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THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

MONDAY, JUNE 18, 2018 ~ VOL. CCLXXI NO. 141

WSJ.com

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What's News

Business & Finance

U.S. corporate earnings growth looks poised to slow from a blistering pace, posing a new challenge to a long bull market that is already contending with an uncertain global economic outlook. A1

♦ **Auto makers** are racing to equip pickup trucks with fuel-efficient engines, a pivot away from putting gas-guzzling engines into large vehicles. A1

♦ **Goldman Sachs** bankers have been investing the firm's money in start-ups, recently profiting from Spotify's IPO. B1

♦ **Perry Ellis** founder George Feldenkrais will take the apparel company private in a \$437 million deal. B1

♦ **Amazon Prime** members are benefiting from the Whole Foods acquisition, with discounts and expanded free delivery. B1

♦ **A sharp rally** in dollar-priced crude oil is hammering governments and straining consumers outside the U.S. A5

♦ **Wells Fargo's** ranking among muni-bond underwriters has sunk, another consequence of the bank's sales-practices scandal. B8

♦ **Biotech and** medical-technology startups in the U.S. and Europe have found a new source of research funding: China. B5

World-Wide

♦ **The administration's** policy of separating immigrant children from adults arriving at the southern border is threatening to engulf broader negotiations on proposals for dealing with those already in the U.S. illegally. A1

♦ **Colombia chose** a pro-business candidate for president, in an election that signaled a rightward shift. A5

♦ **Special counsel** Mueller is examining a meeting between Trump adviser Roger Stone and a Russian national in May 2016. A4

♦ **Macedonia will rename** itself North Macedonia as part of an agreement with Greece to settle an old dispute. A7

♦ **A drugs crackdown** in Bangladesh in recent weeks has resulted in some 13,000 arrests and more than 100 people killed in raids. A6

♦ **Florida's candidates** for senator are vigorously courting the state's Puerto Rican voters, whose numbers have swelled. A3

♦ **Legal prostitution** in Nevada faces proposed bans in two counties, driven largely by women's advocacy groups. A3

♦ **Trump is scheduled** to attend a public meeting of his top space-policy council, underscoring a commitment to exploration. B3

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25133>
Cars
Pickups
275
25.0
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1990 '95 2000 '05 '10 '15
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Back-to-Back U.S. Open Victories Are First in 29 Years



WIN, REPEAT: Brooks Koepka navigated his way through the dry and windy conditions of Shinnecock Hills in Southampton, N.Y., to victory Sunday. The 28-year-old shot a 2-under-par 68 to finish at 1 over to become the first repeat champion in 29 years. A14

Immigration Face-Off Looms

Separation of families adds pressure on GOP as lawmakers advance proposals in Congress

the U.S. illegally.

The administration's "zero-tolerance policy" of detaining adults attempting to cross into the U.S. has resulted in the division of families traveling with children, and the federal government is beginning to run out of space for its detainees.

Rep. Will Hurd of Texas, a Republican whose district spans 800 miles of the Mexico border and who is locked in a competitive race for his seat, toured a temporary tent facility on the southern border

the administration constructed to house the swelling number of separated children. He used the tour to distance himself from the administration's policy.

"This really isn't a Republican or Democratic issue," Mr. Hurd told CNN following the tour. "This is an issue about how should you treat children."

By Louise Radnofsky,
Michelle Hackman
and Alicia A. Caldwell

Meanwhile, divided Republican lawmakers on Capitol Hill are trying to show results on the issue of illegal immigration ahead of midterm elections in which centrists and conservatives are facing competing demands from voters.

President Donald Trump will attend a meeting of the House Republican conference Tuesday night, and immigration

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♦ Five die in Texas border car chase..... A4

Slower Earnings Growth To Test Market

By AKANE OTANI

U.S. corporate earnings growth looks poised to slow from a blistering pace, posing a new challenge to a long bull market that is already contending with an uncertain global-economic outlook and rising interest rates.

Earnings growth has accelerated in recent quarters, helping drive major U.S. stock indexes to new highs and keeping share valuations from getting too stretched as prices rose. That expansion reached a new high in the first quarter, when U.S. corporations increased their earnings at 25%, the fastest pace since the second half of 2010, according to FactSet.

Now, many analysts say the first quarter could represent a peak in profit growth. Earnings growth is expected at 19% in the second quarter, 21% in the third and 17% in the fourth, according to FactSet. Earnings are expected to grow only in the single- to low-double-digit range next year.

A peak in earnings growth doesn't always signal that rallies are about to fizzle, and analysts recognize that earnings growth would inevitably slow following a one-time boost from the federal tax overhaul.

Moreover, not all analysts are convinced that profit growth has to slide. With the

Please turn to page A2

Car Makers Bring Fuel Efficiency To Trucks

By MIKE COLIAS
AND CHESTER DAWSON

Big U.S. auto makers are racing to equip pickup trucks with fuel-efficient engines, a surprising pivot away from their longstanding practice of putting gas-guzzling engines into large vehicles.

Ford Motor Co., General Motors Co. and Fiat Chrysler Automobiles NV all now are betting truck buyers want better gas mileage in addition to raw horsepower. That insight has touched off a surge in innovation.

