecting enough wilderness areas to maintain some measure of the planet's fast-depleting biodiversity. We simply cannot feed the high-consuming population of the future using the low-productivity methods of the past.

Science has already helped humanity to nearly abolish the specter of famine. If it is not to reappear in decades to come, in tandem with ecological collapse, we must allow scientists to keep doing their jobs. They shouldn't be hindered by those who, having already filled their bellies, have the luxury to indulge in righteous, ill-informed campaigns against promising new food technologies.



Paul Manafort leaving a courthouse in Washington in February.

and Mother Jones, Greg Andres, an attorney from the office of special counsel Robert Mueller, alleged that Mr. Manafort had engaged in the practice of "foldering." CNN's Marshall Cohen summarized the charge on Twitter: "He made an email account and shared the password. He wrote messages but saved them as drafts, never sending actual emails. Other guys open the draft, read it, delete."

Mr. Manafort, who is awaiting trial, has denied the accusations against him and pleaded not guilty in two cases involving tax and lobbying allegations.

The technique of using a draft email folder to share mes-

sages without transmitting them is an old one, long known to cyberintelligence experts. But the term that Mr. Andres used for it is evidently new.

The word "folder" itself has been used for something that folds or is folded since the 16th century, according to the Oxford English Dictionary. By the early

20th century, it typically referred to a folded organizer of loose papers, the kind that fills up filing cabinets.

In the early 1980s, "folders" went digital. In a 1982 article in Byte Magazine, the creators of a user interface for Xerox office computers wrote, "We decided to create electronic counterparts to the physical objects in an office: paper, folders, file cabinets, mail boxes, and so on—an electronic metaphor for the office."

A decade later, techie types were using the word "foldering" to describe how email applications organized a user's

messages into folders. A 1991 advertisement for Microsoft Mail 3.0 read, "There's even click and drag foldering. Which gives you a better, more intuitive way to store and retrieve messages."

It took the Manafort case to move "foldering" in a new direction. As Kurt Opsahl, deputy executive director of the Electronic Frontier Foundation, told me, "While I've been following use of the technique for a long time, the Manafort case was the first time I noticed the specific term 'foldering' being used to describe it." Previously, it had been known by such de-

scriptions as "the draft folder technique" or "dead-drop email," Mr. Opsahl said.

"Dead drop" (or "dead letter box") refers to an old standby in espionage, popular in the Cold War, in which information is passed by covertly placing material at a secret location. Using a draft email folder or a shared online dropbox is an electronic update on this idea.

While digital dead-dropping has been reported to be a favored tactic in terrorist cells (as depicted on screen in the 2008 spy thriller "Traitor"), the most famous example prior to Mr. Manafort came to light in 2012, when F.B.I. agents uncovered secret messages shared between David Petraeus, then the Director of the Central Intelligence Agency, and his biographer Paula Broadwell. As The Wall Street Journal reported at the time, Mr. Petraeus and Ms. Broadwell were discovered to be using "the draft-email trick."

The introduction of a single word, "foldering," to label this practice is handy shorthand. Whether the technique will offer refuge from the digital police is another question.



WORD ON THE STREET

BEN ZIMMER

In Manafort Case, An Old Spy Trick Enters the Digital Age

WHEN President Donald Trump's former campaign chairman Paul Manafort was ordered to jail last week after facing allegations of witness tampering, a prosecutor in the

case used a peculiar word to describe one of the ways Mr. Manafort was secretly communicating with potential witnesses.

During last week's court hearing, as reported by Politico

[Foldering]

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REVIEW



A Farewell to Arms?

Workplace hugging has been a target of the #MeToo movement, but ever more people are doing it: how to make sure that embraces are welcome

BY PEGGY DREXLER

IS HUGGING PERMISSIBLE as a greeting in the American workplace? It's a fraught question in these days of ongoing #MeToo revelations, with women highlighting practices that have long made them feel harassed, or worse, in their work lives.

Pixar co-founder John Lasseter recently left Disney following complaints about his unwanted workplace hugging. Writing to his colleagues, he apologized to "anyone who has ever been on the receiving end of an unwanted hug or any other gesture." Like Mr. Lasseter, California State Senator Bob Hertzberg was long known for his workplace embraces—he had earned the nickname "Huggy Bear"—but in March he was forced to stop, and to apologize, by the body's rules committee. Its investigation found that his hugs had made many female colleagues uncomfortable, though in most cases, it said, they were "not unwelcome."

What complicates the question is that business hugging has become an increasingly common practice, at least in certain industries. In a survey earlier this year of 400

hiring managers in marketing and advertising by The Creative Group, a national staffing firm, 65% said that hugging colleagues is at least somewhat common. More than half said that they greet clients with a hug versus a handshake. Both figures were lower in the company's 2016 survey, and in 2011, only 30% favored hugs over handshakes for co-workers, and far fewer did for clients.

Proponents of workplace hugging say that it is a way to establish closeness and trust, a boon for business. "I'm a salesperson, and good relationships are key for my growth," says Carrie Denley, who works in sales for a Boston-area plastics company. "I've been in the industry so long that most of my clients are very used to me." No one, she says, shakes hands anymore, aside from a handful of her older clients. And even with them, says Ms. Denley, "a solid handshake and a quick hug tends to be the norm."

Atlanta attorney Kevin Patrick says that his specialty in personal injury cases warrants the more-than-occasional hug. "We'll often encounter clients that are facing very tough and painful circumstances," he says. "I used to take the position that hugging was inap-



Don't
hug
someone
who
works
for you.
And
don't
linger.

propriate at work, but now our firm gives a fair amount of discretion. We want to be seen as compassionate and sympathetic because we are. A hug is a sign that we care about our clients." That said, Mr. Patrick and his colleagues adhere to a rule: Don't initiate. "If a client hugs us," he says, "then we will embrace them back."

Josh Rubin, who owns a small marketing agency in Sacramento, has adopted the same reciprocate-only rule for his workplace, and for himself. About a year ago, he fielded a complaint from an employee related to another employee's hugging. "I had seen it happen, and never thought much of it," he says. "I figured, two grown people can do their thing. But what I didn't consider is that the female didn't feel enabled or empowered to say no." He says that he will never hug employees.

Science supports the notion of using touch to encourage cooperation and mutual support. A 2010 study in the journal *Emotion*, conducted by researchers at the University of California, Berkeley, looked at the power of "tactile communication" among teammates on NBA teams. It showed that a gentle or supportive touch can engender feelings of affection, help to create a sensation of trust and reduce levels of the stress hormone cortisol.

A survey of more than 3,000 people by two management professors, from the Wharton School and George Mason University, looked at workplace relationships across a range of industries, from financial services to real estate. As the researchers wrote in 2014 for the *Harvard Business Review*: "People who worked in a culture where they felt free to express affection, tenderness, caring and compassion for one another were more satisfied with their jobs, committed to the organization and accountable for their performance."

Making such connections through physical contact now comes with new risks, of course. In February, a federal court in Los Angeles ruled that hugging employees—no matter the gender of the person doing the hugging—may create a hostile work environment. Many companies have begun to ban hugging, and plenty of women shy away from it at work. Lynn Zakeri, a Chicago-area clinical therapist, says that many of her colleagues have become her best friends and came to her wedding, but they still draw lines at work: "We may meet for dinner and hug hello. But we don't hug in the hallways."

Many women also avoid hugging for professional reasons, from a desire to be taken more seriously. In Sheryl Sandberg's influential 2013 book "Lean In" and other advice manuals, women are often told to be direct, to voice their opinions and always to give a firm handshake.

The good news is that handshakes can be an effective way of forging a bond, too. A 2012 study published by a team of researchers at MIT in the *Journal of Cognitive Neuroscience* reported that a firm handshake increases the likelihood of a positive reaction and diminishes the chances of a negative response.

For businesses and individuals that do allow or encourage hugging, a few basic guidelines can ensure that the gesture doesn't cause problems or misunderstandings. Don't hug someone you supervise. Don't hug if you're not sure the other person would welcome the hug. Don't linger. If, conversely, you're not a hugger and you sense that someone you're meeting is, don't be afraid to set out your boundaries: Say, "I'm not a hugger."

And pay attention. "Not everyone wants to feel affection at work, so it's very important to ask permission and read people's non-verbal cues," says Flame Schoeder, a life coach in Omaha. "If they lean out or seem uncomfortable, err on the side of caution. If they initiate, gently reciprocate. Remember, just because you're a hugger doesn't mean everyone else is." If a sense of belonging is what you want to communicate to your colleague or client, Ms. Schoeder suggests, use affirming language instead: "It may be even more meaningful to them than a hug."

Dr. Drexler is a New York City-based research psychologist and author of two books about gender and families. She is currently at work on a book about the failings of feminism.

The Season for Learning To Do Nothing

BY PATRICIA HAMPL

IBARELY HAD TIME to digest my colleague's automated out-of-office email reply—"I regret missing your message. I am out of the office for two weeks on vacation, without access to email"—when her email arrived. Thirty seconds, and there she was, zooming in to solve my minor bureaucratic problem from her lake cabin half a continent away. She was still on the job, at the ready to put out any little fire flaring up on the distant horizon. "I'm only checking email twice a day," she wrote sheepishly—or was it proudly?

We are all breathless with our busyness, over-amped with everything we must/should/could do, gleaming with how necessary we are. Time off is a guilty pleasure. Or maybe, deep down in the contemporary heart, it's mainly just guilty: I should be making myself

useful, if only to myself. This duty-driven life makes it difficult to really and truly go on vacation, or as we say, "take" a vacation—as if it were a form of theft, low-grade larceny, time pilfered from the cash machine.

How to leap off the grid of good behavior and duty, how to be out of reach? Especially out of reach of one's own inner compulsion to be—well, doing something.

Some vacations, of course, pose no such problem. Skiing, scuba diving, following the Piero della Francesca trail in Umbria—such vacations are chosen assignments, pleasurable tasks, activities, projects. No trouble there.

But how about just letting go, allowing yourself to drift into a free fall of ease for a couple of weeks? Spend the day without knowing quite where it went—and be happy about this lapse into timelessness. Take two weeks to do nothing much, to have nothing to show for it—and find you're the better for it. Possible?

"Summer afternoon—summer afternoon," Henry James wrote late in his life, repeating the phrase with evident relish, as if to squeeze the full pleasure out of it, "to me those have always been the two most beautiful words in the English language." It's easy to see his point, to follow him into the meadowland that those two words conjure effortlessly. Surely "summer afternoon" suggests a lovely aim-



For those of us breathless with our busyness, summer is a chance to be aimless, to enjoy a full and indulgent ease. lessness, with time as a friendly spirit guide, not a haunting, hectoring ghost. Lemonade, ice beading the glass, comes to mind, and a fat 19th-century novel that you'll never actually finish but can drift into, and then let fall open on the grass, as you get lost (you're in a hammock under a big shade tree) in a drift of clouds passing overhead, shaping and reshaping themselves.

That's "summer afternoon" for you. It gathers you up, paradoxically, when you give up hunting for it. Keep it simple: Walk the dog, let her sniff to her intelligent nose's deep content—no rushing her along to get the job done. Pausing, gazing, staring idly—this is the odd discipline of leisure. Let it find you on a park bench, with a bag of stale bread for the ducks in the pond.

Or entertain that purest of emotions: curiosity. An old woman with her grandchild on the grass nearby is deftly twirling her blunt little knife around an apple, the

red ribbon of the peel falling in a single flourish, as if the apple had slouched out of its red dress. The grandchild reaches not for the apple but for the beguiling ribbon. You've discovered that noticing is what it's all about.

A nap occurs somewhere in the midst of this summer afternoon, the kind where you don't really fall asleep but glide around in your mind, surprised by a memory, a moment, a regret, maybe your mother's hands, her rings swiveling, your father and his deep frown, or that bully in second grade you kicked in the groin, glad to hear him howl and stop teasing you.

Now you're smiling. Your mind floats among these drifting bits that suddenly seem intensely worthy of attention, valuable. Just pause over these lost details, the collection you didn't even know you'd amassed.

Maybe that's the way to practice for the launch of a successful vacation—not with a plan for two weeks freighted with expectation but with a single afternoon at full and indulgent ease. Call it a summer afternoon, not quite vacation time. It leads you past the fretful workweek into this sweet shimmering season you've been waiting for all year long.

Ms. Hampl's latest book is "The Art of the Wasted Day," published by Viking.

EVERYDAY MATH

EUGENIA CHENG

Numbers That Can Check for Their Own Errors



I WAS RECENTLY trying to make an international bank transfer and kept getting an error message online. The bank told me that the international bank account number must be incorrect—and I realized I must have been given the wrong number. Though frustrated, I was grateful that the error had been detected and that my money hadn't just disappeared into someone else's bank account. I had been saved by the mathematics of error-checking codes.

An error-checking code is an extra number inserted into the genuine information you are transmitting. Its only role is to detect any errors. For account numbers we might want to check for common mistakes, such as digits being switched or repeated incorrectly.

One widespread system is called a checksum. For example, suppose you're trying to send the number 789 to someone. A basic checksum says: Add all the digits together and use the last digit of the result. Here we would add 7, 8 and 9, which makes 24. We take the last digit, 4, and put it on the end of our original number to give 7894. Now if someone accidentally writes down 7994, we can calculate $7+9+9=25$, so the last digit should be 5. This alerts us to the error, although we can't tell what it is—as many other mistakes would produce the same error, for example 8894.

This system is simple but not very powerful. One problem is that it can't tell if someone transposes two digits, say 8794. One attempt at a solution is that, instead of just adding the digits together, we can multiply them by their position in the string of numbers first and then add them up. So for 789 we would take $1 \times 7 + 2 \times 8 + 3 \times 9 = 50$. This gives check digit 0, making the new code 7890. Now if someone writes down 8794 by mistake, the calculation yields 49. As the real check digit is not 9, we know there is an error.

There is still a problem here, as there are only 10 possible check digits. For longer numbers, that makes it dangerously likely that the checksum could match, despite an error. For example, 123456789 has a checksum of 5, according to the above method, but so does 723556789. The easiest solution is to use a longer checksum, perhaps taking the last 2 digits from the calculation instead of 1. For our example, this would give a checksum of 85 for the first one but 95 for the second, successfully detecting the error.

There are very complex, much more powerful methods, but the question is what is worthwhile for the needs of a given situation. Bank-account numbers are much more sensitive, so they tend to have a two-digit checksum, calculated as follows: Instead of taking the last two digits from the calculation, you take the remainder after dividing by 97. This is called "calculating modulo 97." The fact that 97 is a prime number—divisible only by 1 or itself—is supposed to make the system more secure. Taking the last two digits is the same as taking the remainder after dividing by 100; 100 is not prime, so this might make the system less secure.

By contrast, ISBN numbers, used to track books, can't do as much damage as an incorrect bank number. ISBN checksums, just one digit, are calculated modulo 11, that is, taking the remainder after dividing by 11. At the other extreme, the "Adler-32" checksum is calculated modulo 65521. This would be over-the-top for checking a 10-digit number, but it is very helpful for checking whether digital data has been corrupted. Files stored on a computer have rather more than 10 digits to check.

The theory of the arithmetic of remainders is a part of pure mathematics that was long

considered

useless. As

often

happens

4561 **463** **4**

with seemingly obscure corners of research, however, this math has turned out to be enormously practical. It now furnishes us with powerful tools for protecting some of the world's most sophisticated and crucial transactions.

TOMASZ WALECKI

REVIEW



THE CORONATION of Charlemagne on Dec. 25, 800, in Rome by Pope Leo III, as painted by Jean Fouquet in the mid-1400s.

FROM TOP: GETTY IMAGES; RONALD WITTEK/ERAF/EEF/REV/SHUTTERSTOCK

Charlemagne To the Rescue

Battling against skeptics for the direction of Europe, France's president reaches back to the year 800 for inspiration

BY SIMON NIXON

EUROPE CAME INTO the world as a political idea in the year 800, or so many historians have long argued. That was the moment when Charlemagne, the leader of the rising Carolingian dynasty, received the blessing of Pope Leo III for bringing together the whole of the continent, from the Atlantic to the Danube and from Italy to the North Sea. It was the start of the Holy Roman Empire.

But the unity didn't last long. After Charlemagne's death, his warring heirs carved up his empire into several kingdoms. Among them was Lotharingia, a short-lived creation encompassing modern Belgium, the Netherlands and the Rhineland areas of France and Germany.

Ancient history? Not if you're Emmanuel Macron. The French president invoked these chapters of the continent's past last month when he traveled to the site of the ancient Carolingian palace in Aachen, Germany, to receive the Charlemagne Prize, given annually by the city since 1950 for contributions to European unification. The challenges that the European project now faces are certainly not lost on Mr. Macron, nor on German Chancellor Angela Merkel, who introduced him for the honor and is herself a previous winner. Both now confront anti-European sentiment at home and within the membership of the European Union.

Receiving his prize, Mr. Macron spoke of what he called the "Carolingian dream"—a dream "of unity sought, harmony won amid differences, and a vast community marching in the same direction, that of a Europe united in its beating heart." But he also acknowledged the dark counterpoint to the dream of Charlemagne, what he called "the Lotharingian risk"—then and now, "the risk of extreme division."

In his learned and diplomatic way, Mr. Macron was appealing for French-German unity. For a French president, pointing to troubles caused by divisions in medieval times is safer ground than recalling, say, the terrible costs of the Franco-Prussian war or World Wars I and II. The overture is especially important because Germany is Mr. Macron's most essential ally in pursuing a new course for the EU. "This was an appropriate way to highlight the risks that Europe currently faces," says Dr. Peter Frankopan, professor of global history at Oxford University. "The years following the collapse of the Carolingian empire were among the darkest of the Dark Ages, and it was another two centuries before Europe was back in business."

Mr. Macron's outreach to Germany is preparation for a looming political battle for the direction of Europe. He and Ms. Merkel have just put out a joint manifesto seeking a substantially expanded common European border force, the creation of an embryonic

eurozone budget and closer coordination and cooperation on defense and foreign policy. Their initiative arrives as Europe's leaders head to Brussels next week for a summit where tensions threaten to boil over about these very issues.

Skeptics such as Hungary's Prime Minister Viktor Orban are wary of handing new powers to the EU, arguing that only individual nations can properly protect their citizens. Mr. Orban, who has thrived domestically while resisting EU policies, got moral support from a new source last weekend. He and



MR. MACRON with Angela Merkel after receiving the Charlemagne Prize in Aachen, Germany, on May 10.

U.S. President Donald Trump made a joint call for "strong national borders," giving a boost to the Hungarian leader's stand. This comes after Mr. Trump's very public disagreements with both Ms. Merkel and Mr. Macron at the recent G-7 summit in Canada.

Some wonder if Mr. Macron has chosen a poor moment to press for new EU powers. "It is quite unwise for a leader to stir up differences, particularly when the EU is doing much better," says Adriaan Schout, senior research fellow at the Dutch think tank Clingendael. Indeed, Europe has freed itself of at least some recent crises: The financial system has been strengthened, the continental economy is growing and Greece is about to exit its bailout program. Even the number of asylum seekers, while still a political lightning rod, is running at a fraction of its peak three years ago. Mr. Macron's aim of increasing the power of institutions is not even necessarily popular in France, Mr. Schout adds: "It is also a very East-West view of the chal-

lenges facing Europe that doesn't take account of the Northern European dimension."

Mr. Macron's effort carries risks of its own. It may well end up accelerating Europe's fragmentation rather than forging the unity he seeks. As the battle over the continent's future intensifies, new political alliances are emerging that also recall the distant past, if not Mr. Macron's "Carolingian dream." Eight Northern EU members published a joint report earlier this year pushing back against Mr. Macron's agenda. The group quickly received its own medieval sobriquet: the new Hansa League, a reference to the alliance of trading guilds that flourished along the shores of the Baltic and North Seas in the late Middle Ages. Meanwhile, Poland is promoting the Three Seas Initiative, which brings together countries that border the Black, Baltic and Aegean Seas, and consciously recalls the Polish-Lithuanian Commonwealth that flourished from the 13th to the 18th century.

These alliances are too loose and their members insufficiently aligned to pose a risk to European cohesion. But they are a reminder that historical narratives matter in politics, and that European history offers lessons that can be used to bolster any number of political views. Mr. Macron's use of the

Carolingian narrative to make his plea for European unity is astute, says Prof. Frankopan, but the fact that he feels the need to invoke it may be a sign that it is already too late.

Charlemagne's empire was forged by conquest and sustained by the blessing of the Pope and the precedent of the Roman Empire. Until recently, the European Union appeared to be held together by a shared set of liberal values, a common legal order and the umbrella of a U.S. security guarantee. Now all of these assumptions are in doubt, with central European governments led by Mr. Orban challenging democratic and constitutional values, the U.K. rejecting the EU's legal order and Mr. Trump questioning the entire system of multilateral alliances that has maintained Europe's security.

The danger for Mr. Macron is that the real lesson of Europe's early medieval history is not the one he has drawn. The division of Charlemagne's empire produced Western and Eastern kingdoms that became the core of modern France and Germany, two of Europe's most enduringly successful states. It may be that the EU itself will turn out to be Lotharingia—an artificial creation lacking the cultural cohesion to succeed.

REVIEW



JAVIER BAEZ of the Chicago Cubs, who made a rare steal of home plate in June, slides into third base last August at Wrigley Field.

BY RICH COHEN

FOR ME as a Chicago Cubs fan, the best play of the 2018 season so far hasn't been Javier Baez's daring steal of home against the Mets on June 3 or left-fielder Ian Happ's sprawling catch to end a game against the Pirates on June 8. It was a slide—specifically, the "swim slide" that shortstop Addison Russell used to avoid a tag at home plate by the St. Louis Cardinals catcher on May 5. In a well-executed slide of this sort, the runner, sliding head first and then stroking across the ground like a swimmer, distracts the infielder with one hand while reaching the base with the other.

A swim slide often fools the naked eye, which is why the ump usually calls the runner out. And that's where the real fun begins, at least for me, in this new era of replay review. I wait nervously as the men in black gather in their holy circle, head-phoned and meditating, and far-off baseball bureaucrats make a careful, many-angled slow-motion study. The play flashes on the stadium's big screen, and the ump throws out his arms: Safe! The crowd goes wild.

Addison Russell's magical slide meant not just a run for my Cubs but yet another sign that sliding has re-emerged as a high art. Back in what students of the game call "the dead ball era," a single ball was kept in play until it was lost or fell apart, rendering it, by the late innings, the same color as the infield dirt—and exceedingly difficult to hit. The resulting lack of offense put a premium on risky flights of basepath fancy that might secure an all-important run. This style of play continued into the 1920s, when new rules ushered in Babe Ruth's glory years and the modern slugger's game.

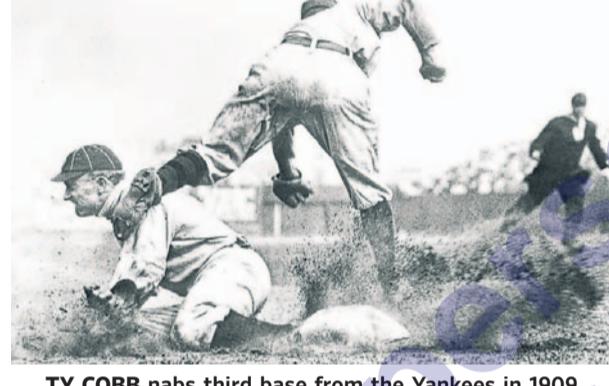
When Major League Baseball expanded its use of replay review for the 2014 season, it had the unintended consequence of making it worthwhile for players to once again refine the acrobatics of the elusive slide. Plays that would once have ended in outs can now be studied in slow motion, with the on-field verdict often reversed. The new rules, married to state-of-the-art technology, has enriched the national game, turning it back to its roots.

According to baseball lore, Bob Addy was the first player to slide in a pro game. He did it in 1866, a half decade before the formation of the National League, as a member of the Rockford (Illinois) Forest Citys. But the tactic wasn't perfected until the 1880s, when Mike Kelly was playing for the Chicago White Stockings.

Kelly excelled in every part of the game, but

New Glory Days for Slides

In the era of replay review, elegant moves on the basepath finally stand a chance



TY COBB nabs third base from the Yankees in 1909.

especially on the bases. He was among the first runners to deploy "the hook." If beaten by a throw, rather than slide into the tag, Kelly would slide past the base, then hook it with his foot. The subject of one of baseball's earliest anthems—"Slide, Kelly, Slide!" predates "Take Me Out to the Ball Game" by years—"King Kelly" was the model for later dirt-smeared, rough-and-tumble players like Pete Rose and Lenny Dykstra.

Kelly was followed by a string of base-running greats. Most notorious was Ty Cobb of the Detroit Tigers, who came into second base with spikes high, looking to break up double plays. There were also Jackie Robinson, Willie Mays and Pete Reiser, who stole home seven times in 1946. (Cobb did it eight times in 1912.)

By the 1960s, fans could identify a catalog of characteristic slides, each deployed to solve a specific problem. In addition to the hook, there was the "back door"—sliding past the base, as if

you wanted nothing to with it, then reaching back—and, of course, the head-first slide, popularized by Pete Rose.

I began to watch baseball in the mid-1970s, and by then the slide had fallen into decline. There were still a few great practitioners, such as Joe Morgan of the Reds and Willie Wilson of the Royals, but for the most part, the explosion of offense and the reliance on the long ball had remade the equation: The exquisite handsy dive no longer seemed worth the risk of injury. Why kill yourself, when the ump was probably going to call you out anyway? How could he possibly be expected to see a trick of the limbs amid all that roiling chaos?

But instant replay has changed the math once again—changed it as the arrival of the close-up in movies changed acting. In this on-field drama, a player like Javier Baez is akin to Marlon Brando: an artist who has mastered the sort of tiny gesture that can be seen only by a camera.

Replay has also made the job more difficult. The camera not only sees if the runner avoids the tag but also if he maintains contact with the base throughout the play. If a runner loses that contact at any point—getting back to his feet, say—while the tag is still in place, he's out. As Blue Jays manager John Gibbons told reporters in 2015, "Before last year, infielders wouldn't hold the tag on the runner—they'd just tag and get off. And now, because of instant replay, you see everybody holding the tag on the runner."

The result has been a new generation of sliding maestros. My list includes not just the Cubs' Javier Baez but also the Angels' Mike Trout and the Nationals' Michael Taylor. Players have cooked up ever new varieties of slides. In addition to the classics, we've seen such one-off innovations and oddities as the "pop up," in which the Pirates' Josh Harrison rose from his slide before reaching base and then navigated safely around the tag, and the Superman, in which the Royals' Chris Coghlan jumped clean over the catcher.