First off the starting line was Ford, which in May began selling a diesel F-150 pickup truck that achieves an estimated 30 miles per gallon in highway driving—viewed by many in the industry as the Holy Grail of fuel economy for trucks. That is better than the 27 mpg rating on the 2018

Please turn to page A6

Rightward Shift in Colombia Vote



OLD GUARD: Colombian voters elected Ivan Duque as president, rejecting the leftist former guerrilla who ran against him. He is a protégé of former conservative President Álvaro Uribe. A5

Jobless Youth Rattle European Politics

In Italy, young voters' bleak prospects helped elect antiestablishment parties

By ERIC SYLVERS

A youth revolt is upending Italian politics, and it could be a harbinger of things to come.

Western Europe's largest antiestablishment government came to power earlier this month, driven largely by young Italian voters. Struggling with a persistent lack of job prospects over the past decade, they voted in droves for two parties in the country's March 4 elections, the 5 Star Movement and the League, an anti-immigration party.

The result laid bare a stark generation gap, with older Italians, who often have to support their grown

children, continuing to vote for mainstream parties.

The same pattern appears across southern Europe, and the forces behind the divide show few signs of slowing. Almost 30% of Italians aged 20 to 34 aren't working, studying or in a training program, according to Eurostat, more than in any other European Union country. Greece is second at 29%, while Spain's rate is 21%.

"Italy is collapsing and yet nothing has changed in this country for at least 30 years," said Carlo Gaetani, a self-employed engineer in Puglia. Ten years ago, when he was in his early 20s, he voted for a center-left party

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INSIDE



MEXICO'S WORLD CUP SURPRISE

SPORTS, A14

IT'S PRIME TIME AT WHOLE FOODS

BUSINESS & FINANCE, B1



A pipistrelle bat

and paper—they are also the library's unwitting conservationists. And their presence is driving Joanina's staff batty. The bats are getting too much attention. The librarians want people to know Joanina for its books and the knowledge they contain, not for its flying mammals. Instead of fielding scholarly inquiries about rare, hand-illustrated Bibles or century-old world atlases, staff members find themselves mostly an

Please turn to page A10

U.S. NEWS

THE OUTLOOK | By William Mauldin and Josh Zumbrun

Opposing Forces Push Trump on Nafta

The future of the North American Free Trade Agreement, which binds the economies of the U.S., Canada and Mexico, has rarely looked as murky as it does right now.

Negotiators missed a self-imposed deadline to rewrite the deal in May. Then a quarrel between U.S. President Donald Trump and Canadian Prime Minister Justin Trudeau after G-7 meetings in Quebec this month put key players at odds with each other just as negotiators were trying to decide what steps to take next.

The president is strongly guided by his gut and relationships with others, and also prone to impatience—all of which could signal an intent to leave a treaty he doesn't like. But those presidential instincts are at odds with other forces that give Mr. Trump and his trade team an incentive to stay in the deal and keep negotiating for now.

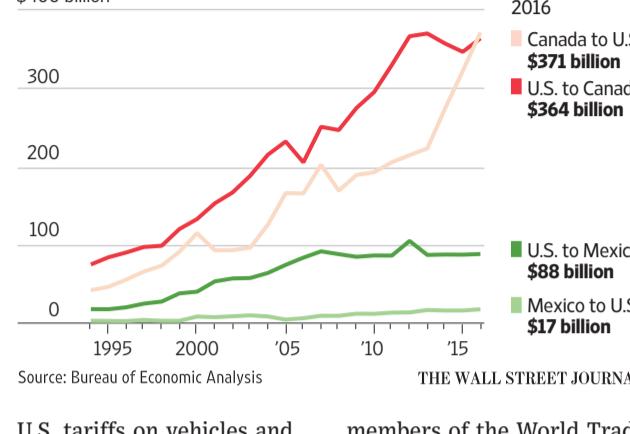
The stakes are high: \$1 trillion in trade between the U.S. and its neighbors and \$840 billion of investment ranging from the auto industry to food and agriculture.

Mr. Trump won the 2016 presidential election with a promise to make Nafta "a lot better" for the U.S., or pull out altogether. He has already lit some fuses that could blow up the agreement, warning of possible

Intertwined Economies

U.S. and Canada investment has outstripped U.S. investment with Mexico.

Foreign direct investment, 1994–2016



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U.S. tariffs on vehicles and auto parts, following duties imposed June 1 on steel and aluminum from Canada and Mexico. Administration officials have been particularly frustrated with Canada for not making more concessions at the negotiating table.

According to the terms of Nafta, if the president decides to leave the deal, he must provide formal notice of intent to withdraw and then may complete the withdrawal six months later. He could then seek bilateral deals with the two U.S. neighbors.

Without Nafta, trade among the countries would be governed by rules and tariffs agreed to among

members of the World Trade Organization. The Congressional Research Service has said that trade between the nations would likely be conducted on the same basis as other nations that have no trade agreements but good relations. That would mean average tariffs of 3.5% from the U.S., 4.1% from Canada and 7% from Mexico. The tariffs would be especially high on agriculture, a major hit to U.S. farmers.

Republican lawmakers, especially senators from agricultural states that supported Mr. Trump, have sought to convince the president to stay in the pact and warned him of potential political repercussions in the 2018 midterm elections if he leaves the trade agreement

and exposes farmers to tariffs on their exports to Canada and Mexico.

Three key parties could be highly resistant to a unilateral pullout: Canada, Mexico and the U.S. Congress. Congress passed legislation implementing Nafta, and so unilateral withdrawal could set off a messy legal dispute between the two major arms of government. The Constitution gives Congress the authority "to regulate Commerce with foreign nations" while the president has the power, with the advice and consent of the senate, to make treaties.

Meantime, bilateral deals would be hard to achieve. Mexican officials, who are preparing for a presidential election on July 1, have said they aren't willing to negotiate if Mr. Trump starts the process of withdrawal.

Trump's lead trade official, Robert Lighthizer, has said he is willing to keep working toward a deal. "In his discussion last week with us he did talk about opportunities after the election in Mexico, where there might be an opportunity to find common ground later this fall," Rep. Kevin Brady (R., Texas), chairman of the House committee that oversees trade, said Wednesday.

Canadian Foreign Minister Chrystia Freeland seconded that after meeting with Mr. Lighthizer last week. "All three countries are clear

that meaningful progress has been made to date and we need to keep working hard to get to a deal on a modernized Nafta," Ms. Freeland told reporters in Washington, after a one-hour meeting with Mr. Lighthizer. The three "will be working hard over the summer," she said.

Areas of deep division remain. For example, the U.S. is seeking deep concessions from Canada to open up its dairy market.

But the three sides have made progress in other areas. This spring, Mr. Lighthizer dropped a demand on Nafta's auto rules that Canada and Mexico had flatly rejected—the idea that all cars traded duty-free in the bloc should have 50% U.S. content. Instead, Mr. Lighthizer worked with Mexico on a rule that would require a certain percentage of cars to be made with high-wage labor, according to people familiar with the proposal.

Detroit auto makers were encouraged by the progress, and groups that support Mr. Lighthizer hailed it as a sign that Nafta's puzzle pieces could fall into place.

Major trade negotiations frequently span several years and administrations. The big question is whether Mr. Trump will have the patience to see these trade negotiations through according to those traditional standards.

ECONOMIC CALENDAR

TUESDAY: The U.S. Commerce Department releases May housing-starts data. In April, housing starts fell, dragged down by weakness in multifamily building. Economists surveyed by The Wall Street Journal expect housing starts rose to a 1.31 million seasonally adjusted annual rate in May.

WEDNESDAY: The National Association of Realtors releases data on May existing-home sales. Sales of previously owned U.S. homes declined in April, signaling that a run-up in prices and limited inventory may be damping momentum in home purchases this spring.

Brazil's central bank decides on interest rates at 5 p.m. EDT, as it faces market pressure to raise its benchmark Selic rate from its 6.5% historic low to fence off a sharp weakening in the local currency versus the dollar. The Brazilian real has lost 11% of its dollar value this year. However, central bank President Ilan Goldfajn has said he won't use the Selic to control the exchange rate, but only to fight inflation, which remains below target.

FRIDAY: As the second quarter draws to a close, there are few signs of a rebound in euro-zone economic growth after a slowdown in the first month of the year. Further evidence of the durability of what European Central Bank President Mario Draghi has called a "soft patch" is likely to come in the form of IHS Markit's composite purchasing managers index, a measure of activity in the manufacturing and services sectors. Economists expect that to fall to 53.7 in June from 54.1 in May.

KANSAS

Two Deputies Are Shot and Killed

Two sheriff's deputies who were shot by an inmate while transporting him between the courthouse and jail have died, authorities said Saturday.

The inmate, whose name hasn't been released, shot Wyandotte County Sheriff's deputies Theresa King and Patrick Rohrer on Friday in a gated area behind the county courthouse. He may have used one of the deputies' own guns to shoot them during a struggle after he exited the van, authorities said.

The inmate was also shot and underwent surgery Friday. Terry Zeigler, the police chief of Kansas City, Kansas, said at a news conference Saturday that as far as he knew, the man was in stable condition.

Deputy Rohrer, 35, died shortly after the shooting. He had been with the force for seven years, Wyandotte County sheriff's Maj. Kelli Bailiff said. Deputy King, 44, died early on Saturday at a hospital.

Chief Zeigler said the authorities were withholding the inmate's name until he has been formally charged.

The officials declined to provide more specifics about how the shooting happened, though Maj. Bailiff said the deputies had "followed proper procedure."

—Associated Press

TEXAS

Spanish Royal Couple Visit San Antonio

Spain's King Felipe VI and Queen Letizia traveled to San Antonio to celebrate the city's tricentennial and its roots as a Spanish colonial village.

The royal couple attended a ceremony Sunday at the Spanish Governor's Palace before touring the Mission San José.

What became San Antonio originally was founded as Mission San Antonio de Valero on May 1, 1718, by Spanish Franciscan missionaries.

The king and queen are set to meet Tuesday with President Donald Trump and the first lady.