Some fans hate instant replay. Because it delays the action. Because it relies on faceless officials. Because it relieves on-field umps of responsibility, perhaps leading to a decline in professionalism. But I love it. Because it makes athleticism and sleight of hand paramount. Because it encourages creativity and risk-taking. But mostly because it gets the ruling on the field closer to the ideal and beauty of the heavenly spheres, which is truth.

Mr. Cohen's most recent book is "The Chicago Cubs: Story of a Curse."

ASK ARIELY

DAN ARIELY

A Spin on Exercise Vows

Dear Dan,
I hate exercise and always have, but I've recently started going to a spinning class, which I hate less than other forms of exercise. At the end I usually feel pretty good, but getting there is still a struggle. How can I motivate myself to go? —Amy

Clearly your future self wants to exercise, so why not help yourself along? You could arrange to work out with a good friend, which would provide encouragement and social pressure. And when she's not available, you could make a deal with her: You have to text her a new photo of yourself sweating at the end of the class or else pay her \$20. My guess is that the social pressure coupled with the financial incentive will compel your future self to exercise.

If neither of these approaches works, try setting up a regular meeting with an especially annoying colleague just before your scheduled spinning class. That way, you'll be eager to get out the door, and after the meeting, the cycling will feel like a joy.



Hello!
What makes people show up at charity events and donate? Do they just want to promote themselves as virtuous, or are they genuinely altruistic? —Alexandra

Many factors come into play at charity events. If you attend, you're signaling that you're part of a group and committed to its cause. But the social signaling doesn't stop there. Numerous studies have shown that the more public people's charitable behavior is, the more they donate. In a 1984 study published in the Journal of Consumer Research, Joel Brockner and his colleagues showed that people were more willing to donate to a charity when they were solicited in person compared with a phone call. So altruism no doubt motivates many donors—but social factors can boost their giving.

Dear Dan,
My wife and I alternate who loads and unloads the dishwasher. If she's the loader and I'm the unloader, I often notice that she has placed certain items facing away from the water jets. My own research suggests that this isn't the most effective way to get things clean. I haven't seen a lot of residual bits of food on our dinnerware, but my wife's habit still bothers me. Should I make some comment about dishwasher arrangements, hoping to give her a learning opportunity, or maybe suggest that we read the instruction manual together? Or should I just forget about it and let the crumbs fall as they may? We are otherwise happily married. —Michael

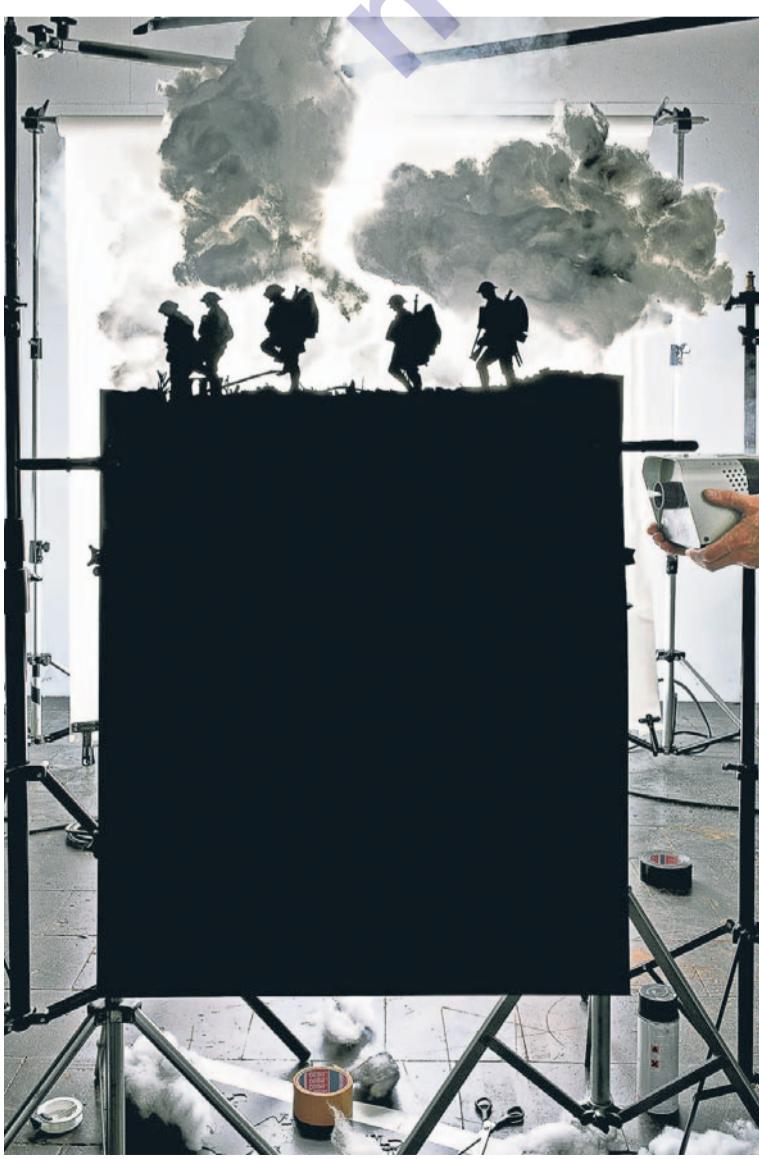
If loading the dishwasher were the only issue in your relationship (now or in the future), I would recommend an evening with the instruction manual and other sources on optimal dishwasher use. But it's probably not going to be the only small annoyance in your marriage—minor irritations are a natural part of a healthy relationship. So I suggest that you consider this an opportunity for personal growth. Since your wife's method doesn't seem to lead to dirtier dinnerware, why not let it be? Letting go is an important skill—and you have in this everyday chore a great opportunity to practice it.

Have a question for Dan? Email AskAriely@wsj.com

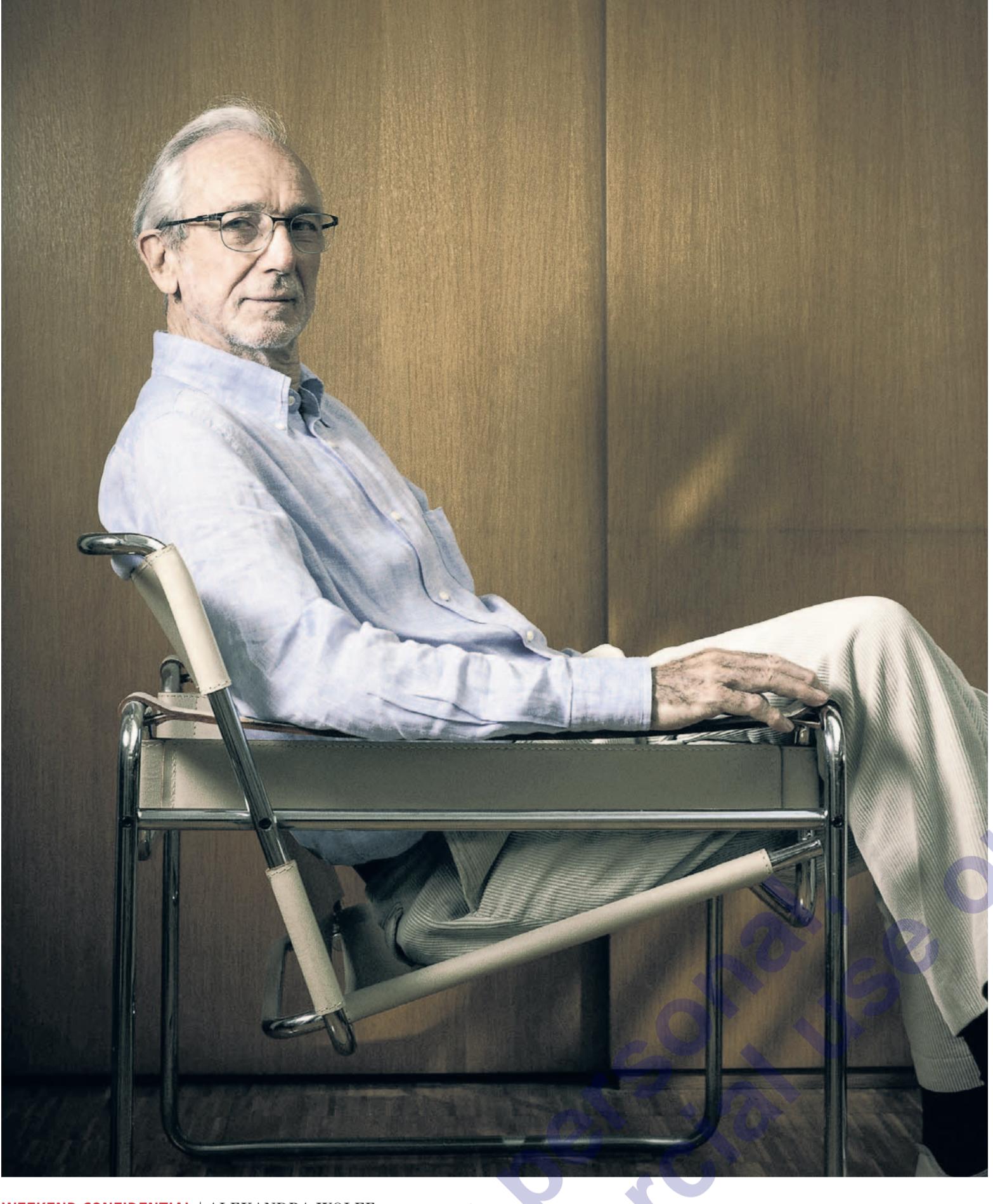
EXHIBIT

Second Takes On Classic Photography

BACK IN 2012, the Swiss photographers Jojakim Cortis and Adrian Sonderegger couldn't find any work. So to pass the time, they decided to recreate what remains the most expensive photo ever sold at auction, Andreas Gursky's 1999 "Rhein II." In their studio, they made a 3-D model of Mr. Gursky's scene of a river running through two green fields, and then took their own picture of it. What started out as "a little bit of a joke" is now a new book called "Double Take" (Thames & Hudson, \$40). The 39 images of recreated photographs include famous images such as the Concorde crash, the Exxon oil spill and President John F. Kennedy's assassination. To re-enact astronaut Edwin 'Buzz' Aldrin's 1969 photograph of his footprint on the moon, they tried to mimic the moon's surface first with sand, then with flour, and finally with cement powder. To capture Ernest Brooks's "Five Soldiers Silhouetted at the Battle of Broodseinde" (1917), at left, the artists used cotton wool to make the clouds. For each image, they researched the historic moment and the actual landscape and materials in the shot. "We always say we're like forensic detectives," says Mr. Sonderegger in an interview in the book. "We have to go quite deep." —Alexandra Wolfe



REVIEW



LAURA STEVENS FOR THE WALL STREET JOURNAL

WEEKEND CONFIDENTIAL | ALEXANDRA WOLFE

Renzo Piano

Airy, open structures for elite institutions

ITALIAN ARCHITECT Renzo Piano, the 80-year-old Pritzker Prize winner, has spent his career trying to change how people experience civic buildings. From his first major commission, Paris's high-tech Centre Georges Pompidou, which opened in 1977, to more recent projects such as New York's Whitney Museum of American Art and the soon-to-open Academy Museum of Motion Pictures in Los Angeles, Mr. Piano says that he has had one primary aim: to make elite institutions more accessible.

"The museum used to be quite intimidating... a bit too static," he says. His passion is for creating places where people enjoy the same thing together. "This is what I call [the] conviviality of sharing values."

His most recent major work, a new courthouse complex in Paris, opened to the public this spring. The Palais de Justice consolidates

previously scattered legal and judicial offices into a soaring glass-covered structure in an industrial neighborhood near the Saint-Denis suburb north of the city.

He is known for striking, light-filled structures, which also include the Menil Collection in Houston (1987), the Beyeler Foundation Museum in Basel, Switzerland (1997), and the Shard in London (2013). His firm, the Renzo Piano Building Workshop, mostly focuses on public works such as concert halls, museums, universities and hospitals. His buildings are often open, with transparent glass walls or entrances, as at New York's Morgan Library & Museum and the Whitney Museum.

The idea was to make a building that ... can create a sense of curiosity and surprise."

comes a kind of shortcut," he says. "Computers are sometimes making promises that are not real."

One of his next major projects is the Academy Museum of Motion Pictures in Los Angeles. The 300,000-square-foot museum, set to open in 2019, will have two separate structures that "flirt with each other," he says. One will house screenplays, photographs, historical memorabilia from film sets and the personal collections of actors such as Cary Grant and Katharine Hepburn. The other, showing how films are made, will be shaped like a massive sphere, with a horizontal cut at the top that serves as a lookout over the city. "Architecture is a funny mix of dreams and aspirations and desires, but it is also very pragmatic," he says.

Mr. Piano and his wife live mainly in Paris, where his firm is based, but he also has offices in Genoa and New York. He loves film and sailing, and his Genoa office looks out over the sea. Every 10 years, he builds his own new sailboat.

No matter the project or country, he says, the creation of a building requires one crucial thing: pride. "Of course you also need competence and talent," he adds. "But pride is the most important."



JASON GAY

Lost in the Male: Why My Beach Body Never Arrived

Just once, I want to be that tan, lean superdad bench-pressing his kids.

I know you're disappointed by this crushing news. How do you think I feel?

This January, I had high hopes. I'd finished my annual holiday gorging, adding a fresh layer of flab to my preexisting

layer of flab. Still, I was confident that by the end of June, I could whip myself into sinewy, summertime greatness.

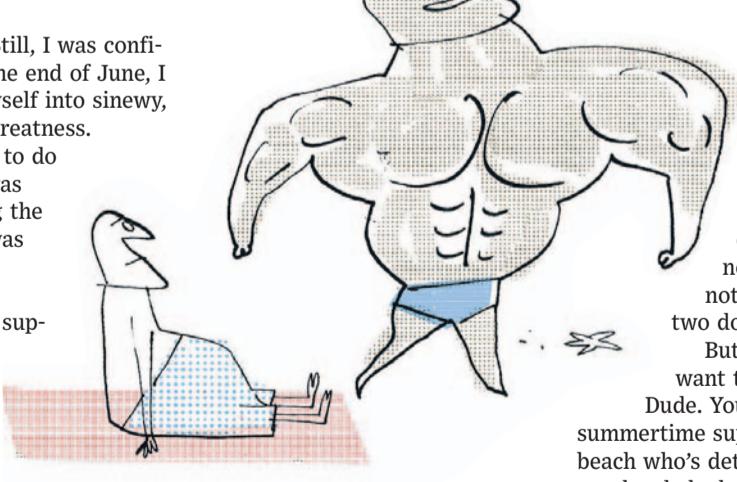
I was going to do the cardio. I was going to swing the kettlebells. I was going to do crunches even when I wasn't supposed to do crunches. I would keep a close watch on my calories and my carbs.

A fitness tracker would be worn. Pizza would become the enemy.

When I was done, I wasn't going to have a six-pack. I was going to have an eight-pack. Possibly a 10-pack. Can you even have a 10-pack? Let me put it this way: My abdominals were going to have abdominals. (I also would have settled for a two-pack, to be honest.)

It's not happening. There are no packs.

Once more, the Fourth of



July weekend is charging straight at me, carrying a hot dog on a stick, and my beach body is AWOL. I've failed to achieve the culture's cosmetic standard, as silly and unrealistic as it may be. My shirt is staying on.

I want to be clear: I love my body just the way it is, in all its un-airbrushed, human glory. I do not wish to contribute to society's regrettable habit of body shaming, which puts all sorts of unnecessary burdens on our lives and ward-

robes.

I believe in healthy habits and proper nutrition. I also believe that a doughnut every now and then is not a felony. Even two doughnuts.

But just once, I want to be That Dude. You know: that summertime super dad on the beach who's detested by all the regular dads dressed in XL T-shirts and cargo shorts.

You know the super dad I'm talking about: tan, lean, virile, simultaneously bench-pressing his kids while he's body-surfing and drinking a beet smoothie.

Just once, I want to look like one of those fit, silvery men who show up in ads for wealth-advisory companies, windsurfing inches ahead of a shark's mouth while day-dreaming about their brilliant investments.

I know I sound shallow. I am shallow. I only want to

look good for two weeks during July and August. I don't need to be able to lift a van or fight a bear.

(This guy's a slothful narcissist, you're thinking right now. To which I respond: Who are you calling "slothful"?)

I have only myself to blame—I know it. Mistakes were made. I did the cardio, but not all of the cardio. I did some crunches, but not enough. I only looked at kettlebells on Amazon. I can't find my fitness tracker. My nutrition has been...variable. Pizza very much remains my friend. A friend for life, I suspect.

I'm back where I was last summer, and the summer before that, and the summer before that one, too.

I think it may be time for me to reject all this superficial societal pressure and focus on what's really important. I'm a six-pack short of a six-pack, but who cares? I'm a fortunate guy. Come find me in the line for fried clams. They're delicious. Please don't tell pizza.

SERGE BLOCH



The Beauty of Mathematics:
Leonhard Euler's elegant equation C9

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BOOKS

THE WALL STREET JOURNAL.

Hollywood's master of romantic comedy made it all look easy. 'How Did Lubitsch Do It?' C12



SATURDAY/SUNDAY, JUNE 23 - 24, 2018 | C7



The Path to Power

Humanity's bottomless ingenuity is on full display in a fine history of the harnessing of the natural world's potential, from charcoal to 'rock oil' to nuclear, wind and solar sources

Energy: A Human History

By Richard Rhodes
Simon & Schuster, 464 pages, \$30

BY CHARLES R. MORRIS

AS MUCH AS we lament overloaded electrical grids, rising gasoline prices or the atmospheric effects of carbon emissions, we take for granted the abundance of energy all around us, and the abundance of its forms. One purpose of Richard Rhodes's splendid "Energy: A Human History" is to remind us of the ingenuity that got us to this high-energy point. Mr. Rhodes offers a riveting account of humanity's 400-year quest to bend the natural world to its own purposes, for good or ill.

The story opens in Elizabethan England, in 1598, with the forcible removal of a theater belonging, putatively, to Shakespeare's company of players, who needed it for a performance before the queen. The strong-arming was necessitated by the land owner's announced intention of converting the theater to

benign, so families did not need chimneys. But coal burning required chimneys, and chimneys needed sweepers—usually young boys, the smaller the better, and often as young as 5 or 6. Their reward was "soot wart," or cancer of the scrotum, from the concentration of soot in their sweaty nether parts.

Inevitably, good seams of easy-to-dig coal became scarcer. There was plenty of coal, but high water tables in coal country often left them flooded. Lifting out water buildup was expensive, sometimes requiring as many as 50 horses. ("Windmills wouldn't do for pumping," Mr. Rhodes notes, "in the uncertain English weather.") A protégé of Galileo's, however, Evangelista Torricelli, had recently established the existence of vacuums, and they offered a broad path toward practical pumps. A number of scientific luminaries, including Christiaan Huygens and Gottfried Leibniz, were diverted by the prospect. But the garlands went to an obscure Devonshire tinkerer, Thomas Newcomen (1664-1729), who spent 10 years on the problem and found a clumsy but workable solution.

Newcomen's pump operated by atmospheric pressure. A piston and a countervailing weight were suspended from a walking beam. Steam was pumped into the piston, which was then deluged with cold water to condense the steam, creating a partial vacuum. Atmospheric pressure then pushed the piston down and lifted the payload. Newcomen discovered the value of cold-water injection by accident, Mr. Rhodes says, when a defective cylinder solder failed. Slow and ungainly though it was, Newcomen's engines pumped water from British coal mines for more than 200 years.

The brilliant James Watt (1736-1819) exploited the lapsing of the Newcomen patents with a flood of inventions—it was Watt who separated out the condenser to avoid the necessity of reheating the piston on each cycle. He joined with an experienced manufacturer, Matthew Boulton, to create a highly successful business over a broad range of industrial machinery.

The rest of the 19th century could be dubbed the Age of Steam. Leading British figures are Richard Trevithick, a pioneer of high-pressure steam (the steam itself creates the motive power), and George Stephenson, a genius of early locomotives. Lord Dundonald, an impetuous earl with an inventive streak, patented the processing of smelting coke—a key development, converting coal to a nearly pure carbon state that produced an easy-to-work iron. He also hit upon the use of the coke gases as an illuminant, but he treated the discovery as merely a curiosity. "Whatever the reason," Mr. Rhodes notes, "Dundonald missed developing a practical product of great value."

As England's forests dwindled in the 17th century, Mr. Rhodes tells us, Londoners' use of coal for industrial and domestic heat rose more than 12-fold and exacted a heavy price on their health. When wood had been the mainstay fuel, the waste gases were relatively

It was a Canadian physician with a passion for geology, Abraham Gesner, who turned coal gas into a major industry. He refined bitumen, one of the heavier fractions of petroleum, to make an excellent lighting oil, even better than premium sperm whale oil. By 1860 total coal-oil production had leapt to roughly nine million gallons.

But coal would not be king for long. Benjamin Silliman Jr., a Yale chemistry professor, took a consulting assignment to evaluate the commercial potential of Pennsylvania "rock oil," or petroleum. Silliman was skeptical at first but, on further analysis, decided that it might hold real promise. Distilling rock oil produced multiple interesting compounds, one of which looked like an ideal illuminant. In effect, Mr. Rhodes writes, "Silliman had struck oil—oil suitable for lighting."

A corporation was formed with Edwin "Colonel" Drake as president. Four years later, with the partners on the brink of closing the project, Drake hit his first commercial-scale well. It wasn't a gusher. That came two years later when "a column of oil propelled by natural gas roared out of a deeper drill hole and gushed sixty feet into the air," Mr. Rhodes writes. Within a half hour, "it found an errant flame, caught fire, and exploded." Nineteen people were killed. The early years of the industry were spectacularly wasteful. It took several years to learn how to contain gushers, build transportation networks and bring some control over casual spillage, which was often a third of production.

Electricity was different. Benjamin Franklin's famous wet-kite experiment demonstrated that ordinary static electricity was the same stuff as lightning by capturing its charges in Leyden jars, primitive batteries. It was invisible, but under the right conditions it could kill a man. Taming electricity took a long time—about a century and a half after Franklin's kite demonstration.

Early experimenters used electricity to induce motion in the muscles of frogs. The first consensus was that electricity resided in the frogs. But Alessandro Volta (1745-1827) showed that it was the external electrical circuit that was generating the motions. It was left to Michael Faraday, in the first half of the 19th century, to define the modern understanding of electromagnetism. As Mr. Rhodes puts it, Faraday "cleared the way to generate electric charge steadily, in any volume, without the need for batteries." His work pointed directly to electricity-generating machines powered by steam or hydropower.

Fortunately, the concentrated violence of the Niagara River between Lake Erie and Lake Ontario presented the prospect of almost unlimited hydro or electric power. But there were powerful players—including Thomas Edison and George Westinghouse—who represented the polar opposites of electrical strategy. Edison was the apostle of the "direct current" school; Westinghouse, the "alternating current" school. DC systems drew their power from low-voltage battery storage; AC systems, as Faraday had

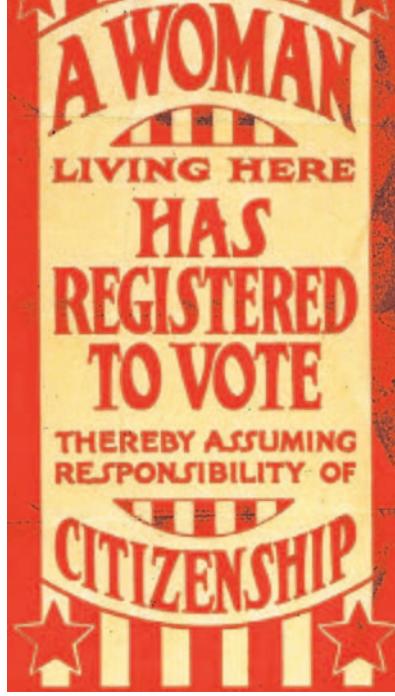
Please turn to page C8

Rabble rousers, politicos and earnest reformers assembled in Nashville in the heat of July to decide the fate of women's suffrage.

history was about to be made. With a skill reminiscent of Robert Caro, she turns the potentially dry stuff of legislative give-and-take into a drama of courage and cowardice, showing the pain of compromise and the power of substantive debate in an age when rhetoric was still an art and political discourse still aimed to persuade.

The roots of what was often called the "Susan B. Anthony Amendment," after its leading advocate, lay more than 70 years in the past, at the Seneca Falls Convention of 1848, which issued the first declaration of equal rights for women in the United States. In 1878, the amendment was first introduced in Congress by a California senator whom Anthony had befriended when their train was trapped in a snowdrift in the Rockies. By the early 20th century, tireless effort by Anthony, who died in 1906, and by Carrie Chapman Catt, her successor as leader of the National American Woman Suffrage Association, began to bear fruit. Ratification of the 19th Amendment would grant full voting

Please turn to page C8



HARD-WON RIGHT A 1920 flier.

BOOKS

'A champion is someone who gets up when he can't.' —JACK DEMPSEY

A Human History Of Energy

Continued from page C7

shown, drew their power from a coil rotating around the opposite poles of a magnet. Because DC was dependent on battery charging, it had only limited range, a half-mile or so. As Mr. Rhodes writes, "the problem wasn't one of design but one of basic physics."

Westinghouse himself was skeptical of AC. But a young engineer, William Stanley, steadily worked through the remaining kinks in AC power systems. He followed up, in the 1880s, by building an AC power system for the bucolic town of Great Barrington, Mass.—supplying electricity for street lights, storefronts and some private houses. His doubts resolved, Westinghouse started purchasing AC patents from around the world.

A corporation was formed, with financing led by the Morgan bank. The real hero of Niagara was the chief executive, hand-picked by Morgan—Edward Dean Adams, a diminutive, fiercely mustachioed engineer and investment banker. He spent a year traveling to notable hydro projects and pushed through the final decision on AC, despite the opposition of Lord Kelvin, himself a great scientist and chairman of the project's international commission. The final structure comprised 10 enormous generators in a marble powerhouse. River water entered the powerhouse and fell down a system of 140-foot vertical pipes, called penstocks, one for each generator. The penstock flows powered the turbines that turned shafts activating the top-side generators. By 1905, Niagara was generating 10% of the country's electricity.

Mr. Rhodes closes his book with a section called "New Fires." It includes the disgraceful story of leaded gas—its toxicity, especially on the brains of children, was known, but it was protected by powerful interests like General Motors and DuPont in the name of reducing engine knock. Mr. Rhodes also provides crisp accounts of the opening of the Saudi oil fields and the development of the atomic bomb, the subject of his Pulitzer Prize-winning book (published in 1987). He finishes by making a powerful case for regenerating the nuclear power industry. If de-carbonizing energy production is the greatest challenge to humanity, nuclear, which generates roughly the same carbon output per energy unit as solar panels and windmills, will be a major part of the solution.