—Associated Press



ERIC GAY/ASSOCIATED PRESS

Earnings Growth To Slow

Continued from Page One U.S. economy showing renewed signs of strength and consumer and small-business confidence riding high, some analysts say earnings growth can remain near the current lofty levels.

But a steep drop-off in earnings growth could jolt the market. After a nine-year bull run, stock prices reflect a rosy outlook that is already showing signs of fading on a number of fronts. The global growth momentum that powered stocks higher at the end of last year is slowing in Europe and other major economies.

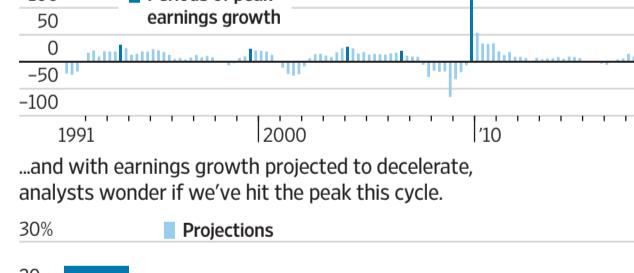
The Federal Reserve indicated on Wednesday it expects to raise interest rates at least four times this year, and the threat of a trade war looms after the U.S. and China announced new tariffs against each other on Friday.

Those and other concerns have deflated the stock market after a big year in 2017. The S&P 500 has risen just 4% this year and has been essentially flat since January. The index has gone 97 trading days since its last all-time high—the longest record drought since the period from May 2015 to July

As Good as It Gets?

The S&P 500 struggles in the short term after earnings growth peaks...

Quarterly S&P 500 earnings per share, change from a year earlier



Sources: RBC Capital Markets (historical earnings per share); FactSet (projections)

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2016, according to the WSJ Market Data Group. On Friday, the S&P 500 fell 0.1%, while the Dow Jones Industrial Average lost 0.3% and posted its biggest one-week decline since March.

"We're at an interesting inflection point where we're moving later into the cycle," said Mark Haefele, chief investment officer at UBS Global Wealth Management. "Whether earnings roll over is going to be the deciding factor that ends this cycle."

An analysis by

U.S. NEWS

Nevada's Legal Brothels Face Reckoning

Women's advocacy groups are pushing ballot initiatives against prostitution

BY JIM CARMON

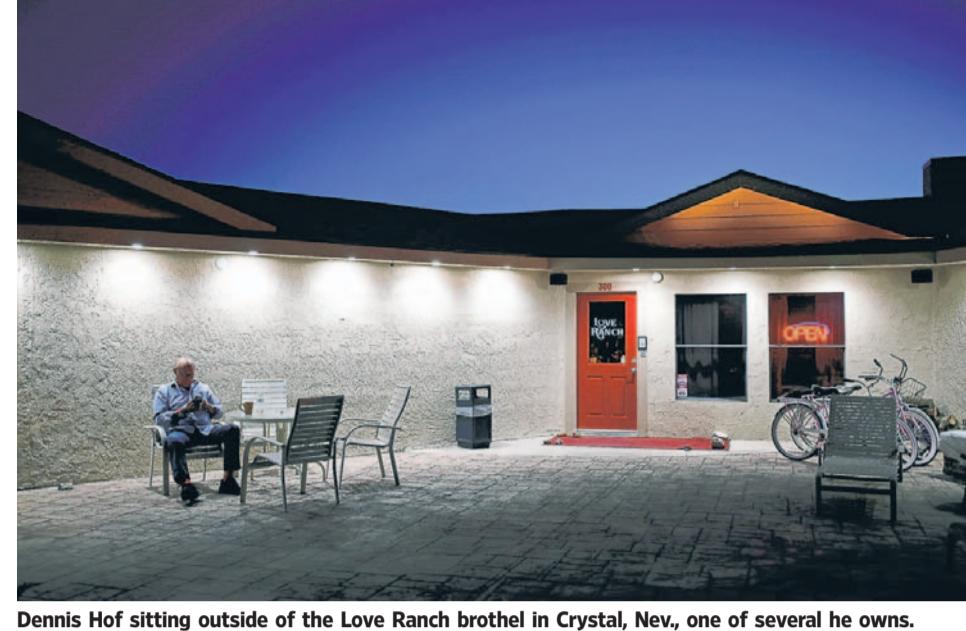
MOUNTAIN HOUSE, Nev.—Nevada's legal brothels have a new adversary: the #MeToo movement.

A coalition of women's advocacy groups in Nevada has undertaken referendum initiatives against legal prostitution in Lyon and Nye counties, opposite corners of the state that are home to about half of the state's brothels.

Lyon County commissioners voted on June 7 to place a nonbinding question on the November ballot on whether to ban prostitution at legal brothels and agreed to abide by whatever the public decides.

With names like Love Ranch and Chicken Ranch, brothels have been legal or tolerated in much of Nevada for over a century and are as much a part of the Silver State's image of sin and debauchery as gambling and bachelor parties.

The referendum measures,



JOHN LOCHER/ASSOCIATED PRESS

Dennis Hof sitting outside of the Love Ranch brothel in Crystal, Nev., one of several he owns.

if passed, would outlaw nine bordello in the two rural counties located a short drive from Reno and Las Vegas, where prostitution is illegal. Observers say the measures would serve notice to the state's remaining 11 or so legal brothels that their days could be numbered, too.