Mr. Rhodes has scored another masterpiece, so it's not churlish to regret a couple of omissions. On the American side in the Age of Steam was Oliver Evans, who as much as Trevithick deserves mention for the high-pressure steam engine; and the steamboats based on Henry Shreve's designs for shallow Western rivers were as important in America as Stephenson's locomotives were in Britain. Finally, Mr. Rhodes makes little mention of the British machine-tool makers—above all, Henry Maudslay—who created indispensable precision tools. Still, there's more than enough energetic exposition in "Energy: A Human History" for anyone who cares to learn how and why we are now so richly empowered.

Mr. Morris is the author of "A Rabble of Dead Money: The Great Crash and the Global Depression: 1929-1939."

How American Women Got The Vote

Continued from page C7

rights to women. But its passage was far from assured.

Both major parties hoped to capitalize on the "women's vote" in the presidential election of November 1920, which pitted Republican Warren Harding against Democrat James Cox. Although each man endorsed the amendment, neither was willing to fight hard for it for fear of alienating the powerful anti-suffrage movement. Some people opposed enfranchisement on religious and social grounds; others resented what they considered federal coercion. In addition, certain industries—liquor and textiles, for example—feared that, with the power of the vote, female reformers would cripple their back-room style of business and enact profit-sapping labor laws. The ratification contest also had international implications, at least for Democrats who believed that the bloc vote of women would lead to congressional approval of Wilson's cherished League of Nations.

Much of the action in Nashville took place in the luxurious Hotel

Hermitage, "the place to meet, talk and argue, cajole or confront friends and foes," Ms. Weiss writes. She paints a teeming human landscape of "Suffs" and "Antis" swirling over the opulent Persian carpets in the "rosy glow" of the painted glass skylights. But she builds her narrative mainly around three figures: Iowa-raised, 61-year-old Catt, a gifted orator and strategist; Sue Shelton White, the native Tennessean representing the more militant National Women's Party, which scorned genteel suffragists' insistence on ladylike "graciousness"; and the head of the Anti forces, Josephine Pearson, a former teacher in Christian schools who was steeped in Lost Cause nostalgia and regarded suffrage as an assault on states' rights.

Both sides played hardball. Suffs dogged the members of the state legislature, following them wherever they went and inviting them for rides in the country, games of cards, "anything," Ms. Weiss says, "to keep them out of the clutches of Anti workers, corporate lobbyists, or a bender in the Jack Daniel's suite." The Antis harangued them with warnings that a vote for suffrage was, as one pamphlet put it, "a Vote for Organized Female Nagging Forever" and would lead to another period of what innumerable Antis claimed would be "reconstruction horrors." Warned one Anti speaker: "The wreckers are at our homes. The Bolsheviks are at your door and seeking the centralization of power."

ALAMY



VICTORY Alice Paul displaying her 'ratification banner' at Women's Party headquarters in Washington, D.C., after news that Tennessee had become the 36th—and clinching—state to approve the suffrage amendment.

Although unadulterated racism poisoned the anti-suffrage movement, it also tainted many of the suffragists, who twisted and squirmed to avoid what even Catt sometimes referred to as "the nigger question." She had long acquiesced to the demands of Southern feminists who insisted that states must be allowed to implement suffrage as they saw fit—that is, excluding blacks—though she and the movement's national leadership, ahead of the Tennessee campaign, had decided to reject such demands. While black suffragists attended the debates in Nashville, they were rarely if ever invited to share a seat in the lobby of the Hermitage, much less a podium, with their white sisters.

In the statehouse, the debate saw-sawed back and forth. Bribes were

offered. Coats were turned. Threats were made. The outcome was in doubt until the last moment. To describe the pivotal surprise that anchors Ms. Weiss's bravura climax would spoil it. Suffice it to say that she delivers the high drama of the moment with brio. As the final roll was called, she writes: "There was a long moment of silence, silence and shock. Then an explosion, a roar never before heard in the old statehouse. The chamber shook with screams and cries, with thumping and whooping.... Those who could dance in the jammed chamber did, and there was weeping among both men and women. The winners frantically waved hundreds of tiny yellow flags and threw yellow flowers down onto the heads of the legislators on the

floor." Yellow was the Suff's emblematic color.

The triumph of the suffragettes was complete, but the huge national "women's vote" proved to be a phantom. Only one-third of eligible women voted in the 1920 election. Most of the women who did vote, at least in the early years, tended to vote like their husbands. Wilson's League of Nations failed to win congressional support. And politics became no cleaner. In South Carolina in November 1920, the Ku Klux Klan helped to keep black women from the polls. In Ocoee, Fla., some 50 black men and women were killed in Election Day mob violence. For many years black women who attempted to vote were harassed and threatened along with their fathers, husbands and brothers.

Yet if women's suffrage failed to achieve its most idealistic hopes, it wholly succeeded in its fundamental goal: to unlock American democracy for millions of the disenfranchised. Today the thousands of women in elected office from town boards to the U.S. Senate owe their jobs in no small part to what took place in Nashville nearly a century ago. Too long neglected by historians, the campaigners who swarmed Tennessee's statehouse have been splendidly served by Ms. Weiss's engrossing narrative.

Mr. Bordewich is the author of "The First Congress: How James Madison, George Washington, and a Group of Extraordinary Men Invented the Government."

FIVE BEST BOOKS ON SPORTS



Gordon Marino

The author of 'The Existentialist's Survival Guide'

Carlisle vs. Army

By Lars Anderson (2007)

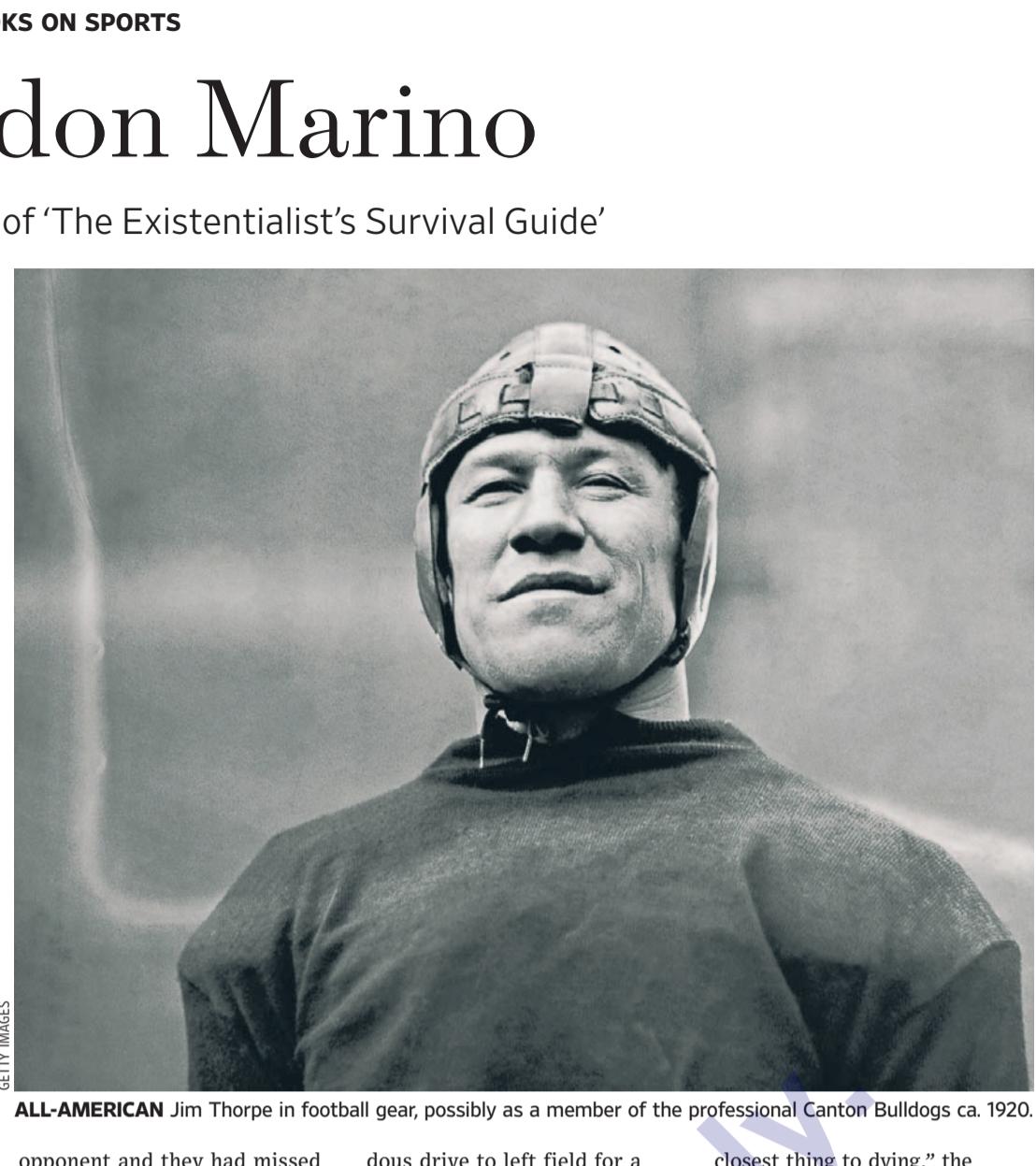
1 In 1912, 22 years after the massacre at Wounded Knee, the undersized Carlisle (Pa.) Indian Industrial School football team was riding on the back of Jim Thorpe. Blocking their path to the national championship was a West Point squad led by the dogged running back and linebacker Dwight Eisenhower. Before the Army showdown, Lars Anderson writes, the Carlisle coach, Glenn "Pop" Warner, jacked his players up, bellowing: "Remember that it was the fathers and grandfathers of these Army players . . . who killed your fathers and grandfathers . . . who destroyed your way of life. . . . Remember all of this on every play." The record of Thorpe's feats is astounding. Playing against the University of Pittsburgh in 1911, the future Olympic gold medalist in both the decathlon and pentathlon blasted a long arching punt from near his own goal line. Thorpe rocketed downfield and recovered his own kick, then "broke three tackles and staggered twenty more yards to score a touchdown."

GETTY IMAGES

The Silent Season of a Hero

By Gay Talese (2010)

2 Gay Talese's early training taking measurements at his father's tailor shop required a talent for unobtrusiveness. Not for nothing did he, later on, call his writer's craft "the art of hanging around." This veritable museum of Mr. Talese's best sports reportage includes quiet miniatures like the one about "Mike Gillian, the Capezio of horseshoe makers" and another about Billy Ray, the last of the bare-knuckle fighters. That's in addition to his justly famous portraits of Joe DiMaggio, Muhammad Ali and Joe Louis. Having tagged along with Joe Louis in New York in the early '60s, Mr. Talese recalls how, as Louis walked down Broadway, "cabdrivers waved at him, bus drivers honked at him, and dozens of men stopped him and recalled how they had once traveled 130 miles to get to one of his fights, and how they'd put their heads down to light a cigarette in the first round, then before they could look up, Louis had flattened his



ALL-AMERICAN Jim Thorpe in football gear, possibly as a member of the professional Canton Bulldogs ca. 1920.

opponent and they had missed everything."

Ball Four

By Jim Bouton (1970)

3 In 1969, after having helped the Yankees win a World Series, pitcher Jim Bouton was traded to the Seattle Pilots. He decided to publish a chronicle of his time with the expansion team, one replete with memories of his tenure in pinstripes. Ironic but never mean-spirited, the tales of pills, boozing, philandering, incessant voyeurism ("beaver shooting") and numb-skull coaches came like a fastball through the picture window of American jockocracy. The resulting vilification directed at Mr. Bouton was roughly equal to the kind that might descend on someone who had betrayed the American nation. In a later edition, Mr. Bouton wrote that "after the book it was no longer possible to sell the milk and cookies image again." The knuckleballer had even dared to ding the myth of Mickey Mantle. Mantle drank as hard as he hit a baseball. Mr. Bouton recalls that the night before a game, Mick got smashed. The next day, "he could hardly see." Still, sent up to pinch-hit, "he staggered up to the plate and hit a tremen-

dous drive to left field for a home run." Mantle got a standing ovation. Back in the dugout, "he squinted out at the stands and said, 'Those people don't know how tough that really was.'"

Ghosts of Manila

By Mark Kram (2001)

4 This "Iliad" of a boxing book orbits around the 1975 "Thrilla in Manila," the third and final showdown between Muhammad Ali and Smokin' Joe Frazier. The champion, Ali, resented Frazier, repeatedly labeling him an Uncle Tom and worse. Frazier never stopped seething about Ali's toxic slurs. He instructed his trainer: "Whatever happens, don't stop the fight. . . . I'm gonna eat this half-breed's heart out. . . . This is the end of him or me." In fact, it would be the beginning of the end for both men. The fight itself was so brutal, Mark Kram writes, that it made "one want to seek out the nearest confessional for the expiation of voyeuristic lust." Ali owned the early frames, but Frazier soon found his savage rhythm, and with the cruel weapon of his vaunted left hook he slammed Ali's body "with nonstop digging, a wild boar going for a truffle." By the end of the 11th round, which Ali later described "as the

closest thing to dying," the Greatest looked finished. Then, miraculously, the phoenix arose, and Ali "started to part the Red Sea of Frazier's face." Frazier's trainer stopped the contest before the final frame. "No, no, no!" Frazier shouted. "You can't do that to me."

Cut Time

By Carlo Rotella (2003)

5 While an English professor at Lafayette College in Easton, Pa., in the 1990s, Carlo Rotella would make daily treks to the nearby gym of former heavyweight champ Larry Holmes. Mr. Rotella also covered innumerable boxing matches. By turns ironic and tender, the wide sweep of Mr. Rotella's prose captures the sweat parlors of boxing gyms as well as the way that pros respond to having their faces split open. The deeper you go into the fights, he tells us, "the more you may discover. . . . Lessons in space and leverage, or in holding part of oneself in reserve even when hotly engaged, are lessons not only in how one boxer reckons with another but also in how one person reckons with another. . . . Boxing conducts an endless workshop in the teaching and learning of knowledge with consequences."

BOOKS

'Mathematics, rightly viewed, possesses not only truth but supreme beauty—a beauty cold and austere, like that of sculpture.' —BERTRAND RUSSELL

No Ordinary Genius

BY SIOBHAN ROBERTS

A FEW YEARS AGO, a mathematician and a neuroscientist led a study investigating "the experience of mathematical beauty and its neural correlates." The methodology rolled 14 mathematicians into a functional magnetic resonance imaging machine and asked them to view and rate a collection of 60 mathematical formulas that they had previously assessed as beautiful, neutral or ugly. (Detractors of this sort of study call it "neurotrash," but no matter.) While viewing the more aesthetically pleasing specimens, the mathematicians' fMRI results showed activity in the "emotional brain," specifically field A1 of the medial orbito-frontal cortex—the same area stimulated by moral, musical and visual beauty. Sometimes the mathematicians exited the machine weeping.

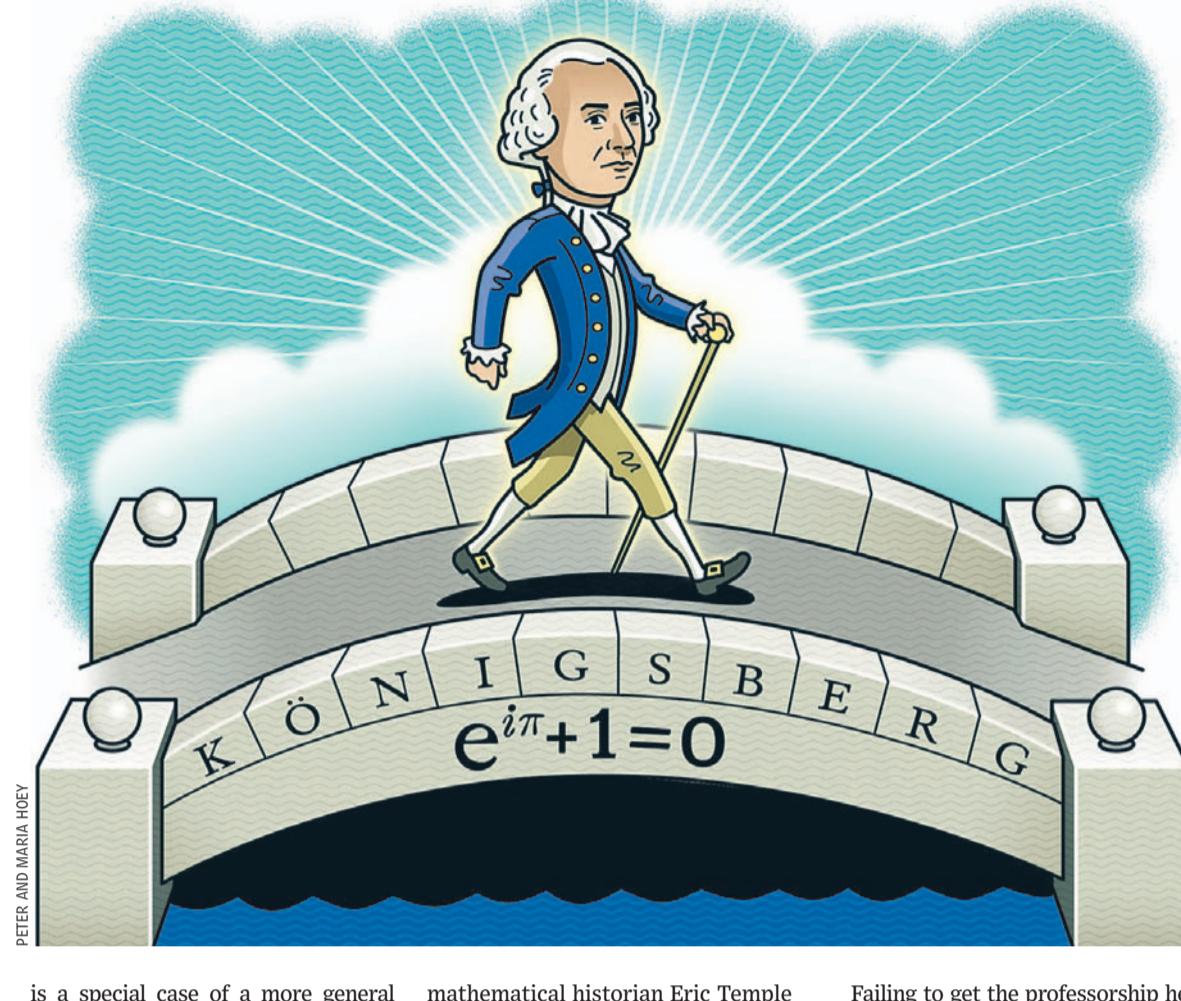
The equation that consistently rated the most beautiful was a famously compact specimen devised in the 18th century by the Swiss mathematician Leonhard Euler: $e^{i\pi} + 1 = 0$.

Euler's equation links—via three basic arithmetic operations, each deployed only once—five fundamental mathematical constants: 0, 1, i (the square root of -1, aka the "unit imaginary number"), π and e ("Euler's number"—2.71828...—which is linked to exponential growth). It is sometimes called Euler's identity, or Euler's formula, but by whatever name it is currently having something of a moment.

Two new books pull apart the equation—deconstructing it technically and historically—and celebrate its niftiness: "**A Most Elegant Equation**" (Basic, 221 pages, \$27) by David Stipp and "**Euler's Pioneering Equation**" (Oxford, 162 pages, \$19.95) by Robin Wilson. Mr. Stipp's roving account is propelled by his folksy sense of humor, and, as the author himself admits at one point, by "giddy metaphorical overreach." Mr. Wilson's account is more nonsense, proceeds on a shorter mathematical tether and has a quieter epigrammatic levity.

Both books, by way of introduction, mention the neuroscience study, and both lean on the Stanford mathematician Keith Devlin for this pronouncement: "Like a Shakespearean sonnet that captures the very essence of love, or a painting that brings out the beauty of the human form that is far more than just skin deep, Euler's equation reaches down into the very depths of existence." Both also quote the physicist Richard Feynman, who at age 14 wrote in a notebook that Euler's equation was "the most remarkable formula in math."

Convinced yet? If you aren't by all this anecdotal testimony about the formula's pure beauty, then consider its applied incarnations. Euler's equation



is a special case of a more general equation, and this "conceptual parent" (as Mr. Stipp calls it) is useful for modeling phenomena such as growth, shrinkage, rotations and oscillations—for instance, the oscillations of alternating current, the electrical current that periodically reverses direction (versus direct current, flowing in one direction). As Mr. Stipp writes, with one of his signature metaphors: "Today, Euler's formula is a tool as basic to electrical engineers and physicists as the spatula is to short-order cooks. It's arguable that the formula's ability to simplify the design and analysis of circuits contributed to the accelerating pace of electrical innovation during the twentieth century." This pure-applied transformation—an evolution of sorts whereby a result derived through abstraction comes to bear on the real world—is what the physicist Eugene Wigner termed "the unreasonable effectiveness of mathematics in the natural sciences."

Leonhard Euler (pronounced "oiler") was born in Basel, Switzerland, in 1707. By age 17, he had completed a master's degree in philosophy at the University of Basel, comparing the ideas of Descartes and Newton. Then, benefiting from the private tutelage of the world-class mathematician Johann Bernoulli, he switched to mathematics, where he left such a mark that only Archimedes, Newton and Gauss are considered his equal. According to the slightly hyperbolic account of the

mathematical historian Eric Temple Bell, Euler could write a momentous math paper in the 30 minutes between the first and second calls to dinner, possessing as he did "all but supernatural insight into apparently unrelated formulas that reveal hidden trails leading from one territory to another."

AN EULER BOOKSHELF

A Most Elegant Equation

By David Stipp

Euler's Pioneering Equation

By Robin Wilson

Dr. Euler's Fabulous Formula

By Paul J. Nahin

Leonhard Euler

By Ronald S. Calinger

misfortune. Only five of his 13 children lived to become adults, and only three survived him; his house burned down when he was 64, and his wife died two years later. When he became completely blind, he gratefully accepted his fate as offering him "one fewer distraction" (though into old age he still recited from memory 9,500 or so lines from the "Aeneid"). With the help of assistants, he produced more than half his life's work in his last 17 years—in total some 900 books and papers, 500 of them published posthumously.

Euler produced more than any other mathematician in history. Mr. Stipp points out that, in terms of mathematical results, the 18th century yielded a "rich harvest" of "low hanging fruit" and thereafter "the bar was raised on rigor." But all things considered, Euler was no ordinary genius. He possessed a vast intellectual panorama and is considered an unrivaled mathematical expositor. As the French mathematician Pierre-Simon Laplace famously said: "Read Euler, read Euler, he is the master of us all." And he'd keep us all reading for life.

To that end, for even more Eulerian reading, there is also a new paperback edition of "**Dr. Euler's Fabulous Formula**" (Princeton, 380 pages, \$22.95) by Paul J. Nahin, first published in 2006, as well as the first full biography, Ronald S. Calinger's "**Leonhard Euler: Mathematical Genius in the Enlightenment**" (Princeton, 669 pages, \$55), from 2015. While Mr. Stipp's book forewarns that, "if you're a long-time math lover, you'll probably find most of [the book] too elementary," Mr. Nahin acknowledges by contrast that his telling involves "more advanced mathematical arguments . . . on issues that I think could fairly be called the 'sexy part' of complex numbers . . . [that will] leave more than a few otherwise educated readers out in the cold." Mr. Wilson's 162-page version falls somewhere in between. Mr. Calinger's biographical treatment is exhaustive, with more than 100 pages given over to end matter, including a dense register of principal names that runs more than 30 pages.

In offering consolation for his heady account, Mr. Nahin borrows from Winston Churchill, who wrote in his autobiography: "I had a feeling once about Mathematics, that I saw it all—Depth beyond depth was revealed to me—the Byss and the Abyss. I saw, as one might see the transit of Venus, . . . a quantity passing through infinity and changing its sign from plus to minus. I saw exactly how it happened and why the tergiversation was inevitable: and how the one step involved all the others. It was like politics. But it was after dinner and I let it go!"

Ms. Roberts is the author of "Genius at Play: The Curious Mind of John Horton Conway."

The Beauty Myth

Lost in Math

By Sabine Hossenfelder

Basic, 291 pages, \$30

By GRAHAM FARMELO

EINSTEIN'S character was more like that of an artist than a scientist, his older son, Hans, said: The great physicist reserved his highest praise for theories that are beautiful, rather than ones that merely fit the facts. When, in the latter half of his career, Einstein spent most of his time trying to discover a unified theory of gravity and electromagnetism, he paid little attention to new experiments and focused mainly on trying to find the best mathematical structure. Alas, the strategy got him nowhere.

According to the physicist and prolific blogger Sabine Hossenfelder, Einstein and others who work in a similar way are "lost in math," the title of her lively and provocative book. Until the early 1970s, few theoreticians fitted such a description—most of them were taking inspiration from the results of experiments. It was this strategy that led them to the so-called Standard Model, which describes the inner workings of atoms with remarkable success. Over the past four decades, however, theoretical physics has gone astray, in Ms. Hossenfelder's view. Part of the problem, she feels, is that so many theoreticians have allowed themselves to be seduced by the aesthetic appeal of mathematical theories that are going nowhere.

As she explains, the use of beauty as a proxy for truth has an impressive pedigree: Not only was it espoused by Einstein, it also became the obsession of the almost comparably brilliant English quantum physicist Paul Dirac.

In 1975 he wrote: "If you are receptive and humble, mathematics will lead you by the hand . . . along an unexpected path, path where new vistas open up . . . from which one can survey the surroundings and plan future progress." Toward the end of his life, he declared that any theoretical physicist who disagreed with him should give up research and do something else.

As a result of this misguided focus on beauty, Ms. Hossenfelder says, her generation of theoretical physicists has been "stunningly unsuccessful." The multiverse—the idea that our universe is only one of a vast number—is one of the fashionable concepts that she believes is a dud. Theoreticians found it difficult to use it to make predictions that astronomers can test. Even more disappointing for her is string theory, the most popular candidate for a unified theory of all the basic forces of nature. According to this theory, each fundamental subatomic particle corresponds to an excitation of a string, analogous to a musical note played on a guitar. The theory is mathematically gorgeous, astonishingly self-consistent and even explains why the existence of gravity is inevitable. The problem is that the theory has not yet made a single verified prediction.

Despite the absence of experimental support, many of the world's leading theoreticians are confident that

the multiverse and string theory are well worth pursuing. String theory is now a vast framework, with connections to several parts of physics—even the most vehement opponents of the theory accept that it has led to numerous productive links to mathematics. These links have undoubtedly bolstered the experts' faith that they are heading in the right direction, but Ms. Hossenfelder believes string theorists are deluded. "Nature doesn't care" about mathematical beauty, she declares. Clever physicists have been led up the garden path before, she stresses, pointing to the once-fashionable theories of the ether that Einstein later demonstrated to be redundant.