A similar referendum on a

ban failed at the polls in 2004 in Churchill County, but some industry supporters say the efforts this year have a chance to succeed.

Public sentiment appears to have turned against the brothels lately, these supporters say, in part because of the influx of newcomers from California and other states, and a

growing desire to diversify the state economy beyond tourism. Another factor these people point to is increased concern over the treatment of women, brought to the fore by the #MeToo movement.

"The future of the industry is in definite jeopardy," said George Flint, former lobbyist for the Nevada Brothel Owners

Association and a ban opponent. "I would not put any money on that industry surviving."

Nevada began legalizing prostitution on a county basis in 1971, the only state to have done so. Seven of the state's 16 counties have licensed bordellos; prostitution remains illegal in populous Clark County including Las Vegas, and Washoe County including Reno.

Women's activists said they began seeking the bans last year after hearing about ongoing assaults of prostitutes at the brothels. "These are all areas of sexual harassment and assault within the workplace, which is why this is a part of the #MeToo movement," said Melissa Holland, executive director of Awaken, a Reno women's nonprofit that teamed with other groups to push for the referendums.

The groups said they began with Lyon and Nye counties because residents there approached them for help in pursuing brothel bans.

Two former prostitutes, in interviews, told of drug use and assaults by customers at the legal brothels. "The girls

deal with terrible treatment in there," said Rebekah Charleson, 36, who says she is a former prostitute who worked at Nevada brothels.

Several brothel operators, employees and industry supporters deny that workers are mistreated or that drug use is tolerated. The operators said they have been singled out unfairly. Prohibition would simply drive prostitution underground, they said, exposing workers to more dangers. Legal prostitutes must undergo regular medical exams, and condom use is required.

Brothel supporters say the businesses provide millions of dollars in economic stimulus to surrounding areas, while offering prostitutes a safe place where they can earn money.

Dennis Hof, owner of six of the nine bordellos that would be banned, estimates his brothels generate \$10 million in local economic benefits.

On Tuesday, Mr. Hof won a Republican primary bid for the state legislature against an incumbent. He said his establishments were targeted because he is running for office, an assertion state GOP leaders and the women's groups deny.

Florida's Senate Candidates Vie for Puerto Rican Vote

BY ARIAN CAMPO-FLORES

ORLANDO, Fla.—One recent morning, Florida Gov. Rick Scott addressed Puerto Rican business leaders at a hotel here, announced jobs figures at a Puerto Rican restaurant and called the Puerto Rican governor to discuss Hurricane Maria recovery efforts.

"I'm going to do everything I can to continue to help people that are in Puerto Rico," Mr. Scott, a Republican running for U.S. Senate, told the business summit. "To the extent you come here, you're going to get a job, your kids are going to get a good education, and we're going to hopefully help you find a very safe community to live in."

Florida's Senate candidates are vigorously courting the state's Puerto Rican voters, whose numbers have swelled in recent years and accelerated after Maria in September 2017. Mr. Scott is challenging Democratic incumbent Sen. Bill Nelson, with both men expected to easily capture primaries in August. In a state known for elections decided by razor-thin margins, the November race is expected to be one of the nation's most competitive and costliest.

"We are living a historical moment here with the influx of Puerto Ricans," said Betsy Franceschini, a senior state director at the Hispanic Federation, a nonpartisan nonprofit that aims this year to register 20,000 Latinos in central Flor-



Republican Florida Gov. Rick Scott, above, thanked volunteers who helped with relief efforts after Hurricane Maria in 2017. At right, Florida Sen. Bill Nelson, the Democratic incumbent, spoke at a recent campaign event.

ida. "Candidates have realized that the Puerto Rican vote could swing things."

Puerto Ricans are the second-largest Hispanic group in Florida, after people of Cuban origin. Their population increased 28% to 1.01 million in 2016 from 793,000 in 2010, with many newcomers settling in the Orlando area, according to U.S. Census Bureau data.

A decadelong economic crisis in Puerto Rico has driven islanders to Florida, a migration fueled further by Maria's strike.



In the six months after the storm, an estimated 56,000 people from the island relocated to Florida, according to an analysis by the Center for Puerto Rican Studies at Hunter

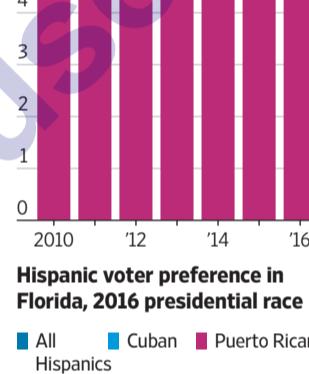
College in New York. As U.S. citizens, Puerto Ricans are eligible to register to vote as soon as they set foot on the mainland.

Polling shows Florida's Puerto Ricans lean heavily

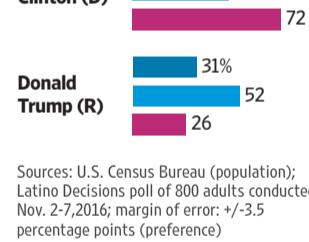
Polling Power

Puerto Ricans are now Florida's second-largest Hispanic group, and lean Democratic.

Puerto Ricans' share of Florida population



Hispanic voter preference in Florida, 2016 presidential race



Sources: U.S. Census Bureau (population); Latino Decisions poll of 800 adults conducted Nov. 2-7, 2016; margin of error: +/-3.5 percentage points (preference)

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Analysts say newer arrivals from Puerto Rico are more in play because they aren't as familiar with the political parties on the mainland. They often register as independents.

Mr. Scott won re-election in 2014 with 40% of the Puerto Rican vote, according to a survey by his consulting firm. He regularly highlights his administration's response to Maria. He has visited Puerto Rico six times since the storm and opened relief centers to help evacuees.

Mr. Nelson also has pursued the community and pressed for additional federal assistance for Puerto Rico. He has proposed bills, which haven't advanced in the GOP-controlled Senate, to provide tax benefits to Puerto Rico and more housing aid to families. "We've got to do more," Mr. Nelson said on the Senate floor last month.

Galvanizing Puerto Ricans on the mainland is a challenge. The frequent elections and dizzying array of state and local positions can be confusing, said Jimmy Torres-Vélez, coordinator at Boricua Vota, a voter-mobilization group.

Jaime Pérez, 48 years old,

said he arrived from Puerto Rico a year ago and registered as an independent. He said he couldn't distinguish between Republicans and Democrats, but appreciated Mr. Scott's response to Maria. Asked if he wanted to register with a party, he replied, "Which one is Scott? Mark that one."

Police Use of Driver Photos Stirs Debate

BY ZUSHIA ELINSON

Police in the small Maryland city of Hagerstown used a cutting edge, facial recognition program last week to track down a robbery suspect, marking one of the first such instances of the tactic to be made public.

In the process of identifying a possible suspect, investigators said they fed an Instagram photo into the state's facial recognition system, which quickly spit out the driver's license photo of an individual who was then arrested.

This digital-age crime-solving technique is at the center of a debate between privacy advocates and law-enforcement officials: Should police be able to use facial recognition software to search troves of driver's license photos, many of which are images of people who have never been convicted of a crime?

An increasing number of police departments across the country are running images through driver's license databases in their investigations. But the Hagerstown case is one of the few resulting in an arrest that has become public, experts in the field say.

Thirty-one states now allow police to access driver's license photos in facial-recognition searches in addition to mug shots, according to the Center on Privacy and Technology at the Georgetown University



Stephen Moyer, left, secretary of Public Safety and Correctional Services in Maryland, says people's privacy is protected.

versity Law Center. Roughly one in every two American adults—117 million people—are in the facial-recognition networks used by law enforcement, according to a 2016 report by the center.

Civil liberties advocates say that giving police unfettered access to photos of people who have committed no crimes infringes on those civilians' privacy.

"People provide their photo for a driver's license database so they can drive," said Jennifer Lynch, an attorney with the Electronic Frontier Foundation, a nonprofit privacy organization. "They should not become suspects in a criminal investigation."

Law-enforcement officials who advocate for using facial recognition searches of driver's license photos argue that it is a valuable tool for

finding potential suspects who have no criminal past.

In New York City, police say they want access to driver's license photos in their facial-recognition searches, which are currently limited to mug shots, but have faced opposition from privacy advocates.

In Maryland, police use what they call the Maryland Image Repository System to compare images with more than 7 million driver's license photos and more than 3 million mug shots.

In a December report, Stephen Moyer, secretary of Maryland's Department of Public Safety and Correctional Services, assured state lawmakers that people's privacy was being protected.

Ms. Lynch, of the EFF, said there should be more checks and balances because of the risk of misidentifying sus-

pects using facial recognition software, which is less accurate with darker faces, according to an MIT Media Lab study.

In the Hagerstown case, Raven Dennis reported that a former co-worker came to her apartment and stole her iPhone and \$650, according to the police department's probable cause statement.

Ms. Dennis told police that she only knew the man's first name, Aamir, but she sent two Instagram photos to investigators. When a detective ran a screenshot through the state's facial recognition system, the first image that came back was a Motor Vehicle Administration photo of Aamir Watson-Jones, according to the probable cause statement.

Mr. Watson-Jones was arrested and charged with armed robbery, robbery, theft, and a handgun violation. He has yet to enter a plea.

An attorney for Mr. Watson-Jones and the Hagerstown detective on the case didn't return calls seeking comment.

Joseph Michael, deputy state's attorney in Washington County, Md., said facial recognition can't be the sole source of identifying a suspect. "You still need a positive identification, as happened in this case," he said. Mr. Michael said he understands the privacy concerns, but "the expectation of privacy ends when you sit down and smile at the government desk."

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U.S. NEWS

Adviser Recalls Russian Meeting

Roger Stone discloses 'recently refreshed recollection' of a 2016 encounter

BY SHELBY HOLLIDAY

Special counsel Robert Mueller is looking into a meeting between longtime Donald Trump adviser Roger Stone and a Russian national during the height of the 2016 presidential campaign, according to Mr. Stone's friend Michael Caputo, who is a witness in the probe.