Ms. Hossenfelder has paid a high price for her counter-orthodoxy. Without a research grant when she began to write the book, she seems to have taken on the project as a type of therapy, feeling that she might be "wasting [her] time" in physics. She ventures out on the road to interview several physics luminaries, seeking enlightenment. Her entertaining accounts of these meetings are the highlights of the book, especially the one with Nima Arkani-Hamed, who is based at the Institute for Advanced Study in Princeton. A physicist to his fingertips, he believes that nature can be understood using a combination of quantum mechanics—a theory of matter on the smallest scale—and basic relativity, a theory of space and time. He is blazingly confident that he and his colleagues are steadily making progress, partly guided by mathematical beauty.

The challenges that so depress Ms. Hossenfelder are, for him, sources of inspiration, but she is unconvinced.

Next stop is the University of Texas, the academic home of the scientist she quite reasonably believes is "the greatest physicist alive," Steven Weinberg. An admirer of string theory, he also helped to persuade physicists that the multiverse theory is worth taking seriously—perhaps he could persuade her that physics is on the right track? The conversation begins well enough, with Mr. Weinberg apparently trying to find some common ground with

Does the truth have to be pretty? A disillusioned physicist laments that her colleagues are chasing a false ideal of elegance.

her, but the conversation doesn't end well: She is unmoved, and he uncertainly walks out.

She must have hoped for better luck with the late Joe Polchinski, a first-class string theorist much admired among his colleagues for his open-mindedness, honesty and courtesy. Ms. Hossenfelder appears to have liked him, too, though he politely declined to be drawn out on the matter of aesthetics. Like most string theorists, in my experience, he was in fact wary of focusing too much on the

beauty of theories, mainly because it is such a subjective quality. At one point, when Ms. Hossenfelder presses him, he commands her for trying to separate good ideas from duds, adding a double-edged compliment: "I really look at you as someone who personally has tried very hard." That hurt. "This is possibly the nicest way I've ever been told I'm stupid," she says.

Ms. Hossenfelder concludes the book convinced that she was right all along: Physics is heading in the wrong direction. "Physics isn't math," she declares. "It's [about] choosing the right math," as if any theoretician would disagree with her. The best string theorists are confident that they are heading in the right direction not only because of the theory's mathematical beauty but because of its huge potential, despite its formidable challenges.

When Ms. Hossenfelder reiterates in her final chapter that many of the world's most accomplished theorists are "lost in math," we cannot help wondering whether it is she who is lost. Time will tell whether many of the world's leading theoretical physicists have spent decades barking up the wrong tree. Meanwhile, it is pleasing to read that Ms. Hossenfelder now has a research grant and has resumed work on the subject she plainly cares deeply about, no doubt steering well clear of what she regards as band-wagons. In that respect, at least, Einstein would have been proud of her.

Mr. Farmelo is the author of "Churchill's Bomb" and "The Strangest Man," a life of Paul Dirac.

BOOKS

You are the most marvelous, the most hallucinatory resurrector of the past. You are the magical evoker of antiquity.' —EDMOND DE GONCOURT TO MARCEL SCHWOB

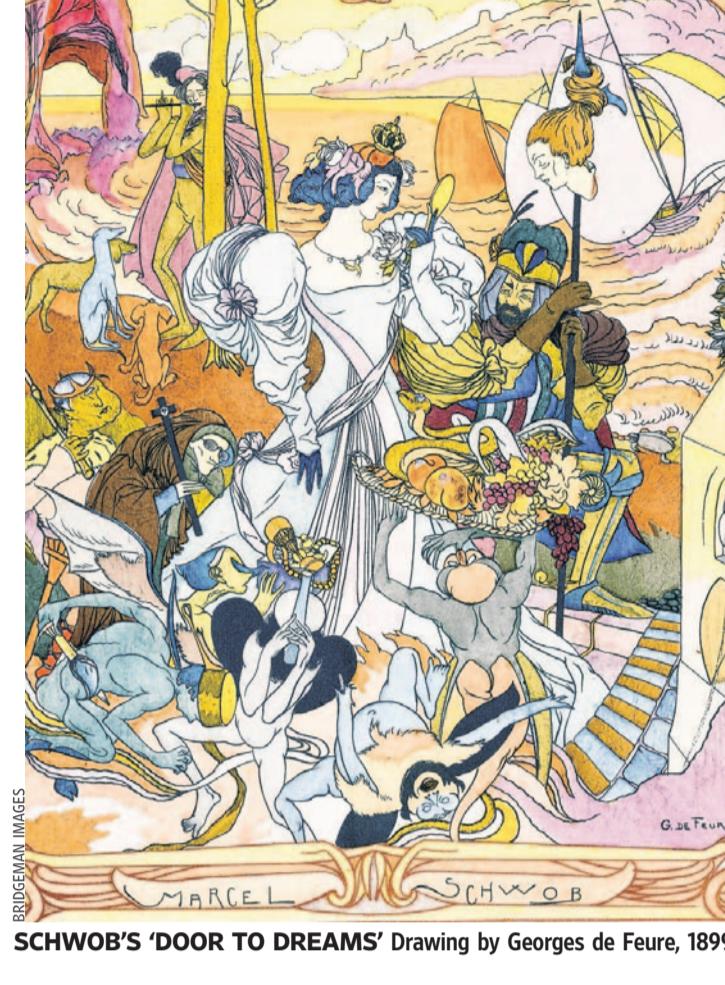
Books Born of Books

By MARTIN RIKER

IF THE 19TH-CENTURY French writer Marcel Schwob (1867-1905) has not been well known outside of France, that may be because his ideas about literature were a little unorthodox, and so too his books. He believed everything had already been written, and that originality, in the modern age, consisted mostly of reconfiguring what had come before. He believed the texture of a life mattered more than its historical relevance, and that the past was best understood through acts of imagination. He was a writer's writer in the literal sense, seeking his material in literature and history, but also in the conventional sense of being beloved by fellow writers: Colette, Oscar Wilde and Jorge Luis Borges, to name a few. He was not, however, a writer's writer in the negative sense of being too rarefied for the common reader; on the contrary, his books are extraordinarily accessible, by turns delightful and haunting, which is why we are fortunate they are now being reissued in superb new translations, courtesy of Kit Schluter, Chris Clarke and the adventurous *Wakefield Press* of Cambridge, Mass.

Schwob grew up outside of Paris in a cultured Jewish family. His father had gone to school with Flaubert and collaborated on a play with Jules Verne, while his maternal uncle, Léon Cahun, was a famous librarian, writer and scholar. Young Marcel read Verne and Edgar Allan Poe, developing a fascination with adventure and with humanity's dark underbelly that stayed with him all his life. As a student, he learned multiple languages, and spent years in the library reading Mark Twain, Schopenhauer, Greek plays, ancient Sanskrit and, by all accounts, just about everything else. He emerged from school a fountain of textual references, a linguist, a translator and a writer of a distinctly bookish sort.

His early story collections show the gothic influence of Poe but also of Robert Louis Stevenson, who was Schwob's friend and role model. Set in a wide array of times and places, Schwob's stories have the mythic quality of parables, but rendered in sensuous, often grotesque detail. Some have science fiction or fantasy elements, others are more like elaborated dreams. In the title story to his second book, "The King in the Golden Mask" (186 pages, \$14.95), a king who has lived all his life behind a golden mask, in a court where everyone has worn masks without question for generations, discovers the horrible truth that he descends from a line of lepers, and that behind their masks, everyone around him is hideous. In "The Plague," a pair of criminals disguise



SCHWOB'S 'DOOR TO DREAMS' Drawing by Georges de Feure, 1899.

themselves as plague victims to escape capture, yet beneath their disguises, the plague finds them. The theme of masks runs through these stories: the personas we create versus the truth that always discovers us. Many are also based directly on historical or folkloric sources, anticipating the appropriative techniques of Schwob's later work.

By 1892, the year of "The King in the Golden Mask," he had gained a reputation as a literary savant when, unexpectedly, life invaded his writing. One night on the streets of Paris he met a young working-class woman, Louise, whose childlike demeanor en-

tranced him. Schwob had always been drawn to downtrodden figures in literature; with Louise he discovered a combination of a pitiable fate—she was tubercular—and a profound innocence. As he cared for her in her illness, he composed stories of young women surviving an indifferent world. When Louise died, these stories became the centerpieces of "The Book of Monelle" (115 pages, \$12.95), Schwob's most poetic and personal work.

In its structural looseness, lyricism and themes of creation and destruction, "The Book of Monelle" (1894) anticipates modernist writers of the following decades—William Carlos Williams, for exam-

ple. It begins with a liturgical outpouring in which a young woman, Monelle, speaks in Nietzschean pronouncements on truth and reality: "Behold the word: Destroy, destroy, destroy. Destroy within yourself; destroy what surrounds you. . . . Destroy all good and all evil. Their ruins are the same." Next come Schwob's prose portraits of various young women, eerily titled as attributes—"The Dreamer," "The Savage," "The Faithful"—as if Schwob's individual subjects have all morphed into aspects of the eternal feminine. The final section returns to the story of Monelle, a dreamlike account of death

and resurrection resolving in an image of innocence: "And she came beside me in her white dress, and the two of us stole away together through the countryside." It is a work of poetic force and intuitive form, and the book Schwob was best known for during his lifetime.

The confrontation of innocence and death remained Schwob's focus for "The Children's Crusade" (50 pages, \$11.95), a brief work about the ill-fated 13th-century attempt by children to retake Jerusalem. Here Schwob proved himself a master of the dramatic monologue, slowly unveiling the deeply disquieting heart of this historical episode through separate accounts

of the book's central character, and the stories describe the constellation of people she encounters on her showings, from philandering millionaires to full-blown eccentrics like the woman

convinced that her attic has become infested by dwarves.

Selfless love and hair-raising vice coexist in these homes. The

from clerics, a leper, a Muslim mystic, two popes and individual children who were sold into slavery or otherwise lost along the way. It is a hauntingly intimate book that somehow combines moralism, mystery and the concreteness of a lived account, and it represents a natural step toward Schwob's masterpiece of historical fiction, "Imaginary Lives" (185 pages, \$14.95).

By 1896, the year of "The Children's Crusade" and "Imaginary Lives," Schwob's ideas about creativity and history had become a fully realized philosophy. "The art of the biographer consists specifically in choice," he writes in a preface to "Imaginary Lives." "He is not meant to worry about speaking truth; he must create human characteristics amidst the chaos." The book presents 22 short biographical tales written with impeccable narrative concision. Some feature an unknown figure from the margins of history (an African witch, a soldier for Charles VII), others add fictional aspects to a famous life (Lucretius, Uccello, Pocahontas) and at least one imagines a historical life for a fictional character (Sufrah, the wizard from "Aladdin"). There is no grand thesis, unless it is to emphasize "the unique existences of men, whether they were divine, mediocre, or criminal."

Schwob cited Boswell's 1791 "Life of Johnson" as a model for "Imaginary Lives," but his own modern style—balancing between irony and mystery, fiction and fact—is better understood in relation to a later work it influenced, Jorge Luis Borges's first collection of stories, "A Universal History of Infamy" (1935). Borges had several substantive encounters with Schwob's work, including writing the foreword to a 1949 edition of "The Children's Crusade." As co-editor of a Buenos Aires literary supplement in 1933-34, he also published five translated stories from "Imaginary Lives," most notably "Messrs. Burke and Hare," about two Scottish murderers who sold corpses to science. In Schwob's version—which reads like a perfect anticipation of a Borges story—the emphasis is on Burke's admirable scientific approach, including the invention of a "stiff cloth mask filled with pitch" by which Burke suffocated his victims. Schwob probably came to the historical subject by way of Robert Louis Stevenson's "The Body Snatcher," Stevenson being an influence on both Borges and Schwob, and . . . and the pattern continues: history, influence, one text remaking another, one imagination picking up from another, in the great creative literary stew that Marcel Schwob made the special province of his art.

Mr. Riker's first novel, "Samuel Johnson's Eternal Return," will be published in October.

MYSTERIES

TOM NOLAN

Plunging Into Murky Waters

DETECTIVE SERGEANT

Alexandra Cupidi, a recent transfer from London to the coastal Kent police department, is having a hard time adjusting in William Shaw's excellent "Salt Lane" (Mulholland, 455 pages, \$27).

The self-deprecating Alex, the divorced mother of an uncommunicative teenage daughter, blames her own impulsive personality: "Always acting, always speaking, but never thinking it through before it was too late." On the other hand, her leap-before-you-look instincts can prove an asset in her work: "It was good to stir the pot a little and see what came to the surface."

Rising to the top of a murky canal ditch off the Kentish coast is the corpse of a woman, an apparent murder victim. Tapped to investigate, Alex is at first bewildered by the crime; even more so when it's revealed that the woman supposedly visited a London graphic designer claiming to be his long-lost mother on the same night that she was found dead in the water.

Before this mystery can be solved, another body is discovered on a nearby farm. Assisting Alex with these two bizarre cases is Constable Jill Ferriter, a junior partner whom Alex initially patronizes but comes to value and respect. More violence and killing follow, in a web of events that reverses readers' expectations: Rather than having all their roots in the distant past, these crimes have more to do with the evils and inequities of the modern world.

At 37, Francine Day—the narrator of J.L. Butler's well-crafted "Mine" (Morrow, 424 pages, \$26.99)—has a reputation as "the best-value wig in London," a lawyer specializing in "high-net-worth divorces." Fran knows well the codes of conduct governing her profession. Such rules go out the window, though, when she becomes romantically involved with her latest client, an investment banker whom she finds "beautiful," with "muscular and tanned forearms that were the very definition of manliness."

But the client, Martin Joy, has a dark, aggressive side. And when his financially demanding wife goes missing amid the divorce proceedings, Martin becomes the police's prime suspect. His crisis brings out Fran's sleuthing gene: "Wasn't that what I did on a day-to-day basis . . . trying to out-think the opposition? And right now Martin didn't need me to be Francine Day the lawyer or even the lover. I had to be the detective."

But Fran has her doubts: She saw Martin dining more than amicably with his wife the night she disappeared. Martin says he's innocent, and his claims reassure Fran—at least for a time. Her efforts to assist him, meanwhile, jeopardize her career, her freedom and her life itself. "I feel like a car with no brakes," she admits. But it's hard not to admire this heroine, who states: "When you're desperate, you'll do anything to try and put things right."

Snakes, Landslides & Adventures in Real Estate



THERE IS NO STORY called "Florida" in Lauren Groff's collection of that name (*Riverhead*, 275 pages, \$27), which lets us know that we haven't come to the Sunshine State for a one-off weekend vacation. We're bedding in amid the swamps and scrub forests, the places where civilization and wilderness wrestle for supremacy. Panthers and alligators lurk in the back yards. Inside the houses are palmetto bugs the size of lapdogs. After a hurricane destroys her home, a woman finds "a congregation of exhausted armadillos on the landing." Another is traumatized after watching an otter devour a baby swan.

And then there are the snakes. Dear God, the snakes. Jude's father catches and sells them in "At the Round Earth's Imagined Corners"; when Jude is a baby his mother finds a coral snake "chasing its red and yellow tail around his wrist." I'm not sure I can cleanse my mind of the "terrible grinding sound" made, in "Dogs Go Wolf," when a brown snake drops from a palm tree into the fans of an air conditioner.

As for what the snakes represent, I'll give you one guess. As a husband points out in "Snake Stories," it's no coincidence that the creature that brought about

Eve's downfall was shaped like a phallus. Men are mostly bad news in "Florida," even those who mean well. The stories center on women alone and on the verge of meltdown. In the heart-pounding intense "The Midnight Zone," a mother of two small kids cracks her head while changing a light bulb in her isolated cottage and desperately struggles to stay conscious until her husband returns from a work trip. "Above and Below" follows the meandering path of a seemingly ordinary graduate student who, after a break-up, abandons her possessions and drifts into the underworld of the jobless and indigent.

Melodramatics spoiled Ms. Groff's novels "Arcadia" (2012) and "Fates and Furies" (2015), but in "Florida" her humid, overgrown writing harmonizes perfectly with the setting. The short form suits her, too, checking a tendency toward excess and didacticism. These new stories are tight and contained, and they pulse with menace and feral energy.

Lydia Millet's collection of linked stories, "Fight No More" (Norton, 209 pages, \$24.95), takes place in Los Angeles, so the natural world is nowhere to be seen. The common element here is real estate. Nina, a pensive, soft-spoken realtor, is

the book's central character, and the stories describe the constellation of people she encounters on her showings, from philandering millionaires to full-blown eccentrics like the woman

convinced that her attic has become infested by dwarves.

Selfless love and hair-raising vice coexist in these homes. The

THIS WEEK'S BOOKS

Florida

By Lauren Groff

Fight No More

By Lydia Millet

Catastrophe

By Dino Buzzati

copy of Sade's "120 Days of Sodom" that Nina finds in the house she's selling in the opening story anticipates the startlingly frank portrayals of sex and perversion. Nina's tender romance with a rock drummer cuts against the parade of depravity. The book's standout character is Jeremy, an angry, porn-addicted teenager who rebels against the disarray of his family life by evolving into a model of tact and compassion.

The novel-in-stories has become increasingly popular in recent years, finding expert

practitioners in Elizabeth Strout, Joan Silber, Jean Thompson and Michelle Latilais (whose 2016 book "She" is another excellent L.A. panorama). As a form it's fundamentally empathetic, because its shifting frame of reference allows each major character a voice and a perspective. "Fight No More" is a high point in the growing genre. Ms. Millet's great virtue is her negative capability. She inhabits the thoughts of the young and the elderly, of the fortunate and the bereaved, and of deviants and crackpots with equal candor and conversational ease.

She's also funny. Contemplating the city's class divide, one character thinks, "Los Angeles was stark like that. Ugly where money wasn't, beautiful where it was. Well, not always. Along the beach even the rich lived in ugly buildings." But the temptation of cynicism never gets the best of this fine book. "People got caught in their own wars all the time," Jeremy reflects. "You never knew what wars they could be fighting. No idea. But when you could, you dragged them off the battlefield."

The latest in Ecco's laudably diverse "Art of the Story" series is "Catastrophe" (Ecco, 224 pages, \$16.99), by the neglected midcentury Italian writer Dino Buzzati (1906-72). Buzzati was a

fantastist whose short, dreamlike stories visited horror upon the mundane. In the title story, passengers on a train speed through stations that have been suddenly deserted; they will not learn why until they reach their destination hours later. In "Just the Very Thing They Wanted," a traveling couple fall afoul of village folkways and wind up beaten and imprisoned by a frothing mob.

In bare outline, Buzzati's tales sound like a mixture of Shirley Jackson and Rod Serling. Yet the cool, detached prose style (nicely captured by the translator Judith Landry) and the understated intimations of social disorder are uncannily reminiscent of Albert Camus. "The Epidemic," about a flu outbreak rumored to afflict only those who are secretly against the government, reads like a witty distillation of "The Plague." Buzzati does more than frighten you—he evokes a deep-seated sensation of dread and vulnerability.

In "The Landslide" a reporter is dispatched to cover a natural disaster in the mountains, but when he arrives the locals don't know what he's talking about. As he drives home defeated, he hears "the initial rumblings of an immense crash" bearing down on him, and his heart is "filled with an indescribable excitement strangely similar to joy."

The short story is alive and well in the hands of three masters of the genre.

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BOOKS

'Ballet is important and significant—yes. But first of all, it is a pleasure.' —GEORGE BALANCHINE

The Point of the Pointe

Celestial Bodies:
How to Look at Ballet

By Laura Jacobs

Basic, 252 pages, \$27

BY ZOË ANDERSON

BALLET IN THE 21st century has been having a crisis of confidence. In her 2010 book "Apollo's Angels," dance historian Jennifer Homans declared that the art form "may have come to an end," lamenting that "ballet everywhere has fallen from great heights." Certainly ballet in the late 20th century was rocked by cultural change, from globalization and the fall of the Soviet Union to a transformation of social, and social dancing, habits. The ballet boom of the 1960s and 1970s, which saw movie-star acclaim for dancers such as Mikhail Baryshnikov, faded after a generation, to be followed by a shortage of choreographers, of lasting new works and of self-belief. Since then, ballet has recovered some of its mojo, with dance companies finding ways to move forward rather than mourning the lost past.

With "Celestial Bodies," Laura Jacobs gives us a crisp account of ballet history as well as an introduction to its technique, framing both as ways for an audience to interpret what they see on stage. The book's 12 brisk, thoughtful chapters include appreciations of Tchaikovsky, specific steps and positions, and the role of the male dancer and the ballerina. Ms. Jacobs, a dance critic for the New Criterion and frequent contributor to The Wall Street Journal, proves a lively guide, giving readers vivid snapshots of important moments in ballet history. "The pointe brought an exactitude to ballet technique that was literally pointier," she explains, "as if the steel burin of intaglio engraving had been applied to the art."

Her intended reader is both the newcomer and the fellow enthusiast. To them she offers everything from tips on pronunciation—"balletomane" with a hard "t"—to deep dives into metaphor, tracing ideas of energy in "Giselle" from Frankenstein's lightning bolt to the ballet's own "blown fuse of betrayal." There are also some snarky yet amusing asides. "Some ballets (we each have our own list of these) are like difficult relatives at a family gathering," she writes; "here they come again, oh



SOLO FLIGHT Sara Mearns in a New York City Ballet production of Alexei Ratmansky's 'Pictures at an Exhibition.'

well, can't hurt to catch up and see how they are doing." Such an approach is not uncommon among critics and balletomanes: a willingness to rewatch a ballet deemed unenjoyable the first time around.

Yet the question of ballet's future is one that Ms. Jacobs steps around. "Celestial Bodies" certainly sees ballet as an art that exists in the present tense. It is full of infectious excitement for the next performance, the next revelation. "Go to any single

ballet again and again and what you see will change," she argues, "depending on how your own frame of reference expands through travel, film, books, music, art, and life." That's certainly true of her own readings of ballet. Her lyrical account of George Balanchine's "Serenade" (1934) springs from a discussion of feet position, the choreographer's personal history, comments from his colleagues, the 17th-century poem "Easter Wings"

by George Herbert and finally a detailed analysis of the ballet's floor patterns.

Even so, Ms. Jacobs's focus rarely strays into our current century. She is correct to discuss "Giselle," "Serenade" and "Swan Lake" in careful, passionate depth, just as a book on theater wouldn't omit Shakespeare or Ibsen. But the most recent named work in "Celestial Bodies" is Balanchine's "Mozartiana," from 1981—before many

of today's dancers were born. Current choreographers such as William Forsythe, Mark Morris and Alexei Ratmansky are barely mentioned, relegated to a tier far below the grand orthodoxies of Balanchine or the 19th century.

From the current generation of dancers, Veronika Part and Sara Mearns are among those who, in interviews with the author, speak eloquently about their work. But for Ms. Jacobs, the paradigm remains the older figures, such as Mr. Baryshnikov and Margot Fonteyn. I wish she had given the current generation of artists a chapter of their own, space enough to explore their different approaches and what their

A lively guide, for the newcomer and enthusiast alike, to an art form that is meticulously controlled yet ever-changing.

artistry says about how we see ballet today. There's already plenty to read about the older classics but much less written—especially in book form—about the newer works. Ms. Jacobs offers some superb additions to the first, but it's a missed opportunity that she neglects the second.

Similarly, perspectives on feminism and racial and sexual diversity pop up mostly in passing. The chapter "Ballerina: Civilization in a Tutu" could say more about whose idea of civilization has been dominant thus far and where ballet has or hasn't been ready to ask those questions.

In recent years, ballet has shown signs of starting to address its present as well as its past. There's been a push for more female choreographers, the celebration of artists of color such as Misty Copeland or Michaela DePrince, more confidence in programming new works. "Celestial Bodies" shows what ballet has to offer the committed fan; the art form itself is still grappling with how to reach beyond its own familiar circle.

Ms. Anderson is dance critic of the London-based *Independent* newspaper and author of *"The Ballet Lover's Companion."*

You Know She Should Be Glad

**CHILDREN'S BOOKS**

MEGHAN COX GURDON

THE SOCIAL realignments of middle school can happen with stunning swiftness. One minute 12-year-old Trudy Mixer is madly in love with Paul McCartney and having a wonderful time running a Beatles fan club with her best friend, Michelle. The next minute, or so it seems, Trudy is still madly in love with Paul McCartney, but Michelle has defected to the cheer squad, the Beatles club membership has dwindled to three oddballs, and kids in Trudy's class are using her mortifying real name, mockingly pronouncing it in a sing-song: "Ger-trude."

It's 1966 and too much is happening too fast, and not only for Trudy. In Ann Hood's wonderful, witty, heartfelt novel "*She Loves You (Yeah, Yeah, Yeah)*" (Penguin Workshop, 252 pages, \$16.99), young readers will find themselves transported, as if by a time machine, to Rhode Island in an era when telephones were tethered by cords to the wall, wearing safety belts was optional, and vast swaths of American teenagers were besotted with the Fab Four.

Convinced that a face-to-face meeting with her idol will retrieve her social status (and win some attention from her work-obsessed father), Trudy comes up with a scheme to get herself and the misfit remnants of the fan club to the upcoming Beatles concert in Boston. Suf-fused with kindness, Ms. Hood's story does touch on deeper social currents of the time—the Vietnam War, bra-burning feminism, hippie culture—but never loses the essential humor and sweetness befitting the grand

summer adventure of four starry-eyed sixth-graders.

Sally Lloyd-Jones tells the "completely true made-up story" of an ornate New York fountain that was turned for several summers into an enormous goldfish pond (completely true) in "*Goldfish on Vacation*" (Schwartz + Wade, 40 pages, \$17.99), a picture book that brims with color and gladness. In Leo Espinosa's

THIS WEEK'S BOOKS**She Loves You (Yeah, Yeah, Yeah)**

By Ann Hood

Goldfish on VacationBy Sally Lloyd-Jones
Illustrated by Leo Espinosa**Brick, Who Found Herself in Architecture**By Joshua David Stein
Illustrated by Julia Rothman**Stegosaurus**By Bridget Heos
Illustrated by T.L. McBeth

clean, retro-style pictures, we meet three children who live in a small Manhattan apartment near Riverside Park (that bit is made-up) with their grandfather and three goldfish, Barracuda, Patch and Fiss. Out their window the children can see a stone eagle atop the once-grand Hamilton Fountain, now derelict and filled with garbage. "In the Olden Days Before Cars, horses drank from it," we read. "But when people got cars, they didn't need horses—or the fountain. And they stopped taking care of it."

So the three children are

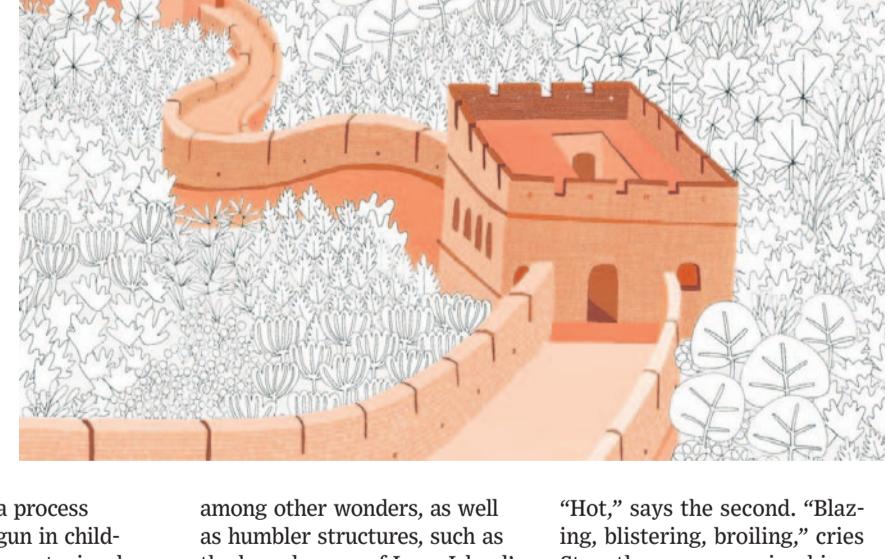
thrilled when a sign goes up inviting "all goldfish looking for a summer home" and a man comes to tidy the fountain and fill it with water and lily pads. On the appointed day, the three apartment dwellers join mobs of other fishbowl-toting children at the fountain. Telling their pets "goodbye and see you soon and don't be homesick," they pop the goldfish into the shining water. At summer's end, all the "goldfish parents" get to splash in the fountain while retrieving their pets, which, in the case of the three children, "may have been Barracuda and Patch and Fiss, or some other goldfish altogether" in this happy tale for 4- to 8-year-olds.

Coming to terms with one's true nature and seeking one's destiny are part of a process perhaps best begun in childhood. That, at any rate, is when a little red cuboid sets out to discover her place in the world in Joshua David Stein's thoughtful picture book "*Brick, Who Found Herself in Architecture*" (Phaidon, 40 pages, \$16.95). "Great things begin with small bricks," Brick's mother tells her, as the two trot on tiny stick legs down what appears to be a Brooklyn street lined with brick buildings. "Look around, you'll see." Soon Brick is old enough to travel on her own. She sets

off at night in a dinghy and—don't ask me how—makes landfall beside Malbork Castle in northern Poland, the first stop of her world tour.

Julia Rothman's delicate illustrations in white, black, and shades of yellow and red capture the man-made, brick-by-brick majesty of St. Basil's Cathedral in Moscow, the spiraling Malwiya Minaret in Samarra, Iraq, and the Great Wall of China (see above),

his two brothers. All three of them are plant-eating dinosaurs, with vertical plates running from their shoulders to their tails. But where the two Stegosaurus brothers speak in Jurassic monosyllables, Stegothesaurus has the gift of a bountiful vocabulary. At one point in T.L. McBeth's simple comic drawings, we see the three brothers perspiring in the desert. "Hot," says the first stegosaurus.



among other wonders, as well as humbler structures, such as the boxy houses of Long Island's Levittown and the Lutyens-designed Grosvenor housing estate in London. Children ages 4-7 may be ever so slightly crestfallen that Brick ultimately decides to choose a modest and unobtrusive place in the world, but from the smile on her flat little face they will see that she, at least, is content.

The bow-tied hero of Bridget Heos's picture book "*Stegosaurus*" (Holt, 32 pages, \$17.99) is not quite like

"Hot," says the second. "Blazing, blistering, broiling," cries Stegothesaurus, waving his stumpy forelegs at the sun. When sudden danger leaps out in the form of a toothy Allosaurus, the laconic brothers run away with a quick cry of "Scary." Poor Stegothesaurus gets tripped up by his own prolixity, stammering "F-f-f-frightening, formidable, fearsome," as the monster looms. So imagine his joy when she turns out to be an Allothesaurus. Could she be a true friend? Or is she just a well-spoken predator?

BOOKS

'None of us thought we were making anything but entertainment for the moment. Only Ernst Lubitsch knew we were making art.' —JOHN FORD

Master of the Humane Comedy

How Did Lubitsch Do It?

By Joseph McBride
Columbia, 561 pages, \$40

By GEOFFREY O'BRIEN

IN 'HOW DID Lubitsch Do It?'

Joseph McBride has written a love letter to a filmmaker—at nearly 500 pages, an extended love letter indeed, but one fueled by years of devotion to a body of work he describes as "one long joyous celebration of life." Mr. McBride does not simply reaffirm Ernst Lubitsch's pivotal role in developing cinematic narration and sophisticated comedy. He claims Lubitsch persuasively as an artist whose profound emotional expressiveness—a compound of "humane, subtle, sophisticated values"—remains a priceless if nowadays neglected resource. To forget him, Mr. McBride suggests, is to lose touch with nuance and intelligence, not to mention maturity—three qualities increasingly absent from commercial filmmaking.

Mr. McBride's detailed appreciations could serve, ideally, as a viewer's companion to the many layers of Lubitsch's art. The elegance and visual wit of the films—from silent masterpieces like "The Marriage Circle" (1924) to later summits like "Trouble in Paradise" (1932) and "Angel" (1937)—are merely points of entry into Lubitsch's singular domain, where grace, sly humor and deep feeling converge in works that defy genre categorization. We are permitted to inhabit an ebullient artificial world, with the further astonishment, once inside it, of being moved to our core. He provides, to paraphrase Marianne Moore on poetry, imaginary gardens with real people in them.

Mr. McBride acknowledges that no written description of Lubitsch's work can fully convey its charm. In Orson Welles's words, "there was a sort of spirit that pervaded his films that you can't analyze." Publicists called it "the Lubitsch touch," although the director himself, when asked what it was, characteristically commented, "I would like to know myself. You find out and tell me, maybe?" Other filmmakers—Renoir in France, Hitchcock in England, Ozu in Japan—recognized that he had brought something new to their art, a refinement of film language that could convey the most delicate implications of a scene with perfect clarity. His adaptation of "Lady Windermere's Fan" foregoes Wilde's epigrams in favor of significant glances and discreet displacements, organized by an editing rhythm that makes the film a seamless piece of music. That implicit musicality blossomed with the coming of sound; Lubitsch virtually invented the movie musical in "The Love Parade" (1929) and the series of Maurice Chevalier-Jeanette MacDonald delights that followed.

In the process he brought new candor and complexity to depicting sexual relationships, earning a reputation for



TEA FOR THREE Margaret Sullavan, Ernst Lubitsch and James Stewart filming 'The Shop Around the Corner' (1940), in which Lubitsch set aside the glamorous settings of earlier films to capture the small-scale dramas in a Budapest shop reminiscent of the one his father had owned in prewar Berlin.

Continental raciness, somehow without giving offense. Even after the Production Code enforcers tamped down his tolerant approach to errant sexual impulses, he still found means of evasion. "One of the censors," Mr. McBride notes, "complained that they knew what Lubitsch was saying, but they couldn't figure out how he was saying it." A closed door (his signature device) or a straying sightline could subvert the most ostensibly innocent of scenes. The supreme Lubitsch gags are complicated to explain but concise and crystal-clear on screen, a form of virtuous shorthand.

This most cosmopolitan of directors lived in the shadow of statelessness. Born in Berlin, the son of an émigré Russian Jew, he was classed as a Russian citizen; the German citizenship granted after World War I was rescinded by the Nazis, who turned his likeness into an anti-Semitic symbol in the propaganda film "The Eternal Jew." By then Lubitsch had established himself as a filmmaker and migrated to Hollywood: He became an American citizen in 1936 but remained forever identified by the American public as the representative of an older Europe before the world wars, the Europe compounded of memory and fantasy where most of his films were set. He found ways, however, to let the gathering European darkness into his work: Stalinism in "Ninotchka" (1939) and Nazism in his most audacious film, "To Be or Not to Be" (1942), a defiantly comic confrontation with ultimate evil.

Averse to entering his father's retail tailoring business, Lubitsch turned

to acting at age 19, and as a minor member of Max Reinhardt's company, he played such comic Shakespearean roles as the Second Gravedigger, Snout the Tinker and Launcelot Gobbo; as a comedian in short films (whose direction he soon took over) he typically starred as an ambitious if awkward Jewish clerk. But his acting was coarser than his increasingly resourceful work as a filmmaker, and

Lubitsch virtually invented the movie musical and perfected the romantic comedy. Yet his ebullient artificial worlds were filled with real people.

his surviving German films show him exploring absurdist comedy, exotic romance and epics on the scale of DeMille. His acting ambitions would finally be transferred to the players from whom he elicited such perpetually refreshing performances, the women above all: Miriam Hopkins, Marlene Dietrich, Greta Garbo, Carole Lombard and so many others.

In his German period there was not one identifiable Lubitsch style but many. In Hollywood he perfected the mode of romantic comedy that allowed him to deftly and delicately satirize the more straitlaced tendencies of his adopted country, gently hinting that if in America "matters of sex" were treated as mysteries, "in Europe they are recognized as a nat-

ural manifestation." Within the limits of bedroom farce and frothy operetta he evoked a swirl of illicit fantasies and suppressed yearnings, while tempering all with a mood of relaxed good nature. If the Production Code administrator decried "Design for Living" (1933) for "gross sexual irregularity," for Lubitsch the film's ménage à trois—daring even in the pre-Code era—was the bubbling over of insouciant friendly feelings. In Lubitsch's world, pleasure was not a bad thing; the real enemies were petty cruelty and power hunger, and they were kept as far to the margins as possible.

The compassion of Lubitsch's worldview is nowhere more clearly expressed than in "The Shop Around the Corner" (1940), perhaps his most enduringly popular film, where he discards the trappings of glamour and in effect revisits the small-scale world of his father's retail establishment. It's an archetypal romantic comedy, as James Stewart and Margaret Sullavan squabble fiercely without realizing that each is the other's secret pen-pal admirer. But the depiction of working life is anything but sentimental.

In true Lubitsch fashion, the most crucial things happen offscreen: the adulterous affair that the boss's wife (whom we never see) is having with one of her husband's employees, the economic struggles of the most warmly sympathetic of the shopworkers. What we see is the more or less cheerful day-to-day bustle of what could be any shop or office, a facade maintained from habit and necessity and some good will. Even as we relish

the cozy comfort of an old-fashioned Budapest leather-goods emporium, we are made progressively more aware of the lonely and uncertain lives of those who work there. The climactic moment is a suicide attempt behind a closed door—"a somber Lubitsch Touch," as Mr. McBride puts it—yet the serenely sustained comic mood is not shattered, only deepened.

Toward the end of his life—a formidable workaholic, Lubitsch died of a heart attack at 55—the filmmaker reflected gloomily on the likely fate of his work: "A movie—any movie, good or bad—ends up in a tin can in a warehouse; in 10 years it's dust." As Mr. McBride notes, the Lubitsch legacy may end as the preserve of a relatively small cadre of aficionados. But one can only hope otherwise.

It can at least be said that a taste for Lubitsch, once acquired, is apt to become a lifelong dedication. In becoming part of his audience—"Trouble in Paradise" is probably the gateway of choice—you become aware of how hard he worked to give pleasure, both to himself and to the spectator. With each shift of viewpoint, each unexpected flash of poignance, he seeks a living response, neither pandering nor grandstanding. The surprises he offers come across as gifts. You can almost hear him consulting with his longtime screenwriter Samson Raphaelson, racking his brains to come up with the necessary incandescent idea: "How do we get into it? How do we open? It gotta be brilliant!"

Mr. O'Brien is the former editor-in-chief of the Library of America.

Best-Selling Books | Week Ended June 17

With data from NPD BookScan

Hardcover Nonfiction

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Magnolia Table 1 2		
Joanna Gaines & Marah Stets/William Morrow & Company		
Trump's America 2 1		
Newt Gingrich/Center Street		
Calypso 3 3		
David Sedaris/Little, Brown and Company		
The Plant Paradox 4 -		
Steven R. Gundry/Harper Wave		
The Soul of America 5 5		
Jon Meacham/Random House		

Nonfiction E-Books

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Kitchen Confidential 1 1		
Anthony Bourdain/Bloomsbury USA		
The Plant Paradox 2 2		
Steven R. Gundry/HarperCollins Publishers		
Calypso 3 3		
David Sedaris/Little, Brown and Company		
Bad Blood 4 -		
John Carreyrou/Knopf Doubleday Publishing Group		
Educated 5 8		
Tara Westover/Random House Publishing Group		
To Light a Fire on the Earth 6 -		
Robert Barron/The Crown Publishing Group		
The Beautiful Struggle 7 -		
Ta-Nehisi Coates/Random House Publishing Group		
The Subtle Art of Not Giving a F*ck 8 -		
Mark Manson/HarperCollins Publishers		
Eats, Shoots & Leaves 9 -		
Lynne Truss/Penguin Publishing Group		
Girl, Wash Your Face 10 -		
Rachel Hollis/Thomas Nelson, Inc.		

Hardcover Fiction

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
The President Is Missing 1 1		
J. Patterson & B. Clinton/Little, Brown & Company & Knopf		
The Outsider 2 2		
Stephen King/Scribner Book Company		
Tom Clancy Line of Sight 3 New		
Mike Maden/G.P. Putnam's Sons		
Oh, the Places You'll Go! 4 3		
Dr. Seuss/Random House Books For Young Readers		
Shelter in Place 5 4		
Nora Roberts/St. Martin's Press		

Fiction E-Books

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
The President Is Missing 1 1		
James Patterson & Bill Clinton/Little, Brown & Company		
Tom Clancy Line of Sight 2 New		
Mike Maden/Penguin Publishing Group		
The Outsider 3 3		
Stephen King/Scribner		
The Pharaoh Key 4 New		
D. Preston & L. Child/Grand Central Publishing		
Shelter in Place 5 4		
Nora Roberts/St. Martin's Press		
Ocean Light 6 New		
Nalini Singh/Penguin Publishing Group		
The Beach House 7 -		
James Patterson/Little, Brown and Company		
Jinn's Dominion 8 New		
Shannon Mayer/Shannon Mayer		
The Death of Mrs. Westaway 9 New		
Ruth Ware/Gallery/Scout Press		
Killers of the Flower Moon 10 -		
David Grann/Vintage		
Something in the Water 10 New		
Catherine Steadman/Random House Publishing Group		

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 Walmart) 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
StrengthsFinder 2.0 1 1		
Tom Rath/Gallup Press		
The Power of a Positive Team 2 -		
Jon Gordon/Wiley		
Emotional Intelligence 2.0 3 5		
Travis Bradberry & Jean Greaves/TalentSmart		
Bad Blood 4 3		
John Carreyrou/Knopf Publishing Group		
Extreme Ownership 5 10		
Jocko Willink and Leif Babin/St. Martin's Press		
The Five Dysfunctions of a Team 6 8		
Patrick Lencioni/Jossey-Bass		
Principles: Life and Work 7 6		
Ray Dalio/Simon & Schuster		
Total Money Makeover 8 8		
Dave Ramsey/Thomas Nelson		
Measure What Matters 9 4		
John Doerr/Portfolio		
5 Day Weekend 10 2		
Nik Halik and Garrett B. Gunderson /Bard Press		

PLAY

NEWS QUIZ DANIEL AKST

From this week's
Wall Street Journal

1. Donald Trump's ex-lawyer, Michael Cohen, wants the president to pay Mr. Cohen's legal fees. What else did he do this week?



- A. Binge-watch old "Perry Mason" episodes
- B. Agree to cooperate with the special prosecutor's investigation
- C. Announce a run for Congress
- D. Resign his finance post at the Republican National Committee

2. Startups are developing sensors to help brewers keep track of their steel kegs, as many as 10% of which vanish annually. What does a new keg cost?

- A. \$40
- B. \$100
- C. \$400
- D. \$1,000

3. Amid an uproar over separating immigrants from their children, President Trump ordered that families seeking asylum should be detained together when possible. What had he said about this before?

- A. Mr. Trump lacked the power to halt the separations.
- B. Children were separated for their own protection.
- C. He had no idea it was going on.
- D. It was Hillary Clinton's fault.

4. At Tiffany, sales of which surprising items are up 11% this year, reversing three years of declines?

Answers are listed below the crossword solutions at right

- A. Pet jewelry
- B. Luxury smartphone accessories
- C. Engagement rings
- D. Nose rings

5. The U.S. withdrew from a United Nations body it joined in 2009. Which one?

- A. The Human Rights Council
- B. The Human Rights Commission
- C. Human Rights Watch
- D. Unesco

6. Nine states rolled out a plan pressuring car companies to meet ambitious goals for sales of environmentally friendly automobiles. Which of these states wasn't among them?

- A. Maryland
- B. Rhode Island
- C. New Jersey
- D. Colorado

7. Canadian lawmakers voted to legalize marijuana for recreational use. How old will you have to be to buy it?

- A. 18
- B. 19
- C. 21
- D. Each province will set its own age.

8. Alberto Giacometti is the subject of a big new exhibition in New York. Where was the artist born?

A. Switzerland
 B. Italy
 C. France
 D. Algeria

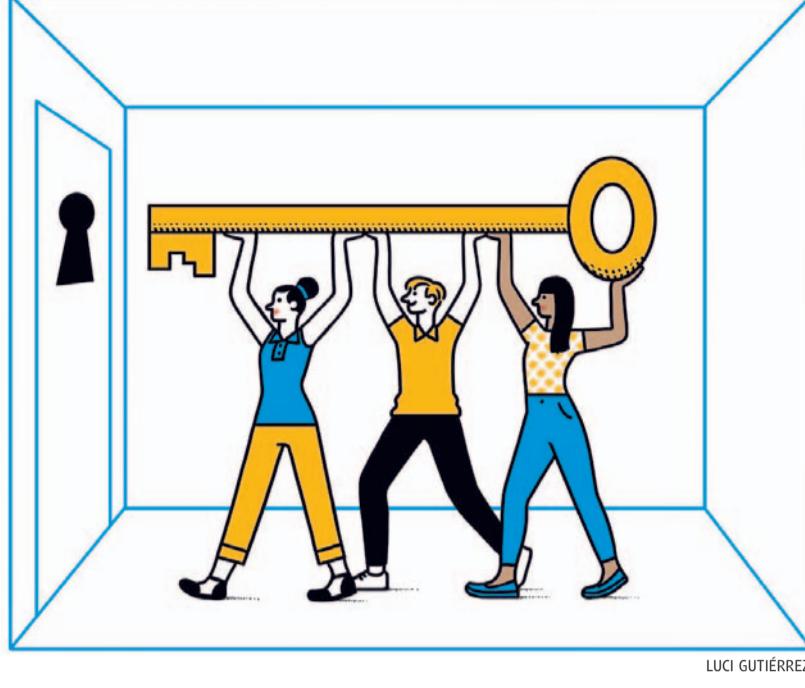


VARSITY MATH

The team tackles a number theory puzzle and a reasoning puzzle this week.

Escape Room

Jan and two other team members went on an outing to an escape room, in which groups of people find clues to get out of a locked room. In this version, groups are charged by the number of participants as well as by the amount of time spent in the room. Jan says, "We followed a larger group and spent twice as much time in the room as they did, though our total charge was the same as theirs. The charge per person is proportional to the time spent in the room up to a certain time limit. Time spent over that limit is charged at a 50% higher rate. For any given time limit and base price per time, there are two ways the two groups could have had identical charges,



LUCI GUTIÉRREZ

depending on whether the larger group spent more or less than the time limit in the escape room."

How many people were in the larger group and what is the ratio of the two possible total charges?

Learn more about the National Museum of Mathematics (MoMath) at momath.org

Find m and n

Inspired by June 15, the coach has a problem involving the number 615.

Find all integer solutions for m and n to the equation $m^2 + 615 = 4^n$.

For previous weeks' puzzles, and to discuss strategies with other solvers, go to WSJ.com/puzzle.

SOLUTIONS TO LAST WEEK'S PUZZLES

Recycling Center

G	O	B	U	S	T	N	E	E	D	E	D
R	W	A	N	D	A	E	R	N	A	N	I
A	F	K	A	L	O	W	S	I	H	I	S
P	L	A	T	E	T	A	C	L	A	M	P
U	A	V	L	G	O	T	H	E	L	P	A
S	T	A	Y	U	R	E	A	D	O	R	N
R	E	D	F	L	A	G	V	V	I	V	A
E	R	A	L	L	I	E	R	E	T	I	S
L	E	G	O	S	L	T	T	R	A	S	H
N	D	R	T	D	R	E	I	A	I	E	R
T	U	P	E	L	O	C	I	C	A	D	A
S	W	E	D	N	O	P	E	N	L	Y	

ACROSS 1. GO BUST (anag.)
5. NEEDED ("kneaded" hom.)
9. RW + AND + A 10. ERNANI (hid.)

12. LOWS (2 defs.) 14. GOTH(E) + LP 16. ST(A)Y 17. READ + OR + N 18. RED(D)F + LAG 21. VI(V)A 24. RA(LLI)ER (rev.) 27. DREI (anag.) 28. TUP + ELO ("put" rev. + "Leo" anag.) 29. CI(CAD)A 30. S(WED)EN 31. O(PE)NLY DOWN 1. GRAMP(U)S 2. BAke + LAVA 3. UNAPPLY (anag.) 4. T(A)ROT 5. NE(W)GATE 6. ENISLED (anag.) 7. DACHA (hid.) 8. DISH PAN (anag.) 11. F(LATTE)RED 12. L(EGP)ULL ("Peg" anag.) 13. IMPROV(I)E 15. HA(VAR)T + I 18. RE(L)ENTS ("enters" anag.) 19. FLOATe + D ("of late" anag.) 20. AILER + ON 21. VERS(A + C)E 22. I + T(ALI)AN 23. A + S(H)TRAY 25. G(R)APE 26. TELCO (hid.)

Forefathers

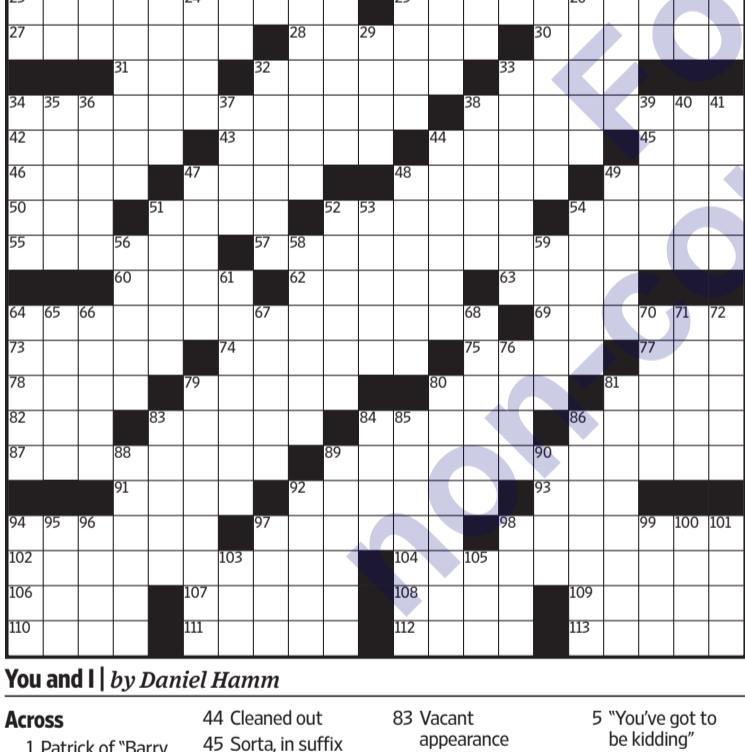
GOLFS	TEMPOS	POLE	IDO
AMILE	ARDENT	IRON	INAP
PARING	MASTER	LAVALA	VA
SNAPSUP	PAROLE	MODEL	
PEN	CABINET	MELD	
TATE	NOCANDO	JELLIES	
AWARD	IDEAST	REDS	TAP
PAUSED	CARDS	DUETO	PITA
PRESS	PORES	BLOAT	
SHEILA	SINGLE	RANTS	
PATRICK	QUESTION		
SATAN	UMLAUT	BOATER	
AMUSE	SPATE	FAMED	ARE
LIDS	THEME	PALATES	SHOW
EGO	HEEL	PARIS	DIODE
MORTALS	BRUISES	DEED	
SOUL	GOALLIN	PIE	
PATENT	FILAPS	PANTLEG	
ICY	STARE	PARENT	STRIKE
URL	ELAN	ETALIA	RIVET
SEE	DENS	REMITS	OPEDS

Varsity Math

In **Liar's Club**, Person 3 and Person 4 are both lying. In **Palindrome Times**, the two closest times are 9:59:59 and 10:00:01, at two seconds apart.