Mr. Stone didn't disclose the meeting, which he says was prompted by an offer of information detrimental to Democratic presidential nominee Hillary Clinton, in his testimony before congressional investigators in September. He is now alerting House Intelligence Committee chairman Devin Nunes (R., Calif.) about it.

In a letter dated June 15 and addressed to Mr. Nunes that The Wall Street Journal reviewed, Mr. Stone's attorney said the Republican strategist had a "recently refreshed recollection" of the encounter after Mr. Caputo, a former Trump aide who helped arrange the May 2016 meeting, was questioned by Mr. Mueller's office last month.

The letter, Mr. Stone's attorney said the Russian man claimed "access to non-specific, damaging Clinton information which he wanted to sell." He also added that his client declined to pay the \$2 million requested for the information and that Mr. Stone never exchanged any information or communicated with the Russian after the encounter.

Though Mr. Stone described



Roger Stone heading to testify last September before the House Intelligence Committee on Capitol Hill.

the meeting, first reported by the Washington Post, as "innocuous" during a television interview with C-Span on Sunday, he and Mr. Caputo now say they believe it was part of a sting operation by the Federal Bureau of Investigation.

They are calling for the incident to be investigated. The FBI didn't immediately respond to a request for comment. Mr. Stone didn't immediately respond to requests for comment.

The two men say the Russian went by the name Henry Greenberg and that he has a history of working as an FBI informant. Mr. Caputo cited research about the man's background and alleged ties to U.S. intelligence. The research

was commissioned and paid for by Mr. Caputo's legal defense fund, he said.

Mr. Greenberg, who couldn't immediately be reached for comment, denied to the Washington Post that his meeting with Mr. Stone was on the FBI's behalf.

The revelation of the meeting, and Messrs. Stone's and Caputo's calls to investigate it, come as Rudy Giuliani, the president's personal lawyer, renewed his pushback against the special counsel.

Mr. Mueller, who is conducting a wide-ranging investigation into Russian interference in the 2016 election, is also investigating possible collusion by Trump campaign aides with Moscow and

whether the president sought to obstruct justice in the Justice Department's probe.

Moscow has repeatedly denied any government effort to influence the U.S. election. Mr. Trump has denied that he or his campaign colluded with Russia.

Mr. Giuliani, who last week called for Mr. Mueller's suspension, on Sunday said his inquiry should be under Justice Department scrutiny.

"We want the Mueller probe to be investigated the way the Trump administration is being investigated," Mr. Giuliani said during a CNN interview on Sunday.

Mr. Giuliani has stepped up his criticism after a report Thursday from the Justice De-

partment's inspector general that criticized former FBI Director James Comey for his handling of an inquiry into Mrs. Clinton's use of a private email server while she was Secretary of State. Mrs. Clinton ran against Mr. Trump as the 2016 Democratic nominee for president.

He said the Justice Department should look into the special counsel "not necessarily because of Mueller but because of its genesis in this almost completely illegal and unethical probe." A spokesman for the special counsel's office didn't immediately respond to a request for comment.

—Josh Zumbrun and Michelle Hackman contributed to this article.

FBI Agent Agrees to Appear at Hearings

BY DEL QUENTIN WILBER

WASHINGTON—FBI agent Peter Strzok, who was criticized by the inspector general last week for sending anti-Trump text messages during the presidential campaign, would appear before congressional committees that invite him to testify, his lawyer said in a letter made public Sunday.

Mr. Strzok was the lead agent on the Federal Bureau of Investigation's inquiry into Hillary Clinton's use of a private email server and later served as the top agent on special counsel Robert Mueller's team. He was removed from Mr. Mueller's office last year after the inspector general uncovered texts exchanged between Mr. Strzok and Lisa Page, an FBI lawyer, that were disparaging of Donald Trump. They called the future president an "idiot" and a "douche."

The employees were engaged in a romantic relationship and sent thousands of text messages over FBI-issued devices between 2015 and May 2017. Inspector General Michael Horowitz, in a 500-page report issued Thursday, concluded that the pair's text messages "cast a cloud" over the probe into Mrs. Clinton's email server and its findings.

Rep. Bob Goodlatte (R., Va.), chairman of the House Judiciary Committee, had started the process of subpoenaing Mr. Strzok to appear before his committee. In a letter to Mr. Goodlatte, Mr. Strzok's lawyer said that step wasn't necessary.

Five Die in Texas Border Car Chase

BY ALEJANDRO LAZO

At least five people are dead after a Black Chevrolet Suburban rolled over and crashed on a state highway outside of Big Wells, Texas, after fleeing the U.S. Border Patrol and local officials Sunday, authorities said.

The Texas Department of Public Safety said it was investigating the crash, which occurred at 11:18 a.m. local time. There were 14 occupants in the Suburban, including the driver, according to the department.

Video of the scene by the local television station KSAT-12 showed the large black vehicle severely damaged, blocking both lanes of the rural stretch of highway.

Dimmit County Sheriff Marion Boyd told reporters at the scene that U.S. Border Patrol agents had been in pursuit of the Suburban, which was traveling about 100 miles an hour.



The wreckage of a Chevrolet Suburban after crashing with 14 occupants while fleeing from Border Patrol agents.