Answers to the News Quiz: 1.D, 2.B, 3.A, 4.C, 5.A, 6.D, 7.D, 8.A

THE JOURNAL WEEKEND PUZZLES edited by MIKE SHENK



You and I | by Daniel Hamm

- Across**
- 1 Patrick of "Barry Lyndon"
 - 6 Transactions between companies, for short
 - 10 Castor and Pollux sailed with him
 - 15 Not taken
 - 19 Significant suffering
 - 20 1968 folk album recorded in New York City
 - 21 Cropped up
 - 22 Basilica di San Pietro setting
 - 23 Arrogance exhibited by moralistic folks?
 - 25 Bookkeeper's very first red-link entry?
 - 27 "Candide" and "Catch-22"
 - 28 Brunch cocktail
 - 30 Angler's wear
 - 31 Word in most of the commandments
 - 32 Ditch specialty
 - 33 No foe
 - 34 "The Lion Sleeps Tonight?"
 - 38 Scoundrel, Cagney-style
 - 42 Moving option
 - 43 "This is only ____."
 - 44 Cleaned out
 - 45 Sorta, in suffix
 - 46 Sell off quickly
 - 47 Athletically lean
 - 48 Rush hour cacophony
 - 49 Club spread
 - 50 Is for more than one
 - 51 Resort island east of Java
 - 52 Made a real effort
 - 54 More than gratifies
 - 55 Bring down
 - 57 Knockoff Viagra?
 - 60 Aardvark's diet
 - 62 Hardly worldly
 - 63 Fun time
 - 64 Liverpudlian louts?
 - 69 Clandestine meetings
 - 73 "The Shield of Achilles" poet
 - 74 Unintended printing patterns
 - 75 Maker of Total Effects moisturizers
 - 77 Souvenir shop buy
 - 78 Pitt of "World War Z"
 - 79 Oozes
 - 80 Sticks in halls
 - 81 Rhino feature
 - 82 Penn of "Designated Survivor"
 - 83 Vacant appearance
 - 84 Take a beat
 - 85 Trunk
 - 87 Athletic elite
 - 89 Hot July temperature?
 - 91 Stocking merchandise
 - 92 Bedouin bearers
 - 93 Canton of central Switzerland
 - 94 Burger topping
 - 97 Weapon for Michonne on "The Walking Dead"
 - 98 Savanna trees
 - 102 Loose-fitting blouse in need of laundering?
 - 104 Any of Amsterdam's many canals?
 - 106 As sick as ____
 - 107 Inquisitive sort
 - 108 Polish text
 - 109 Develop
 - 110 Bank
 - 111 Tame oaths
 - 112 Lairs for bears
 - 113 Places of worship, in Westeros
 - 1 War room displays
 - 2 Taj Mahal site
 - 3 Podiatric case
 - 4 Arriving, eventually
 - 5 "You've got to be kidding" reaction
 - 6 Cell feature
 - 7 Prefix between bi- and quadri-
 - 8 Upper-class wealth
 - 9 Dreamliners, e.g.
 - 10 Dior fragrance
 - 11 "Give it ____!"
 - 12 Japanese buckwheat noodles
 - 13 Sch. of six Heisman winners
 - 14 Ovation and Bravo, for two
 - 15 Elm Street terrorizer
 - 16 Spa cover
 - 17 Dubai dignitary
 - 18 Diner offering
 - 19 Rodin's "The Thinker," e.g.
 - 20 Brewer's ingredient
 - 21 Tame oaths
 - 22 Lieutenant at the communications station
 - 23 "Jurassic World" science
 - 24 Fountain in New Orleans
 - 26 "La Vita Nuova" author
 - 27 Brewer's ingredient
 - 28 Takes steps
 - 29 "I've had ____ to here with you!"
 - 30 ATM user's need
 - 31 Hall & Oates's "____ Gone"
 - 32 Acid also called aqua fortis
 - 33 "Jurassic World" science
 - 34 "I have sinned in that I have betrayed the innocent blood" speaker
 - 35 Lieutenant at the communications station
- Down**
- 1 War room displays
 - 2 Taj Mahal site
 - 3 Podiatric case
 - 4 Arriving, eventually
 - 5 "You've got to be kidding" reaction
 - 6 Cell feature
 - 7 Prefix between bi- and quadri-
 - 8 Upper-class wealth
 - 9 Dreamliners, e.g.
 - 10 Dior fragrance
 - 11 "Give it ____!"
 - 12 Japanese buckwheat noodles
 - 13 Sch. of six Heisman winners
 - 14 Ovation and Bravo, for two
 - 15 Elm Street terrorizer
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 - 32 Acid also called aqua fortis
 - 33 "Jurassic World" science
 - 34 "I have sinned in that I have betrayed the innocent blood" speaker
 - 35 Lieutenant at the communications station

36 Identified

- 37 Put away
- 38 Cowboy's charge
- 39 Cowboy's rope
- 40 Thus far
- 41 Yonder things
- 44 Arcturus's constellation
- 47 Cravings
- 48 Randy with five CMAs
- 49 1955 film that won the Best Picture Oscar
- 51 Dahomey, since 1975
- 52 Flight makeup
- 53 Far from original
- 54 Newscast segment
- 56 Out, in a way
- 58 Still green, perhaps
- 59 Specks
- 61 Bagel spreads
- 64 Yeasty cake
- 65 Like much of Iowa
- 66 New Mexico senator Tom
- 67 Transvaal settlers
- 68 Monopoly buys
- 70 Attack en masse
- 71 Succinct
- 72 Mexican mister
- 76 Libertine's look
- 79 Holds a grudge
- 80 Impressive way to graduate
- 81 Case for Columbo
- 83 Unfeeling
- 84 Mountain lion
- 85 Like the Constitution, 27 times
- 86 Angry eruptions
- 88 Boringly commonplace
- 89 Lusty revelers
- 90 So great
- 92 Police force hopeful
- 94 Sharif of "Funny Girl"
- 95 Rodin's "The Thinker," e.g.
- 96 Immunity bestower on "Survivor"
- 97 Pioneering Pittsburgh radio station
- 98 Takes steps
- 99 "I've had ____ to here with you!"
- 100 ATM user's need
- 101 Hall & Oates's "____ Gone"
- 103 Leb. neighbor
- 105 Pewter component
- Rows**
- A 5-on-4 or 5-on-3 situation in hockey (2 wds.)
- B Starting group? (Hyph.)
- C Ancient drama that ends with the hero blinding himself (2 wds.)
- D 1972 thriller that Burt Reynolds called "the best film I've

REVIEW

ICONS

The Lighter Side Of High Art

At the National Gallery, irreverent woodcuts, underground comics and Goya's family of donkeys



IN GOYA'S ▶
1799 'And So Was His Grandfather,' a donkey shows off his family album. The family crest is to the left.

bum of donkeys, with yet another adorning the family crest. It's easy to get the joke, too, in "The Armoire," a popular 1778 etching by Jean-Honoré Fragonard. Here, furious parents

throw open the cupboard to reveal their daughter's abashed lover, as younger children look on wide-eyed and the family dog prepares to attack.

In other works, the humor re-

quires more context. For Mr. Bober, James Gillray is "the fiercest and greatest and least known of the English satirists," whose prints comment acerbically on politics. His 1791

NATIONAL GALLERY OF ART, WASHINGTON

MASTERPIECE | 'THE PALM' (1926), BY PIERRE BONNARD

A Muse Embedded In Mystery

BY SIDNEY LAWRENCE

AMONG THE ARTISTS who transformed painting in the 20th century, Henri Matisse and Pablo Picasso come to mind first, but their contemporary, the French artist Pierre Bonnard (1867-1947), was also something of a radical. Neither a free-form colorist like Matisse nor a wizard of formal invention like Picasso, Bonnard made quiet waves in 1890s Paris, as part of a short-lived but influential group of Paul Gauguin followers (the "Nabis") and later, with Edward Vuillard, as a painter of intimate interiors.

After World War I, Bonnard found his own path as an artist. Dividing his time among studios in Paris, Giverny and the French Riviera, he drenched himself in the French Impressionist ethos of a moment captured as color and light. Landscapes, environments and models were his conduits for intense coloristic explorations imbued with strong emotional undertones. The results can be fascinatingly difficult to pin down: obscure, straightforward, happy, somber, modern and old-fashioned all at once—and often veer into weirdness. The more you look at a Bonnard, the more you want to look.

Bonnard's subtle mastery is writ large in "The Palm" (1926), a 4-by-5-foot composition in the Phillips Collection in Washington, where it has just gone back on view in the museum's newly renovated original 1897 building.

The work invites us into the excitement of a Mediterranean environment. Sun-warmed palm fronds shade a lady in her garden, forming a cool-toned proscenium foreground. Beyond, in a blast of light, red-tiled roofs cascade down a hill amid vines and olive trees to a stucco high-rise floating above a tawny urban expanse. In the far distance, flickering blues and silvers delineate a sunlit coastline.

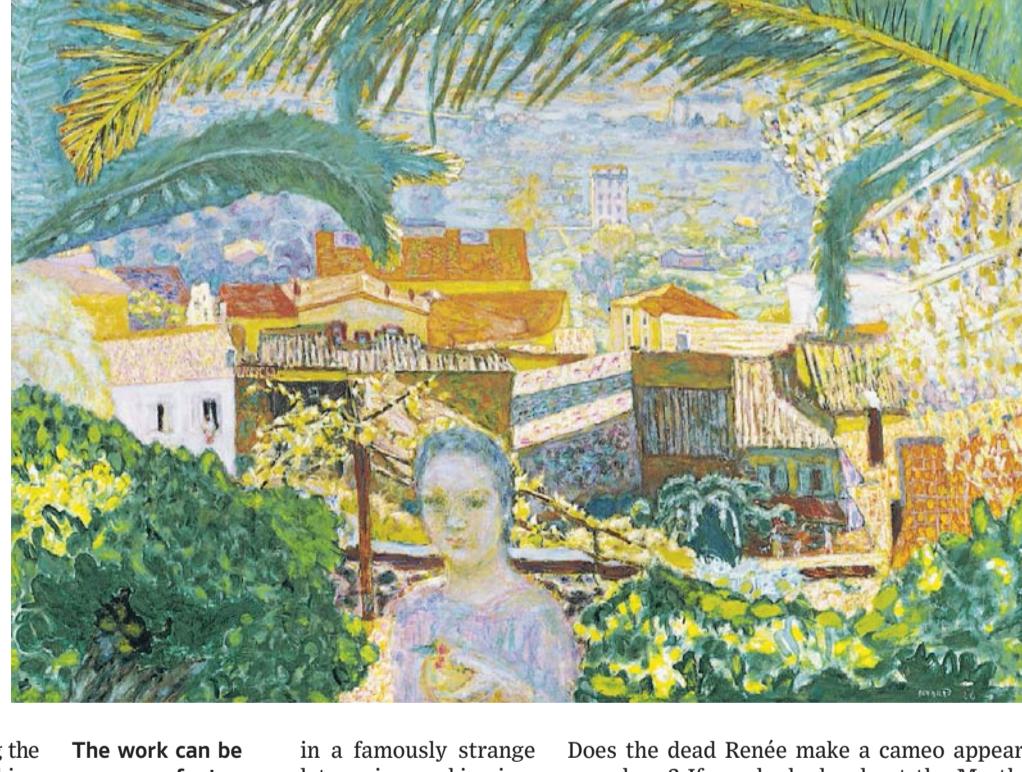
This virtuous landscape—that's Cannes down

there—packs a tremendous psychological punch. The largest palm frond is graceful but menacing—scary even; a giant, twisting form with no visible anchor. The garden below, though pretty, teems with bubble-gum plant forms bordering on icky science fiction. At the center of all this, deep in fuzzy shade, is the lavender female figure that seems arbitrarily positioned, looking straight at us, holding an apple. Here Bonnard's magic kicks in.

This stocky child-woman is neither wholly defined nor emotionally engaged. Her faintly classical features suggest a sort of 1920s Arcadia. She might be Pomona, the orchard goddess of ancient Rome. Or Eve in the garden of Eden, offering the apple of temptation. Or just an apple-munching lady outside with her black cat, that strange blob of a creature, paw up, in the dark green shade of the lower left. Such unresolved subtexts make "The Palm" a recurring enigma, a cinematic *mise-en-scène* dissolving into a dream.

Not a plein-air painter, Bonnard mostly worked from remembered impressions—a Proustian approach, some scholars have suggested—using his own sketches and other visual reminders like postcards and eye-catching photos from the newspaper. Bonnard labored long and hard on each work, sometimes returning to a painting years later to continue a particular artistic journey.

Through it all, there was Marthe Boursin, the artist's lifelong companion, primary model and muse. Bonnard's depictions of her over the years evolved from a comely, athletically posed nude in the bath or boudoir to a nicely dressed young woman lost in thought in a cozy interior, to a mature, round woman peering from the side of a windowed room, posed on a terrace, interacting with a house pet or,



The work can be seen as a fantasy wedding portrait—but does the artist's other inamorata make an appearance as well?

in a famously strange late series, soaking in a tub in a radioactively colored bathroom.

"The Palm" came at a momentous time for the couple. After 33 years together, they got married in late summer 1925. Which makes it

possible to see "The Palm" as a fantasy wedding portrait, with Marthe's apple a bouquet, the arched garden a church apse, and the frenzied view beyond a symbol, perhaps, of complicated love. Increasingly reclusive and illness-obsessed, Marthe may have been high-maintenance, but in Bonnard's vision, in this painting, she exists in an ideal, beautiful world.

There's a twist to the story, however.

Around 1920, Bonnard had hired and begun painting an attractive young blond model named Renée Monchaty, falling in love with and promising to marry her. But he ultimately reneged, driving Renée to suicide.

Does the dead Renée make a cameo appearance here? If you look closely at the Marthe figure, she has (from the viewer's vantage point) two left eyes, one atop another, almost a double image, as if one human had been merged with another. A subliminal Renée or mere artistic effect? Maybe a bit of both. The pervasively experimental, distorting extremes of Bonnard's painting style leave us wondering.

Two years after Bonnard finished "The Palm," the work was bought by the American collector-connoisseur Duncan Phillips, an ardent fan who later singled it out as "one of the artist's most important canvases."

Matisse praised Bonnard as "the strongest of us all," and more recently, painters as diverse as Chaim Soutine, Mark Rothko, Balthus, Howard Hodgkin and Eric Fischl have expressed admiration for the artist. Bonnard's densely chromatic, psychologically compelling works are standouts in 20th-century art, but few of his paintings can approach the enduring, unfolding magnetism of "The Palm."

Mr. Lawrence is a painter in Washington.

BY SUSAN DELSON

IT COULD BE the opening line of a classic joke: So three National Gallery of Art curators walk into a bar... What they walked into, in fact, was the Washington museum's huge collection of prints and drawings, searching out works that were good for a laugh, a sharp critique or, frequently, both.

The punch line? "Sense of Humor," an exhibition spanning some six centuries of satire, parody and other funny stuff. Opening July 15, "Humor" includes about 100 artworks, presented in three galleries. "It's not just obvious imagery, not just ha-ha," said Jonathan Bober, the museum's senior curator of prints and drawings. He co-organized the exhibition along with Judith Brodie, curator and head of the department of American and modern prints and drawings, and Stacey Sell, associate curator, department of old master drawings.

The idea, Mr. Bober said, is for visitors to be "amused, charmed in some cases and perhaps irritated in other cases. I think good humor should do both." The show arose largely from the curators' interests, including Mr. Bober's in satire and Ms. Brodie's in cartoons, comic strips and artworks that incorporate text. "It started as a discussion—very casual," Ms. Brodie said, "and blossomed into something much larger."

The first gallery looks at satire, caricature and humorous art of the 15th to 17th centuries. The earliest work—an irreverent, hand-colored German woodcut from around 1470—portrays Pope Paul II and Holy Roman Emperor Frederick III locked in an allegorical wrestling match, tussling over the pope's growing influence in the emperor's territory north of the Alps.

Caricature was also emerging as a focus—as seen in a drawing of two grotesque heads from the early 1500s done by Francesco Melzi, a student of Leonardo da Vinci. Caricature, which Mr. Bober defined as "the distortion of physical appearance to humorous effect," is a constant throughout the show, right up to the underground comic art of R. Crumb, best known for "Fritz the Cat," and Art Spiegelman of "Maus" fame.

The satire sharpens in the second gallery, which covers the 18th and 19th centuries. The humor is instantly apparent in works like "Asta su Abuelo" ("And So Was His Grandfather"), an aquatint from Francisco de Goya's 1799 portfolio "Los Caprichos" ("The Caprices"). In the picture, a well-dressed donkey seated on his haunches is showing off a family al-

"Wierd-Sisters; Ministers of Darkness; Minions of the Moon" ("wierd" is how the artist spells it) is both a parody of a then-well-known painting of the three witches in Shakespeare's "Macbeth" and a pointed jab at the mental instability of King George III. The witches are clearly identifiable as the three most powerful government ministers of the era. "And there, on the dark side of the moon," said Mr. Bober, "is the profile of the mad King George."

Gillray's prints and others by artists such as William Hogarth and Honoré Daumier were intended for mass distribution. But "Wierd-Sisters" underscores another aspect of the exhibition: Witty as they are, the pieces on view are also fine—and in some cases rare—works of art. The hand coloring on this particular print is original, and the identities of the three "witches" are written out in Gillray's own hand.

The fine-art focus broadens in the show's final section, where works by modern masters like Roy Lichtenstein, Andy Warhol and Alexander Calder rub shoulders with denizens of long-vanished newspaper funny pages, underground comics, bitingly satirical protest art and the like. Lichtenstein's 1990 "Reflections on The Scream" riffs on the classic 1893 work by Edvard Munch, swapping out Munch's horror-struck figure for an open-mouthed, bawling infant. "It captures that sense of profound pain and suffering, but in a comic way," said Ms. Brodie, who curated the 20th-century section. "Lichtenstein played off comic strips and comic books," she added. "They were a mainstay of his art."

Among the cartoon works on view is a 1909 drawing by Winsor McCay for his comic strip "Little Nemo in Slumberland." Filling an entire page each week, the strip, which began in 1905, has long been acclaimed for its experiments in comic-art form, from the size and shape of its panels to its dizzying use of perspective. "I don't look at them as just funnies," Ms. Brodie said of the "Little Nemo" strips. "This is...beautifully composed, challengingly orchestrated work."

Challenging in a different vein, a 1988 poster by the activist group Guerrilla Girls remains ruefully current—and funny. Titled "The Advantages of Being a Woman Artist," it lists such benefits as "Working without the pressure of success" and "Not having to undergo the embarrassment of being called a genius."

Like many works in the final gallery, the poster invites viewers to expand their thinking about how art and humor mix. "Great art can be funny. It can be ironic," Ms. Brodie said. "I'm hoping that people walk away with a broader sense of who deserves to be on the walls of the National Gallery of Art."

NATIONAL GALLERY OF ART, WASHINGTON

ARTISTS RIGHTS SOCIETY (ARS), NEW YORK / ADAGP, PARIS



Hair, Hair!
The grooming guru
from 'Queer Eye'
on his favorite
gadgets **D10**

OFF DUTY

THE WALL STREET JOURNAL.

Hear, Hear!
Headphones that
cleverly customize
themselves to your
sonic needs **D9**



FASHION | FOOD | DESIGN | TRAVEL | GEAR

SATURDAY/SUNDAY, JUNE 23 - 24, 2018 | **D1**



MARCUS NILSSON FOR THE WALL STREET JOURNAL, HAIR AND MAKEUP BY SUSAN DONOGHUE, MODEL: JOHNNY CICERO/CESD

ACQUIRED TASTE Children raised on a steady diet of food media are stepping up to the stove with serious attitude. Shot on location at Cervo's restaurant, New York City. Tattoos by Tattly.

Look Who's Cooking

So your kid wants to be a celebrity chef. Here's your guide to the current surge of activities, from cooking camps to mail-order kits, aimed at satisfying fledgling foodies this summer

BY MATTHEW KRONBERG

CONGRATULATIONS. It seems like only yesterday your child was determined to live on nothing but chicken tenders and buttered pasta. But you nudged and coaxed, set a good example and broadened a young palate.

Now your junior foodie wants to celebrate the end of the school year with a trip to the sushi bar for a \$100 omakase experience, has traded chasing the ice cream truck for inspecting the offerings at the gelateria and takes possession of the kitchen on weekends. "I don't use fondant," 12-year-old Sarah Park declared recently. The aspiring baker from Santa Clarita, Calif., dismissed the malleable sugar paste often used in cake decorating as too one-note. "I'm more about taste," she added.

Fortunately, parents of kids who are all about taste have more resources than ever at their disposal to make this summer both a delicious and an enlightening one. According to the American Camp Association, 48% of accredited camps will offer cooking as a program this year. For those staying closer to home, new kid-oriented cooking kits and a wealth of surprisingly good online con-

tent (don't knock YouTube!) are here to fill in the gaps.

Don't presume that food-focused camps mean your offspring will spend the summer in the kitchen, however. The camp Ms. Park attended last year, the Teen Foodie Adventure Camp held by the Kids' Table in Chicago, combined urban escapades with (vegetarian) kitchen sessions. In Brooklyn, the Dynamite Shop, a just-opened "culinary social club" for teens and tweens, also treats the city as a classroom, encouraging kids to "celebrate the diversity of our community and see food as a way of connecting with neighbors in the places we live," said co-founder Sara Kate Gillingham. Each week of exploration and cooking culminates in a camp-created pop-up restaurant for the kids' families.

For outdoorsy types, Maine-based Apogee Adventures, which has for 17 years taken tweens and teens on service and adventure

Please turn to page D6

Inside



YOU'VE GOT WHALE
A kayaking trip through British Columbia's Gulf Islands **D7**



THE WET LOOK
How to scout out remote swimming holes when hiking America **D9**



ARE CAPS JUST FOR THE CALLOW?
Some think they make older men look like aging frat boys **D2**



'PLEASE, NO VANILLA BOXES'
How an interior designer obliged a client's plea for jazzed-up neutrals **D8**

STYLE & FASHION

THAT'S DEBATABLE

Can You Wear a Baseball Cap Without Looking Immature?

YES

LIKE APPLE PIE, Paul Rudd movies and surreal Super Bowl commercials, the classic baseball cap is a beloved American institution—and not just for kids. “I’ve realized that in America, they’ve become the modern-day cowboy hat,” said Alex Wilcox, the British co-owner of bespoke clothier and tailoring shop Lord Willy’s in New York. And like the cowboy hat, Mr. Wilcox added, baseball caps connote masculinity, and give men of any age a stylish way to hide.

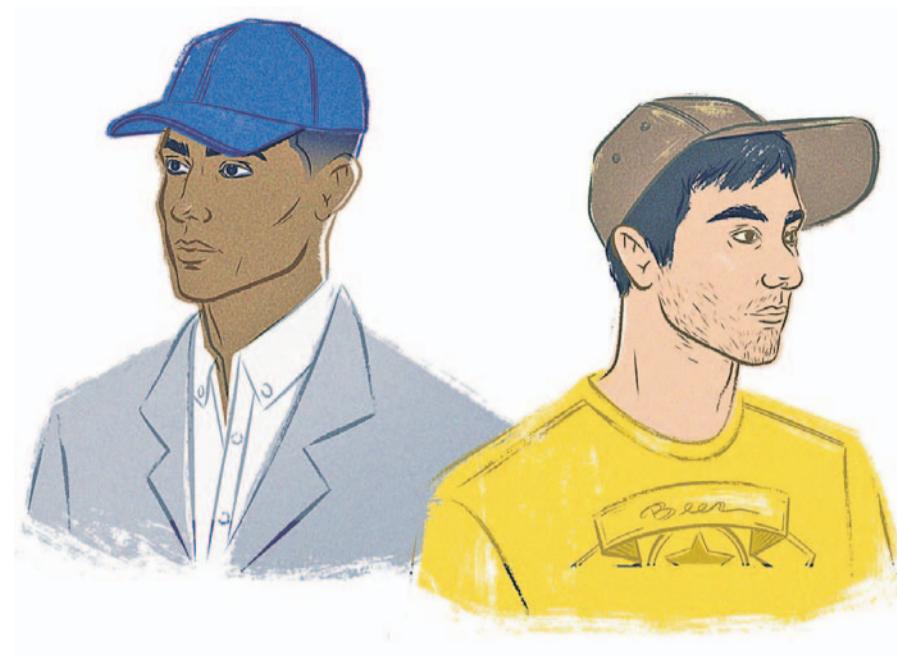
They’re also legitimately fashionable now. No longer just the province of frat guys and truck drivers, the ball cap has been infiltrating menswear’s more upscale corridors. French luxury brand Louis Vuitton recently sent dark leather ball caps down its runway, paired with elegant outerwear. Gucci and Balenciaga both sell pricey versions. And style icons like Jake Gyllenhaal and Pharrell Williams have made the caps indispensable elements of their wardrobes.

So how to pop one on without looking like you’re heading to a cutthroat beer pong tournament? Consider this scenario: a fitted navy blue ball cap worn with a dark blazer and light linen pants to an outdoor cocktail party—sporty, yet appropriate. Naturally, we’d hesitate to accessorize a formal suit and tie with a cap. “You have to style it with the right pair of jeans, or a cool sneaker, or a cool bomber,” said Todd Snyder, the New York-based designer whose eponymous brand offers sharp ball caps in fabrics like seersucker in collaboration with New Era.

Worn with the correct look, the ball cap can also sub in as a tiny face-umbrella in inclement weather. “Say you’re out walking in New York, and it’s not cold, but it’s rainy,” said Sid Mashburn, owner of an eponymous Atlanta-based menswear store. “May as well wear a cool cap that looks like it belongs with your outfit.”

Of course, not just any cap will do. “You don’t want some old vintage hat. You want something crisp,” said Mr. Snyder, who prefers the style commonly known as the “dad hat,” which fits over the noggin closely and smoothly. “It’s typically lower-profile and doesn’t have a logo on it.”

Mr. Mashburn cautions that when you sport a ball cap, it should be spick and span: “I have friends who wear them like you’d wear a pair of worn-out jeans. But a dirty cap is not attractive.” Especially if you’re older than 10.



THINKING CAPS These four chic ‘dad hats’ are not for mindless bros. Clockwise from top left: Plaid Cap, \$125, usonline.apc.fr; Field Cap, \$55, battenwear.com; Plaid Cap, \$125, rag-bone.com; Garment-dyed cap, \$40, jcrew.com

NO

FOR JUST ABOUT everything in life, there is a time and a place. And for ball caps, that time and place is the baseball field during a baseball game. Or possibly, that grassy knoll where you used to play ultimate Frisbee back in college. But now that you’re an actual adult with obligations more pressing than bringing a bong to a knoll, retire the cap. “I think if you have a full-time job, and you’re not living in a fraternity house or a dorm room, it’s time to upgrade,” said Kirk Miller of Miller’s Oath, a bespoke menswear shop in New York City.

Though Mr. Miller isn’t 100% against ball caps for grown men—he wears one on Saturdays when he coaches his son’s soccer team—he believes they generally should be restricted to their original context, outdoor sporting activities. As fashion accessories, they don’t work after a certain age, he thinks: “I just feel like you should move beyond that once you’re out of your early 20s.”

If you are intent on a hat, Mr. Miller suggests graduating to something more sophisticated. A Panama hat, for instance, or a beautifully made fedora with a grosgrain ribbon, just like your dad might have worn. “I don’t feel like ball caps have a whole lot of personality,” he explained.

When you wear a ball cap as an older man, it also raises the question of what lies beneath. People may assume that you’re hiding bad hair, or sparse hair. “Ball caps are a substitute for laziness,” said Michael Haar, owner of Haar & Co. Barbershop in New York’s West Village. Mr. Miller added that he understands why guys wear them: “Some because they’re losing their hair, some because they didn’t want to brush their hair.” But adopting this quick fix for hair shame is an immature solution, he argues. True gentlemen groom their hair if they have it—and embrace their baldness if they don’t.

And besides, can you imagine Cary Grant in a baseball cap? Brad Pitt has rarely worn one since his youth, minus his role in “Moneyball.” Put together a list of the most elegantly dressed men of the last 75 years and you’d be hard pressed to find a baseball cap among them. (OK, we’ll give you Pharrell.) So if you’re off to an athletic event, then by all means, don the cap. But, as Mr. Miller said, “in the normal course of society and daily life, it should be a firm ‘no’ to the baseball hat.” —Scott Christian



KEEP YOUR SHIRT ON A dapper guest at Pitti Uomo in Florence layers a shacket over a plain old button-down.



From left: P Johnson Jacket, \$445, ap.pjt.com; Work Jacket, \$1,200, anderson-sheppard.co.uk; Engineered Garments Shirt, \$230, Nepenthes New York, 212-643-9540; Field Shirt, \$315, evankinori.com

Hybrid and Mighty

The new, lighter ‘shacket’—a wholly successful union between a jacket and a shirt—makes summer blazers look uncool

BY JACOB GALLAGHER

FIVE YEARS BACK, a restless client of Australian-born tailor Patrick Johnson made a simple sartorial request: “I want something a little bit more casual.” Emphasis on “little bit.” Though the client had purchased plenty of classic custom suits from Mr. Johnson over the years, his full-suit days, like those of many men, were becoming fewer and further between. So Mr. Johnson, who has showrooms in Sydney, Melbourne, New York and London, played Dr. Frankenstein: He surgically fused the three pockets and mid-thigh length of his sport coats with the pointed collar and to-the-neck buttoning of his dress shirts. Result: his first shirt jacket, or “shacket.” The hybrid piece so pleased Mr. Johnson that he added it—in linen, cotton and cashmere iterations—to his ready-to-wear menswear line.

The idea of a middle ground between the puny shirt and the heavy jacket is not exactly novel. Traders on the New York Stock Exchange floor traditionally wear light, blazer-ish jackets with four pockets ideal for stashing stock chits and note-pads. Lumberjacks and the hipster bartenders who ape their style have long favored Pendleton’s flannel overshirts. And the late street-style photographer Bill Cunningham adopted the canvas French worker’s jacket and popularized it stateside. But the recent wave of shackets skews a bit dressier, more streamlined, meriting a slot in your summer wardrobe.

Drake’s of London produces a pinstriped number that’s positively Wall Street, while Savile Row stalwart Anderson & Sheppard offers a cigar-hued linen jacket with tone-on-tone stitching to underline its whispery minimalism. New York’s Engineered Garments and San Francisco designer Evan Kinori elected for elimination: Their distinctive Mao-collars winnow the pointed collar down to a mere band of fabric.

Each of these versions ideally suits those times when a sport coat is too persnickety, but a dress shirt alone will leave you feeling underdressed. They’re work-appropriate for most men, especially on summer Fridays, but won’t look weird at the bar. And where a Pendleton overshirt skimps on storage, a modern shacket resembles a backpack with armholes. The deep chest pockets on Mr. Kinori’s version let him ride a bike without relying solely on his shallow pant pockets to hold his stuff. As he said, “If you have something in your chest pocket you always know where it is. You’re not going to be like, ‘Oh sh*t, I dropped my wallet.’ It’s on your chest.”

STYLE & FASHION



MORE THAN CANDLES
Objects from the history of Diptyque's original store

LOVE STORY

A Whiff of Paris's Past

A writer remembers the seductive glamour—and odor—of the original Diptyque curiosity store

BY ALEKSANDRA CRAPANZANO

THE PERFUME I wear, "34," was created using something called "head space technology" to capture the olfactory chemical compounds of a place—in this case, a shop.

You might wonder why I would want to smell like a shop but consider this: The shop in question is not ordinary store, but rather the original Diptyque boutique at 34 Boulevard Saint-Germain in the 5th arrondissement of Paris, a store whose windows have been full of whimsy and fanciful objets d'art since it first opened in 1961.

Diptyque, now known mostly as a purveyor of sought-after scented candles, was originally founded by three friends as a bazaar-like space selling textiles, toiletries and souvenirs from afar. It was only in 1968 that Diptyque branched into perfume, with a unisex eau de toilette called "l'Eau." Although based on a Renaissance recipe, Eau fit the free spirit of the emerging hippie generation and was an instant hit.

I have history at 34. As a child growing up in Paris in the '80s, I would pass the shop on my regular walk from the crepe stand at Place Saint-Germain-des-Prés to the stationery shop Gibert Jeune at Place

Saint-Michel, where I would buy my school notebooks. I chose this particular route because it took me right past Diptyque.

For many years, I didn't even go inside. I was too young for the perfumes it sold, and my weekly allowance would hardly have covered the scented soaps, candles or



34 Boulevard
Saint Germain
Eau de
Toilette, \$160,
diptyqueparis.com

drawer liners. Still, the window displays beckoned with their eclectic mix of antiques. A Victorian rag doll here, an early 20th-century Stoneware bottle there.

Inside, a lighted candle glowed on the counter, its scent wafting out whenever someone went in or out. For a brief moment, the fragrances of blackcurrant, tuberose, heliotrope and iris mingled with the smoky notes of Indonesian wood or Greek figs would wash over me. Then the door would close again, and I'd walk on, intoxicated by the places these whiffs conjured and by the grown-up sensuality they awakened in me.

Nearly a decade later, I landed a

job as a production assistant to the late film director Mike Nichols on the movie "Wolf." My first morning, I knocked on his trailer door, clipboard in hand. Mr. Nichols ushered me into his flimsy trailer, filled with the heady scent of orange zest and clove. Scattered around were Diptyque candles in Fleur d'Oranger (a scent notably made from the entire orange tree). The director agreed to let me hover at his shoulder and learn all I could if I complied with one request: that I keep his favorite candles aflame in his trailer to

Inside Diptyque's shop, a lighted candle glowed on the counter, its scent wafting out whenever someone went in or out.

mask the stench of Formica and hide, from his wife, Diane Sawyer, any evidence that he still smoked the odd cigarette.

Diptyque surreptitiously entered my life once again on a trip to Paris with my novelist fiancé (now husband) and his stepfather, the poet W.S. (William) Merwin. William disappeared one afternoon to see an old friend, and when he resurfaced with the friend a few hours later at the Café de Flore, he was carrying a candle. The pal, it turned out, was painter Desmond Knox-Leet, one of Diptyque's founders. He joined us and recounted starting the shop in the '60s, along with theater designer Yves Couesant and textile designer Christiane Gautrot. He described the vital sense of camaraderie among Parisian artists in the lead-up to the "Mai '68" uprisings.

When the three friends opened Diptyque, the Latin quarter was decidedly less chic than it is now. Over the years, the shop was updated to keep pace with the neighborhood, now one of the most elegant shopping areas in town—and yet, walking into it still conjures 50-some years of scents as they mingle together in the balance of time. With its ever-shifting play of florals, woods, spices and plants, the perfume "34" was created to capture the experience of opening the door to the shop. Perfumes are so often meant to evoke a time and a place, but how lucky I am that someone bottled the very scent of a place I love.

FLAME! THEY'RE GOING TO LIVE FOREVER / OUR NOMINATIONS FOR THE MOST NOTABLE CANDLES EVER

1. Most Likely to Alarm Your Neighbors Jonathan Adler's "Hashish" candle has the scent of marijuana but none of its befuddling effects. \$68, jonathanadler.com

evoke "sensual quiet." \$72, goop.com

3. Most Likely to Put You in the Mood for Cake This Marie Antoinette bust candle is not scented, but its queenly vibes promise to make you very out of touch. \$125, [Cire Trudon](http://CireTrudon.com), 212-203-0453

4. Most Likely to Be Listed on a Rider Along with Evian and peonies, the sweet 'n' sour Diptyque "Baies" candle is a diva essential. \$65, diptyqueparis.com

5. Most Likely to Pickle Things Hipster upstate perfumers Source Adage have integrated a note of "pollen-

dusted clouds" into their "Great Plains" candle. \$95, sourceadage.com

6. Most Likely to Inspire You To 'Go Harder' The SoulCycle candle is a delightfully basic concoction of grapefruit and (we're just guessing) the sweat of fitness fanatics. \$38, soul-cycle.com



FRESH PICK

Lace Value

5 reasons these worthy sandals should be your summer go-to

1. They're chickly Greek. The wraparound straps reference rugged Hellenic sandals while being slim and refined enough for city streets.

2. They're fetchingly flexible. From "beat-up jeans to a beautiful floor-length dress, I was trying to bridge all different looks for women," the Los Angeles designer Emme Parsons said of the shoes' accessorizing range.

3. They're portable as a pillbox. For those who swear by the "carry-on only" mantra, these wafer-flat soles slip into a small case easily.

4. They're truly comfy. Nothing's worse than blisters after a hot day in rigid sandals, so this smooth suede is welcome on the skin.

5. And ambitiously naked. While common decency and office dress codes require more than a few thin straps of material above the knees (even on 90-degree days) these nearly nude numbers leave your feet coolly unsheathed.

—Rebecca Malinsky



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EATING & DRINKING



DAVID WILLIAMS FOR THE WALL STREET JOURNAL

ON WINE / LETTIE TEAGUE



A Winemaker and a Sales Rep Walk Into a Restaurant...

IF YOU'VE EVER visited a wine shop on a weeknight or Saturday afternoon, odds are you've encountered a winemaker pouring small tastes for customers while explaining the story of each wine. The man or woman hovering nearby is likely the wholesale sales rep who has traveled with said winemaker on an all-day sales blitz. It's a marathon known as a "ride with," or a "work with" if it takes place in Manhattan, where salespeople and winemakers mostly travel by subway, not car.

These "work withs" provide an opportunity for winemakers to meet the people charged with selling their wines and to taste with retailers and restaurant sommeliers and maybe even consumers too. I'd always wanted to ride along to see how wines end up (or don't) on restaurant wine lists and store shelves.

I proposed my idea to David Bowler, founder of an eponymous New York-based wine wholesale and import company, who has a portfolio of interesting wines. It turned out a number of his winemakers were scheduled to visit New York soon. A few days later, the company's sales director, Samuel

Bolshoi, sent me a list of names. I chose Will Bucklin, winemaker at the Sonoma, Calif.-based Bucklin Old Hill Ranch, partly because I'd never tasted his wines, though I knew they were held in high regard. The 57-year-old Mr. Bucklin specializes in Zinfandel-dominant blends, a tough sell in New York, where imported wines are more popular than their California peers. I was curious to see how he'd do.

I'd always wanted to ride along to see how wines end up (or don't) on restaurant wine lists and retail store shelves.

When I reached Oceana, a seafood restaurant in Midtown Manhattan, it was barely 10:30 a.m. Mr. Bucklin was already there with his escort for the day, Matt Krueger, a 34-year-old Bowler salesman and former sommelier. They were pulling corks from five Bucklin Old Hill

Ranch wines—three Zinfandel-dominant blends, a Grenache and a Cabernet Sauvignon—that Mr. Krueger had brought along.

Mr. Bucklin was wearing jeans and a chambray shirt with a baseball cap and a bushy beard. Mr. Krueger and Oceana wine director Adam Petronzio were in suits—though in a concession to the many steps he'd take over the day ahead, Mr. Krueger was wearing sneakers.

Mr. Bucklin pulled out a map of his vineyards titled "Anatomy of a Field Blend." (A field blend is a mix of grape varieties grown in the same vineyard.) It illustrates what I'm doing," he said, adding pugnaciously, "I'm not making Chardonnay." Mr. Petronzio replied, "This is the house Chardonnay built."

Indeed, one might expect that white wines would be the priority at Oceana, a seafood restaurant specializing in oysters. When I mentioned this, and that I was surprised Mr. Petronzio was interested in tasting Zinfandel-dominant wines, he responded, "We do 500 people for lunch and 400 for dinner. Not everyone is eating oysters." He especially liked the "dialed back" 2014

Old Hill Ranch Sonoma Valley Grenache (\$360 for a case of 12 bottles, wholesale). Mr. Petronzio said he thought it would work well with salmon, and ordered a case.

An immediate sale after a tasting is rare, said Mr. Krueger as we made our way through a misty rain to the subway station. "It's not necessarily about sales, but building knowledge of Bucklin," he added. On the train, I tried lifting Mr. Krueger's backpack, which held the bottles for the tastings to come. I was surprised at the heft—around 25 pounds, he said, lighter than usual. He's used to carrying up to a case of wine on his back.

When we arrived at Union Square Wines & Spirits for a meeting with wine director Jesse Salazar and Nicolle Shrem, the Bowler sales rep for the Union Square account, Ms. Shrem had set up bottles of the same wines Mr. Krueger had opened at Oceana. Mr. Bucklin brought out his map and delivered his spiel on old vines and field blends, while Mr. Salazar tasted the wines and uttered a few complimentary words.

We departed with the news that Mr. Salazar had ordered eight cases of Bucklin wines. Mr. Krueger, who

POUR SALES Clockwise from left: salesman Matt Krueger and winemaker Will Bucklin; one of Mr. Bucklin's wines; José J. Valverde Jiménez, sommelier at Flora Bar; Mr. Bucklin pours at American Cut.

had neither coat nor umbrella, opted for the closest subway line to Wall Street and our next destination: Cut by Wolfgang Puck, the first of several steak houses on our itinerary, and a tasting with David Morris, its wine director.

Mr. Morris gave me a set of glasses so I could taste along with them. I found the rich, relatively high-alcohol old-vine Zinfandel blends remarkably restrained and the Grenache quite polished. I liked the Cabernet Sauvignon too, even though Mr. Bucklin seemed a bit dismissive about the wine. "It's on the outskirts of what we do," he said, since it was not a field blend.

At Del Frisco's Double Eagle Steakhouse, sommeliers Crystle Faye Horton and Kristin Beckler proved more communicative and, Mr. Bucklin noted, a lot more fun. They wise-cracked but also asked well-informed questions. They liked the wines, especially the Upper 5th Vineyard Ancient Field Blend and the Grenache. "We were just talking about our Zinfandel selection being a little bit tired," said Ms. Horton. She ordered a case of each wine.

We walked to our next appointment, American Cut, another Midtown steakhouse, and had another congenial tasting with no immediate sale. Then we rode up to Flora Bar on Madison and 75th Street, where we tasted on the patio. Wine director Matthew Kudry was a man of few words. He said there was no Zinfandel on his list, and while he liked the wines, it wasn't clear if he planned to change that fact.

We headed downtown again, to Flatiron Wines & Spirits at Broadway and 22nd, where Mr. Bucklin would pour his wines for a public tasting. He seemed a bit disgruntled. "I'd rather be home with my grapes and my garden and my dog. I don't want to be doing this forever," he said. Then he added, on a more positive note, "It's hard to get your wine into New York, and it's a feather in your cap to be represented by a company like David Bowler."

It was now 5:30, and the handful of customers in the store seemed uninterested in tasting Mr. Bucklin's wines. Finally a man with a closely trimmed beard and a swaggering demeanor came over. "Aren't old vines like 250 years old?" he asked, looking at a bottle. The vines didn't have to be a certain age to be called old, Mr. Bucklin said. "Get outta here!" the bearded man exclaimed. He tasted the 2014 Bambino, a Zinfandel blend, and liked it. "Do you make these wines?" he asked. "I make them," Mr. Bucklin replied, "and it turns out I sell them too."

The bearded man was sold. "I came for a bottle of wine and I got a bottle of wine," he said, his pleasure simple and immediate. Mr. Bucklin turned to me and said, "That was my favorite moment today."

► Email Lettie at wine@wsj.com.

SLOW FOOD FAST / SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES



Spiced Asparagus With Coconut and Turmeric Rice

“ONE FEAR AMERICANS HAVE about Indian food is that it's too greasy," said Floyd Cardoz, chef and owner of Bombay Bread Bar in Manhattan's SoHo neighborhood. "I don't believe it needs to be. It can be light."

Take this recipe, Mr. Cardoz's first Slow Food Fast contribution. The vegetarian main course of asparagus with coconut, spring onions and serrano chiles is sautéed in a minimum of oil. Curry leaves, mustard seeds and chile flakes enliven the dish, lending

complexity and mild heat. Giving the spices a quick sizzle in the oil before adding other ingredients releases their flavors so they infuse everything in the pan. The subtly sweet, nutty coconut tempers the slight bitterness of the asparagus.

It's the kind of vibrant, healthy cooking Mr. Cardoz grew up on in Mumbai, India, and the essence of what he's spent 30 years telling diners: "Indian food is far more than naan and tikka masala." —Kitty Greenwald

Total Time 35 minutes

Serves 4

2 cups basmati rice

4 tablespoons canola oil

1-inch cinnamon stick

3 cloves

1 cup finely chopped white onion

2 bay leaves

½ teaspoon turmeric

Kosher salt

4 cups boiling water

1 tablespoon mustard seeds

2 sprigs curry leaves (optional)

1 teaspoon chili flakes

2 cups thinly sliced spring onions

2 bunches asparagus, cut into 1½-inch pieces

½ cup shredded coconut, soaked in 1 cup hot water

10 minutes and drained

1 serrano chile, stemmed and thinly sliced

1 Rinse rice in several changes of cold water until water runs clear. Then, soak rice in clear, lukewarm water 5 minutes, and drain.

2 Heat half the oil in a medium pot over medium heat until warm. Add cinnamon stick and cloves. Cook until fragrant, about 1 minute.

3 Add onion and sauté until translucent, about 3 minutes. Add bay leaves, turmeric and drained rice, stirring to coat grains with oil.

Season with salt. Add boiling water, increase heat to high and bring back to a boil. Reduce heat to medium and cover pot. Simmer until grains are tender and

absorb most of the water, about 15 minutes. Turn off heat and let rice stand, covered, at least 5 minutes.

4 Meanwhile, set a large pot over medium-high heat. Add remaining canola oil, and heat until shimmering. Add mustard seeds, curry leaves and chile flakes.

Cook until aromatic, 30 seconds-1 minute. Add spring onions and cook until soft, about 2 minutes. Add asparagus, coconut, serrano chile and a pinch of salt.

Sauté 2 minutes, then cover pan and cook asparagus until tender but with a bit of bite remaining, about 10 minutes.

5 Fluff rice with a fork before serving. Serve asparagus hot, over rice.



IT'S A WASH Rinsing and soaking the rice before cooking removes some of its starch and helps give it a nice fluffy consistency.

The Chef

Floyd Cardoz

His Restaurants

The Bombay Bread Bar in New York City; the Bombay Canteen and O Pedro, both in Mumbai, India

What He's Known For

Cooking regional-Indian food with creativity and finesse for over three decades. Winning the third season of Top Chef Masters.

DAVID MALOSH FOR THE WALL STREET JOURNAL, FOOD STYLING BY BARRETT WASHBURN, PROP STYLING BY AYESHA PATEL, MATTHEW COOK (ILLUSTRATION)



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She's a fan.



EATING & DRINKING

Cuisine à la Kid

Continued from page D1

trips—think three-week Alpine hikes, or summer-long cycle trips from Charleston to San Diego—offers a 10-day Maine Farm to Table trip. Campers spend their nights sleeping in tents and their days outdoors, kayaking in Casco Bay, harvesting shellfish on coastal mudflats, visiting farms and cheesemakers, and, yes, cooking. “Our goal is for [kids] to gain an appreciation for food and where it comes from, and to bring that knowledge home,” said Apogee founder Kevin Cashman.

Another sleep-away option for kids with celebrity-chef dreams: Camp MasterChef, with one location in Georgia, another in Connecticut. Kitchen instruction is combined with classic camp fun and team culinary competitions—of the “who can roll out the longest noodle” variety as well as TV-style mystery-ingredient and best-dish challenges. There will be appearances by contestants and winners from both MasterChef Junior and MasterChef, which just began its ninth season.

Truth be told, much of kids’ favorite food programming today isn’t on TV at all. Take YouTube star Yolanda Gampp, who is basically Beyoncé with a beater to many of the 3.7 million people who subscribe to her channel, called “How To Cake It.” For a book signing in Brooklyn last fall, the line of kids and groggy parents formed predawn. Ms. Gampp’s cake projects are often on an epic scale and decorated in a trompe l’oeil style. (Her pink vanilla cake in the shape of an uncannily glossy and clove-studded roast ham must be viewed to be believed.) This August, she is hosting two days of online “Camp Cake,” on Facebook Live. The first day is devoted to renditions of summer favorites like corn on the cob and fried chicken, in cake form. The second day is a “master class” in making Ms. Gampp’s “watermelon” cake, the focus of a video with more than 11 million views. “They’re not just learning how to bake cakes,” said Ms. Gampp of her young fans. “They’re learning how to multitask and how to persevere, because things go wrong with baking all the time.”

Nobody is more synonymous with ambitious cakery than Duff Goldman, whose Food Network show “Ace of Cakes” made him a star. He’s currently hosting “Kids Baking Championship,” also on the network. For fans, what could be sweeter than learning the fine art of cake decoration via Summer Cake Camp? The program is offered at three Los Angeles-area locations of Duff’s Cakemix, the chef’s chain of DIY cake decorating studios. Parents, meanwhile, can rest assured that this year’s hottest decorating trend—glitter, according to Mr. Goldman—will bring its sparkle to the Cakemix kitchen, not theirs. “We’re like, you come here, make the biggest mess you want, and it doesn’t matter,” he said. “We clean it up. It’s all good.”



KNIVES OUT Children who want to get into the kitchen now have a heaping helping of programs and products to choose from.

MARCUS NILSSON FOR THE WALL STREET JOURNAL, HAIR AND MAKEUP BY SUSAN DONOGHUE, MODEL: ADRIANA BARRETT/CED

DO TRY THIS AT HOME / COOKING AND BAKING KITS FOR YOUNG TASTEMAKERS



Later this summer, family cooking website **Little Sous** will launch its Kitchen Academy subscription box, with a different theme each month. The first, a cheese-centered box called the Grate Adventure, includes a ricotta-making lesson, recipes, a quality cheese slicer and a color-in world cheese map. \$25 per month, mylittlesous.com



Subscribe to the **Foodstirs** Baker’s Club, and you receive a monthly, seasonally themed, kid-friendly baking kit. Available through the subscription or for individual purchase, the Firecracker Treat Pop Kit (above) makes Fourth of July-ready, sparkle-strewn, red, white and blue cake pops. \$19 for a 6-push-pop kit, foodstirs.com



Monthly kits from **Raddish** build skills and confidence with tools, recipes, grocery lists, merit badge-style apron patches and more. Raddish also offers two summer cooking camps in Southern California. This year, Raddish will livestream some activities on Facebook, so kids anywhere can cook along. \$20-22 per month, raddishkids.com

F. MARTIN RAMIN/THE WALL STREET JOURNAL

TURN UP THE HEAT / SUMMER CAMPS FOR EVERY BREED OF FOOD-FOCUSED KID, TWEEN AND TEEN

Some of the camps listed here have started or closed registration already—but it’s never too soon to start planning for 2019.

Growing Gastronaut

The kid for whom food is a path to adventure and cultural discovery.

Catchphrase “That’s not how you pronounce it, Dad. Actually, just let me order for you.”

In the kitchen, most likely to introduce global ingredients; try eating bugs (or anything once)

Summer opportunities Along with cooking camps at its Chapel Hill, N.C., location, **C'est Si Bon** offers foreign and domestic culinary travel adventures for tweens and teens.

From \$1,375 for 7 days, ages 12-17, cest-si-bon.net / Two food-media veterans—Dana Bowen, formerly of Saveur and Food and Wine magazines, and Sara Kate Gillingham, founder of the website the Kitchn—have combined cooking know-how and storytelling smarts in **The Dynamite Shop**, a “culinary social club” that immerses kids in Brooklyn’s global food cultures. Each week, campers create a pop-up restaurant, from menu-planning to promotion to putting food on the table. \$650 for a 5-day camp, ages 8-16, thedyamitishop.com / Each week of Chicago’s

Kids’ Table Teen Foodie Adventure Camp is organized around a theme. During “My Kinda Town—Chicago!” week, kids learn about (and cook vegetarian versions of) local favorites such as Puerto Rican-style *jibarito* sandwiches and, yes, deep-dish pizza. \$495 for a 5-day camp, ages 11-14, kids-table.com

Budding Baker

A focused, organized aesthete obsessed with achieving pastry perfection.

Catchphrase “Would you look at the caramelization on that?”

In the kitchen, most likely to leave everything coated in a fine layer of flour

Summer opportunities

Named after the running club sponsored by Montclair Bread Company, which also runs the camp in New Jersey, **Fueled by Doughnuts** combines outdoor sports with baking and cooking instruction. Along with a wide assortment of breads, pizzas and pastries, campers make their own lunches daily with ingredients from local farms.

\$595 for 5 days, ages 8-12, montclairbread.com / In the weeklong **Summer Cake Camp** at the three Los Angeles locations of Duff’s Cakemix, campers focus on decorating, learning to shape and sculpt fondant, make and work with buttercream, and even airbrush with edible spray. Projects include cakeburgers and emoji-face cupcakes. \$450 for 5 days, ages 9-17, duffscakemix.com / The online **Camp Cake**

from YouTube celeb Yolanda Gampp takes place in your own kitchen. Registrants receive in advance a list of ingredients and instructions. On camp days, they log in to a Facebook Live to bake along with Ms. Gampp in her studio kitchen. From \$18 for 1 day, all ages, howtocakeit.com

Michelin-Star Material

Is kind of over sous-vide. Shows off that burn on her forearm like it’s her first tattoo.

Catchphrase “I want a good sear on these pork chops. Disconnect the smoke alarm.”

In the kitchen, most likely to put you to work mincing (not dicing!) onions

Summer opportunities After three years of success in Spain, **Camp MasterChef**

now offers American kids the chance to learn and compete in the kitchen. There are two stateside locations, in Georgia and Connecticut, and more in the pipeline.

Sports and talent shows alternate with kitchen sessions designed for all capabilities. \$1,600 for 7 days, ages 8-16, camp-masterchef.com / It’s serious business at the **Institute of Culinary Education Cooking Camp** in New York City. Teens and tweens build kitchen cred at the esteemed cooking school, learning everything from how to roast a perfect chicken to sushi slicing. Days end with communal meals.

\$650 for 5 days, ages 10-17, ice.edu / Along with cooking and baking—“The easy part,”

said Brian Walton, assistant dean of business and hospitality at the Pennsylvania College of Technology—participants in the college’s sleepaway **Future Restaurateurs**

Camp learn how a restaurant runs. At the end of the week, campers launch a one-night restaurant for their families. \$450 for 5 days, grades 9-12, pct.edu/summer-camps



Aspiring Agriculturalist

Keenly attuned to the seasons; always ready to dig in—literally.

Catchphrase “Organic is cool, but I’m really interested in biodynamics.”

In the kitchen, most likely to track dirt

Summer opportunities Maine’s central coast is the setting for the 10-day **Maine Farm to Table** program. Teens camp out on a working farm, tend vegetables, collect eggs, kayak and learn cheese making, clam raking and cooking. At the end, campers create a farm-to-table feast for a local charitable organization. \$2,695 excluding airfare for 10 days, ages 14-16, apogeeadventures.com / Campers experience firsthand a product’s progress from raw state to retail at **Camp FarmOn!**

combining on-site learning about agriculture with “Shark Tank”-like competition. Teams develop and pitch ideas to celebrity and business leader “sharks” who have included designer John Varvatos and NBA star Eric Williams. \$500 for 5 days, ages 12-17, farmon.org / Along with housing one of the nation’s leading restaurants, Stone Barns Center for Food and Agriculture in Pocantico Hills, N.Y., is a working farm with livestock and more than 350 species of vegetables.

Participants in the **Stone Barns Center** learn about sustainable farming and cook the fruits of their labors.

From \$1,357 for two weeks, rising high school juniors and seniors, stonebarnscenter.org

GETTY IMAGES (3)

ADVENTURE & TRAVEL



ASHLEY RIDOUT (KAYAKS); GETTY IMAGES (ORCA); ASON LEE (MAP)

BY MATTHEW KRONSBERG

ABOUT A MILE of open water separated me from lunch when Jay Rai-chura, who runs Pender Island Kayak Adventures, lifted the blade of his paddle from the Salish Sea and pointed it toward a white plume rising on the horizon. "Can you see the smoke?" he asked. "That's where we're going. Saturna Island."

We'd been paddling hard over choppy seas and against stiff headwinds for about two hours. It was July 1 a summer ago, Canada Day up north, and Jay was leading me and five others on a three-day, two-night kayaking and camping expedition through British Columbia's Southern Gulf Islands.

The lightly populated, heavily forested archipelago is a favorite weekend destination for mainlanders from Seattle and Vancouver, most of whom come by ferry and floatplane for a slower way of life. On North Pender Island, where our trip would start and end, hitchhiking is still a common and accepted way of getting around.

Part of the draw: the region's abundant wildlife, more than 3,000 species of marine life alone. None, though, is more iconic than the orca. Seeing one of these black-and-white beasts—as heavy as 11 tons and 32 feet long—from the waterline was the primary goal of my fellow kayakers, five young outdoor enthusiasts.

None of us could paddle expertly, a relief to me, an amateur at best. We were two to a kayak, with only Jay navigating solo. Our vessels sat low in the water, loaded down with camping gear, food and fresh water. "If your form is good, it shouldn't feel like work," he said. It felt like work. But as we covered 8 miles a day on the water under Jay's watchful eye, tangible improvement came swiftly. "Make a box with your arms, chest, and paddle. Rotate your torso," he urged us. "Your trailing hand should follow the horizon. Ease up on that grip."

We made landfall on Saturna Island and dragged our kayaks ashore. With our neoprene booties squishing on gravel, a short walk brought us to the source of the smoke we'd seen from the water, the smoldering remains of a bonfire. Then I saw the fauna that most excited me, 27 lamb carcasses splayed upright on crosses and shrouded in lacy caul fat, roasting Argentine-asado-style. Lambhenge. The Saturna Island Lamb Barbecue, a Canada Day tradition since 1950, now draws

well over 1,000 people to the island, which has a year-round population of about 350. As kids ran three-legged races and adults competed to see who could drive nails into a log the fastest, we lolled on the grass, eating hearty plates of lamb with coleslaw and tomato-y Spanish rice, and listened to a folk duet play oldies. Red jacketed Mounties nearby stood misty-eyed and ramrod straight when "O Canada" was sung.

Having eaten our fill, we set off again, toward unpopulated Cabbage Island, where we would pitch camp for the night. Paddling, we sang a mangled, mutating version of the Everly Brothers' "Bye Bye Love" ("hello happiness, bye bye loneliness") and stopped above a subaquatic forest of brown bull kelp, which, Jay said, could reach down 80 feet into the water and grow 10 inches a day. He cut off a fat foot-long section of the

A soggy honk echoed over the water, startling a bald eagle.

stalk, put it to his lips and blew. A soggy honk echoed over the water, startling a bald eagle—seemingly as common there as pigeons are in New York—watching us from a treetop on the shore. We passed the kelp around, making what we thought was a racket, until we were shown up by a power boat speeding by, its sound system blaring "O, Canada." Not the national anthem, but the 2009 hip hop hit by the rapper Classified. "Our health care system, y'all know it's free/ Keep our girls bangin' with a full mouth of teeth."



On Cabbage Island, we set up our tents; I found a spot on the sand between a patch of beach grass and a driftwood log. From shore, we watched Mount Baker, a little over 50 miles to the east, turn pink in the setting sun. Raccoons scoured the tide pools for dinner. We humans had vegetable curry and rice, cooked partly with seawater in lieu of seasoning it with salt.

After dinner, we gathered around a picnic table where Jay spread nautical charts,



SUBMERGE AHEAD
From top: A paddling excursion with Pender Island Kayak Adventures; an orca, aka killer whale, spotted in Boundary Pass, near the Canada-U.S. border.

lit by his headlamp in the dark, and planned our next day's travel. Wanting to make it to the Taylor Point Reserve on Saturna's southern shore in time for lunch, we planned to leave early to beat the countervailing flood tide. It felt more like plotting an invasion than a vacation.

In the morning, after a fitful night's sleep—karaoke from a boat moored just offshore echoed over the island until 2 a.m.—we were back on the water. Passing close by the Good Ship Karaoke, we saluted their caterwauling with one final blast of the kelp vuvuzela before tossing it into the water.

The desire to see an orca was, by now, acute. Near Boundary Pass, the deep-water strait that, as the name suggests, marks the U.S.-Canada maritime border, Jay checked a Facebook page that whale-watching tour operators use to notify each other of sightings. Nothing so far, but it was early, and this was prime spotting territory. We paddled without the usual chatter, listening as much as looking. Hearing the wet huff of a blowhole being cleared, we lifted our oars from the water and scanned the horizon. A gray shadow broke the surface. Porpoise. We paddled on.

During the remainder of the trip—a lunch eaten atop massive driftwood logs in a paradisiacal cove, a night of camping in the forest of South Pender Island's Beaumont Marine Park and another morning of paddling—we saw plenty of wildlife. There were enormous violet starfish, and fried egg jellyfish, big enough to fill a skillet. Oystercatchers, black football-size birds whose red legs scramble cartoon-style on the water's surface until they're airborne, perpetually amused us.

We never did see an orca, but that made the experience no less gratifying—paddling these deep, cold waters, a pod of our own.

For details on kayaking the Gulf Islands, see wsj.com/travel.



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DESIGN & DECORATING

ANATOMY LESSON

White Box Averted

She loves a pale, pure look. He fears living inside a restaurant takeout carton. Their designer's solution? Zippy neutrality

BY KATHRYN O'SHEA-EVANS

HOW DO YOU design a living room that's both unflappably calm and captivating—the decorating equivalent of Amal Clooney? New York interior designer Brian J. McCarthy faced that imbroglio with a client couple. The woman of the house craved white-on-white-on-white in their living room in the Upper West Side's storied 1908 Apthorp building, but she didn't speak for all. "The husband pulled me aside one day and said, 'Brian, please give me color somewhere. Please don't give me a vanilla box,'" recalled Mr. McCarthy, formerly a partner at Parish-Hadley, a decorating firm favored by Kenne-

dys, Rockefellers and Gettys.

Twenty-five years of heading his own firm had equipped Mr. McCarthy with an essential skill: design diplomacy. To subtly invigorate the room's neutral palette and satisfy the husband's thirst for polychromatic moments, Mr. McCarthy hung the walls with unlethargic art. He selected unpredictable, artfully shaped furniture and similarly surprising materials such as straw marquetry and hair-on hide. By combining different design styles and periods, he subverted the cliché of the aloof white box. "It really becomes a study about composition, silhouette, texture, layering, and of course it's shades of white too," he said. The result: a soothing space that's a respite from the city but not a snooze.

GO INTO THE WHITE

"I didn't want to do a white that was clinical," said designer Brian J. McCarthy. "Gallery white can be very off-putting and cold." He used a dimensional favorite, Farrow & Ball's Pointing No. 2003. "It needed to have a softness and warmth without getting creamy," he said. \$110 a gallon, us.farrow-ball.com



CRUSH ON SOME VELVET

So pillows didn't entirely blend into the sofa, he opted for a fabric change. "It becomes this white-on-white moment that's quite beautiful," he said. Of this diamond-sewn cotton velvet alternative, he added, the pattern "makes it stronger, richer, more tactile." Velvet Throw Pillow, \$139, allmodern.com



EMBRACE OLD AGE

The designer admires the soulfully worn look of this glass and antiqued-gilt coffee table. "I love things to feel found and not just newly made," he said. "It makes the room and interiors feel more evolved." French Glass Coffee Table, \$5,600, 1stdibs.com



RAISE A SKYLINE

"I didn't want all the backs of chairs and sofas at one height, a great lesson I learned from Albert Hadley," Mr. McCarthy said. "We always refer to it as the skyline," which guides the eye around the space. A similarly tall style: Campbell Settee, from \$1,199, ballarddesigns.com

Erica Tanov-Emily Payne Collaboration, from \$76 for napkin set, ericananov.com



FRESH PICKS

Linens That Walk the Line

When it comes to bed and table linens, the options often seem limited to either pretty and feminine or stark and not-so-feminine. Here's an option that occupies a refreshing middle-ground: the summer collection from textile and clothing designer Erica Tanov. She collaborated with artist and fellow Bay Area resident Emily Payne to defy linen stereotypes and translate Ms. Payne's subtle wire sculptures, titled Fray, into two-dimensional patterns on earthly pastel cotton. The prints' delicate lines, neither fussy nor rigid, make for handsomely unisex bedding, throw pillows and table cloths. "I love the organic, hand-wrought lines of Emily's sculpture, and how it creates interesting negative spaces," said Ms. Tanov, who reduced and repeated images of the work, demonstrating a knack for mesmerizing the human eye. "Playing with scale and repetition is always fascinating to me."

The Ice Box Cometh

Known for their sorbet-colored 1950s-inspired refrigerators, appliance maker Big Chill burrows further into the past with its new Classic Fridge, a catch-the-eye take on Victorian-era iceboxes. The early coolers—used by many Americans through the 1930s—were wood structures lined in tin or zinc and insulated with sawdust or (yes) seaweed. The insulation sustained the chill provided by prodigious blocks of ice as they melted into a pan. Big Chill's contemporary interpretation nixes the ice, housing 21st-century amenities inside a stamped-metal body in colors such as a deep wine red and a mellow gray-blue, as well as black, white, and cream.

Of this stylish update, Charleston, S.C., interior designer Courtney Bishop noted that the base colors and hardware options (chrome, brass, nickel and copper) instantly evoke "this vintage style from its icebox days to a chic appliance." For years, commanding countertops and ranges have been focal points of kitchens, said Austin, Texas, designer Meredith Ellis. "This refrigerator can now steal the show."



DON'T BE DIM

Mixing curves and straight edges creates a satisfying patchwork. Mr. McCarthy chose the 1950s sconces that flank the mirror for their streamlined form, a foil to the original intricate wall carvings and other ornate fixtures. This piece mimics his pick: Fragment Glass Wall Sconce, \$100, cb2.com



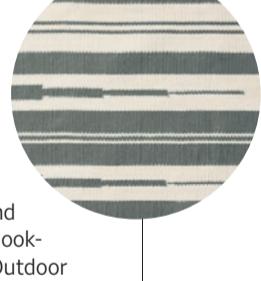
ROUND OFF THE SQUARES

A circular-topped 1930s side table leaves breathing room in a right-angled corner and "holds visual interest," said Mr. McCarthy. Ditto this new version, crafted in Oregon. Tibro Round End Table, \$399, scandinaviadesigns.com



MOO SOFTLY

Cowhide upholstery adds touchable texture. And because the chair's back faces the middle of the room, it must please from all angles. This slipper chair is cowhide in front, faux leather straps behind. Throgs Cowhide Slipper Chair, \$1,360, wayfair.com



MAKE A MARK

"It's relatively quiet," said Mr. McCarthy of the custom rug, but the stripes "push the boundaries of the room, taking the eye under furniture and across the floor." Try this look-alike: Aura Stripe Indoor/Outdoor Rug, from \$395, williams-sonoma.com



\$4,795

bigchill.com/classic-fridge

GEAR & GADGETS

In Search of Nature's Pool Party

Nothing replenishes an overheated explorer quite like a wild swimming hole—if only you know where to look...

BY LAUREN STEELE

THE SUN BURNS a lot harsher at 9,000 feet, it turns out. And after running 8 wheezing miles up the side of Mount Sopris in Carbondale, Colo., I yearned to cool my sizzling skin. Dragging my feet back down the trail, I spotted a teasing patch of bright blue peeking through a stand of Aspen trees.

The trail kicked me out onto a narrow dirt road, which wound past empty campsites with ashes still smoking from the morning's fires, and around a corner to the great reveal: Dinkle Lake, a local swimming hole with water that proved so cold you might call it a "poor man's cryotherapy." But that wouldn't do the experience justice. Though restorative plunges can help outdoorsy types survive a cruel summer, the adventure of finding the holes in the first place is even more satisfying.

"What distinguishes swimming holes from mountain peaks is that the mountain is almost always evident—the swimming hole sneaks up on you," said Pancho Doll, author of "Day Trips With a Splash," a series of American hiking guides focused on remote swimming holes. "It's stunning and intimate with a sense of enclosure and secrecy that other landmarks don't have." The holes come in all shapes and sizes, said Mr. Doll, but "proper" ones are about as wide and as deep as a backyard pool, and are "defined by your ability to dive in."

These hidden outdoor pools offer a 'sense of enclosure and secrecy that other landmarks don't have.'

After my chance encounter with Dinkle Lake, I hunted for more mountain runs that might conclude with a weary but triumphant jump into a blue lagoon. You don't need much equipment to find them. Mr. Doll, who travels more than 25,000 miles a year to locate these drenching opportunities, put it this way: "You may have to use a GPS map but you're not going to get lost and end up starving to death while hiking to a swimming hole. It's low risk and relatively easy."

However, adding a few accessories to your adventurer's quiver can make carving your way to punch bowls of snowmelt in Oregon, deep hollows in the forests of New York and secluded tubs in Utah even more pleasant. No need to lumber down the trail like an overloaded gear head. Unless that's your thing.



DAVID MOORE

For one, Mr. Doll left his clunky hiking boots behind years ago, swapping them for durable, amphibious Chacos Z/2 sandals (see "Wet in the Wild" sidebar), which come with a lifetime guarantee. "They last and last some more," he said. Also, he suggested wearing technical fabrics that dry quickly so you're not soaked while hiking back. Cotton is the enemy, he said. The most important thing is that you're comfortable. If that means getting naked, so be it.

Another tool Mr. Doll justified as a "need" while scouting out unpopulated pools were his pair of collapsible hiking poles. When you find yourself on slopes and rocky sections of trail—and you will—whipping out a pair of Black Diamond Distance Carbon Z trekking poles (\$170, blackdiamondequipment.com) will save you from skinned knees and the dreaded rolled ankle. And while you might be tempted to leave modern conveniences behind while answering the call of the wild, you'll want a smartphone charged and ready.

Beyond that, gear should be the last thing on the brain, Mr. Doll said. Restricting yourself to the essentials is a sweet science. After all, this stuff must be carried up hills, through forests and into canyons as you move your little blue GPS dot toward secret bodies of water. "People get too kitted out before they go," said Mr. Doll—a 5-foot-11 minimalist who sleeps in a 6-foot truck

bed while in the field.

Each page of his swimming hole guidebooks is designed to be torn out and taken with you on the trail. If you're not bookish, the Hiking Project app ([free, hikingproject.com](http://hikingproject.com)) developed by outdoor retailer REI features well-crowdsourced digital intel on more than 38,000 trails, nearly 8,000 of which lead to water. Users are encouraged to add discoveries, log updates and leave notes for other wanderers, helping to create a diary you won't find in any guidebook. You can use these rankings and reviews to determine whether a nearby swimming hole is worth the journey or if it's time to turn back. Plus, Hiking Project features offline maps and tracking so you can check your location when signal strength takes a dip.

If you're a real planner, there is no better second line of defense in the backcountry than the Maps 3D Pro app (\$4, movingworld.de). While most mapping apps primarily designed for cities and roads display hills and mountains as flat features, Maps 3D Pro shows people who lack the navigation skills of Lewis and Clark the true lay of the land. These offline maps (download them before you head into the wilderness) display bodies of water, valleys, hills, mountains and footpaths in full 3D so you can simply click a promising patch of water and start heading toward it—without having to worry about walking off a cliff.

WET IN THE WILD / SWIMWEAR IS OPTIONAL. THIS STUFF ISN'T

Hiking Project App

This indispensable app is crowdsourced and available offline, with trail updates added each time another user checks in and leaves a note. It's your smart guide to the nation's best swimming holes. [Free, hikingproject.com](http://hikingproject.com)



Matador NanoDry Towel

Nanofiber material is 2.3 times lighter than microfiber travel towels, absorbs 2.3 times its own weight in water and its antimicrobial coating repels bacteria that can collect in the non-chlorinated wild. [\\$20, matadorup.com](http://matadorup.com)



Chaco Z/2 Sandals

Swimming holes and trails aren't exactly paved, so strap on some much-needed protection. These amphibious not-too-dorky sandals last a lifetime and guard your soles no matter where you roam. [\\$105, chacos.com](http://chacos.com)



Endo 10 3D-Hydro Daypack

This pack has a 3-liter water reservoir built in so there is no need to bring an extra bottle along. The bag is designed to distribute weight evenly, to keep your stuff safe and dry from the elements and to wear comfortably all day. [\\$120, gregorypacks.com](http://gregorypacks.com)



Made-to-Measure Music

These clever headphones analyze your ears and tailor frequencies to compensate for aging, helping you recapture your sonic youth

MY 14-YEAR-OLD son and I see the world differently. No surprise. But recently, a radically innovative pair of wireless headphones from Australian startup Nura revealed precisely how differently we hear the world, too.

The headphones, said Nura co-founder Dragan Petrović, were designed around the idea that "there is no such thing as a perfect sound system. Only a perfect match between a sound system and a hearing system."

Before a note of music is piped into your ears, Nuraphones analyze your hearing much the way infants' ears are tested—with sonar-sensitive microphones and software that measure the vibrations from your cochlea. As advanced as this process sounds, it mostly entails sitting still while listening to R2-D2 bleeps and bloops. From that, a personal "sound profile" is generated, which compensates for any irregularities in your hearing through equalization. Think of it as contact lenses for your ears.

When my analysis was complete, the app played a song set at "generic" equalization, and invited me to switch it to my "personalized" setting. It was the sonic equivalent of transitioning from black and white to



Technicolor. When I toggled between the Nuraphones and my everyday cans, a perfectly respectable \$98 pair of Sony MDR V6 over-ears, the distinction remained profound.

Even more profound was the realization that came when I listened using the profile my son had configured for himself. Crashing cymbals and biting guitar chords sounded thin, as on AM radio, illustrating how much my ability to hear some frequencies had been degraded by age and years of thundering live shows. The Nuraphones had cleverly amplified those frequencies for me but not for him. I became acutely aware of the extent to which—at concerts, movies or even in conversation—we all experience sound differently. The "Hey Jude" you hear isn't the "Hey Jude" I hear isn't the "Hey Jude" on the master tape. Nuraphones let us all hear the same thing.

At 11.5 ounces, they're a touch on the heavy side, and the unusual design—earbuds protrude from inside the cups like floral stigmas—discourages extended listening. I'm quibbling, though. Nuraphones aren't perfect, but they are revelatory.

—Matthew Kronsberg



GEAR & GADGETS



GOLD STANDARD
Though built like a Mini Cooper, the X2 drives like a BMW with a 0-60 time of 6.3 seconds.

RUMBLE SEAT / DAN NEIL



2019 BMW X2: A Little Familiar, a Lot Better

IT'S CALLED the BMW X2 but you may also think of it as the X0.9, since it is effectively a low-slung version of the company's X1 subcompact crossover (2.8 inches lower and 3.2 inches shorter overall). Aside from its urban proportions and funky styling, the X2 is kinda-sorta the same: a transverse front-mounted 2.0-liter turbo four-cylinder engine (228 hp) and eight-speed automatic under the hood; front-biased all-wheel drive; five seats and five doors.

Under the tardigrade-looking bodywork X2 is also the mechanical twin of the Mini Cooper Countryman, built in the Netherlands from the same box of parts, mostly, in the same approximate dimensions and sold for about the same price (Mini is a wholly owned subsidiary of BMW). New car smell? Same.

If you are out there cross-shopping our test car, the X2 xDrive28i (\$38,400 MSRP) and comparably equipped Countryman John Cooper Work ALL4 (\$37,900), first, congrats, good for you. I haven't driven the latest Mini but its Bavarian kin (\$50,920, as tested) is a superb little auto: rock-solid, fast and feisty, full of handling confidence, very refined, with the best cabin innards and UX in its class. Yes, it looks like

a half-baked lump of cookie dough. You don't like cookies?

Second, given the cars' overlapping cost-attribute matrices, know that the choice is almost entirely inflected by marketing, your perceptions of these two charismatic brands. So who do you want to drink a beer with? The pugnacious Brit with the pint-a-day body; or the boot-heeled Bavarian, fahrtng in its *lederhosen* of chip-resistant body cladding? Either way, BMW Group's accountants will respect your decision.

Putting the X2 on hold a moment, perhaps something rings a bell from economics class? Commoditization is the process by which uniquely desirable products are copied and competed against until they become undifferentiated and interchangeable with others. This is a known hazard, yet the relentless demands for profitability have encouraged car makers to, in effect, commoditize themselves: to offer broadly the same vehicle—the same automotive experience, the same metrics, the same price per pound—under plural brands.

Here's a short, patchy list of premium/entry-luxury small crossovers and their potentially cannibalizing cousins: Jaguar E-Pace/Land Rover

Discovery Sport/Range Rover Evoque (on Jaguar-Land Rover's D8 architecture); Audi Q3/VW Tiguan (MQB). The Mercedes-Benz GLA 250 and Infiniti QX30 are both built on Daimler's Modular Front Architecture but only one looks like it's running past with its hair on fire.

From where I sit, commoditization is the least acknowledged force in car design, a supergravity pulling everything toward a boring singularity. Sometimes it feels like the

whole smash is about to spontaneously burst into building washing machines.

I suppose my feeling about the X2 is that it's commoditization done right. Sure, it has a high degree of similarity with its competitors on the inside. Still, you can't say the outside—like an untrussed sack of chicken livers—doesn't push back on sameness.

The X2's wow factor comes from the lowered roof, soft shoulders and

narrowed side window graphic. I like the roundel on the C pillar too. Another detail: the twin-kidney grille design has been squared off—hexagonized, I guess, and inverted—suggesting a branching species of the same brand.

Incidentally, our test car showed up wearing a Halston gold lame dress (Galvanic Gold Metallic). Not going to lose that in the parking lot.

What keeps the X2 from being a mere commodity is its fabulous BMW engine: sweet-revving, well-isolated, big fat torque.

Inside, the standout feature is the old-school lever gear shifter. Nearer your elbow is the rotary touchpad known as iDrive controller. iDrive is among the friendliest and most intuitive infotainment interfaces the market, after Tesla and Audi, I judge. Shout out also to our car's interior trim of etched metallic panels with 3-D effect. Very nice.

But let's get real. What keeps the X2 from being mere commodity isn't its high-end cabin trim, power tailgates nor magic-mushroom styling. It's the fabulous, inimitable BMW engine: sweet-revving, well-isolated, with big fat torque (258 lb-ft) coming in at a low 1,450 rpm, always in the right gear.

Even in the premium-luxury segment, a lot of small-displacement turbo engines tend to be: A) noisy; B) laggy, especially when they are operating in a fuel-saving Eco mode. But BMW's cybernetic cylinder heads (fully variable valve lift, variable timing on both cams, quickspooling turbo) exercise utter mastery over the combustion event. What a sewing machine. Even in default Comfort mode at low speeds (conditions in which many competitors go limp), X2 answers with ready, refined thrust; in Sport mode decisively more so. The X2's 0-60 mph acceleration figure (6.3 seconds) doesn't do justice to the engine's velvet-glove punch in the second and third gears.

If you are going to share parts, share good ones.



2019 BMW X2 XDRIVE28I

Base Price \$38,400

Price, as Tested \$50,920

Powetrain Turbocharged direct-injected

2.0-liter inline four with variable valve lift and cam timing; eight-speed automatic transmission; front-biased all-wheel drive

Power/torque 228 hp at 5,000-6,000 rpm/258 lb ft at 1,450-4,500 rpm

Length/Width/Height/Wheelbase

172.2/71.8/60.1/105.1 inches

Curb Weight 3,662 pounds

0-60 6.3 seconds

EPA Fuel Economy 21/31/25 mpg, city/highway/combined

Cargo capacity 21.6/50.1 cubic feet, rear seat backs up, folded

MY TECH ESSENTIALS

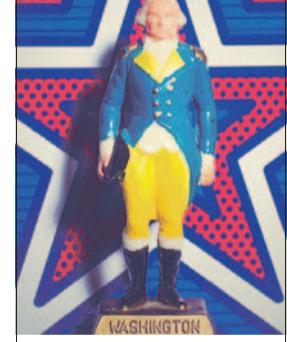
Jonathan Van Ness

The grooming guru from Netflix's 'Queer Eye' on obsessively replaying gymnastics videos, soothing hoodies and the necessity of floss



I use the **Postmates delivery app** all the time, even for my morning coffee. I can't leave to get it because I need to look good in the morning, so I'll spend \$9 on a Starbucks coffee with half and half. That's how committed I am to looking groomed on camera.

If I could only have one grooming tool, it would be **floss**. I don't want to have broken Cheetos in my teeth. To protect myself from the sun, I can find shade under a tree. To moisturize my skin, I could get really sweaty and then just rub it on myself. But how are you going to clean between your teeth without floss?



I love the "Presidential" podcast. It goes chronologically through each president with a lot of sobering but interesting context on our history. I'm still at the beginning, though. I'm still on Jefferson.



I love having the **Olympic Channel app** on my phone because I can watch old gymnastics videos any time. I'm obsessed with gymnastics. It's like my football. And I like to watch women's gymnastics a little bit more than men's because I live for balance beam.

I always keep a **Beats Pill+ portable speaker** in my bag, especially for when I'm doing yoga outside. I like to go on a journey with my yoga playlist. Usually at the beginning I try to set up a meditative grounding, something a bit more quiet, like Donna De Lory. Then I will usually build up to something like a Solange—it's got vocals but it's more a medium tempo. And then I'll build up to something more energetic for the highest apex of my workout before I wind back down.



Since I have psoriasis, I buy anything that feels good against my skin. I tend to wear really, really soft **hoodies by the brand Velvet**. Even if I don't have a flare-up, I'm still like: Oh. My. God. This nice thing feels so good.

I still have my **iPhone 7 Plus** because I'm just not ready for the 8 or the X yet. I've never had an iPhone before that I wasn't ready to get rid of. But even though my battery dies so fast, I'm just still really attached. It reminds me of a giant Pop-Tart. It's just so big.

—Edited from an interview with Chris Kornelis