"The border patrol was pursuing a vehicle and one of my deputies assisted in the pursuit, and took over the pursuit just west of Big Wells," Mr. Boyd told KSAT-12. "From what we

could tell, the vehicle ran off the road and caught gravel and then tried to re-correct and then caused the vehicle to turn over several times."

Multiple people inside the Suburban were ejected as the

vehicle rolled, according to the Texas Department of Public Safety. Four people died at the scene; four were taken to San Antonio Medical Center for treatment, and six were taken to the Dimmit County Regional Medical Center, according to the department.

A fifth person died at the San Antonio hospital, the department said. The driver of the vehicle was found by deputies inside the vehicle and was able to walk following the crash, Mr. Boyd told KSAT-12. The driver is now in custody.

In a statement, the U.S. Border Patrol said the chase began after an agent spotted "three vehicles traveling in tandem pass his location on a rural highway" and the agent suspected that "a smuggling event was taking place."

Two of the vehicles stopped and multiple arrests were made from each vehicle. The third vehicle fled and then crashed shortly after.

Consumer Nominee Likely to Face a Fight

BY LALITA CLOZEL

WASHINGTON—The White House intends to nominate a budget official to head the Consumer Financial Protection Bureau, setting up what is expected to be a contentious fight in Congress about the direction the agency is taking in the Trump administration.

The nomination of Kathy Kraninger, an associate director at the Office of Management and Budget, to head the consumer-finance bureau formed by Democrats in 2011 after the financial crisis, drew support from some in the industry and swift condemnation from policy advocates both on the left and right.

Some conservatives appeared concerned about Ms. Kraninger's chances of getting the necessary Senate approval to lead the 1,700 agency employees.

She is a "midlevel budget staffer lacking expertise, chosen

to lead one of the most powerful agencies in the government," said JW. Verret, a law professor at George Mason University who was chief economist for Rep. Jeb Hensarling, (R., Texas).

Liberal groups accused the administration of making a placeholder nomination to keep Mick Mulvaney, the Trump-appointed acting CFPB head who also serves as her boss at OMB, in power longer.

"She's a blank slate and Mick Mulvaney writes with a permanent marker," said Karl Frisch, the executive director of Allied Progress, a liberal consumer-advocacy group.

Ms. Kraninger didn't respond to a request for comment.

A White House official said Saturday that the administration had sought an "effective manager" to lead the "superb policy team" Mr. Mulvaney already has positioned at the agency.

Faceoff on Migrants Looms

Continued from Page One

tion is likely to be one of the topics on the agenda, said Marc Short, the president's legislative affairs chief, in an interview Sunday. "The policy is incredibly complicated and it is one we need to do a better job of communicating," Mr. Short said, of the issue of separating families. "We've not talked about the history of how we got to this point."

The GOP-controlled House of Representatives may vote on two Republican-crafted immigration measures this week, said the office of Majority Leader Kevin McCarthy (R., Calif.).

One bill is assembled by negotiators from the GOP's moderate and conservative wings; another is more conservative. Both aim to address the fate of hundreds of thousands of young immigrants brought illegally to the U.S. as children, as well as seeking to increase border security.

Each would also broadly allow children arriving at the southern border to be detained with their parents in the same facility, or for the release of a child to a relative.



A Honduran woman and her daughter at a Catholic Charities center in McAllen, Texas, on Sunday.

The White House has said that Mr. Trump would sign either bill if it passed.

In the Senate, Majority Leader Mitch McConnell (R., Ky.) was bruised by the collapse of an immigration bid earlier this year and has been skeptical that the Senate would take it up again while Republicans remain in possession of a slim 51-vote majority.

A decades-old court settlement bars the U.S. government from jailing migrant children. Until recently, the result was that families who crossed the border seeking asylum were of-

ten released into the U.S. while their cases are pursued.

The Department of Homeland Security said Friday that it had separated 1,995 immigrant children from 1,940 adults, whom it described as "alleged adult parents," at the border between mid-April and the end of May.

The administration hasn't said what percentage of adult immigrants have been prosecuted, though Homeland Security has said it has implemented a zero-tolerance policy for all adults and is referring every such immigrant for prosecution. DHS and the Justice Department

haven't said how officials decide which cases to prosecute and which families to separate.

In May, more than 9,400 people traveling as families were arrested at the Mexican border, along with about 6,400 children who were traveling alone. Since the start of the budget year in October, more than 32,000 unaccompanied immigrant children have been taken into custody by the U.S. Border Patrol along the Mexican border. That is a 4% increase over the same period in 2017. Separately, more than 59,000 people traveling as families have been arrested at the

border during that same period, a slight decrease over 2017.

Democratic lawmakers spent the weekend visiting detention facilities at the southern border and elsewhere, including a group of New York and New Jersey Democrats that toured a center in Elizabeth, N.J., to make their case.

"Republicans control every branch of government," said Rep. Bill Pascrell (D., N.J.). "They are making these disgraces happen every day."

The administration is facing increasing pressure on existing facilities, even without the possibility of new facilities to detain families together. The Department of Health and Human Services' Office of Refugee Resettlement is adding bed space after eclipsing more than 11,000 children in its custody. A temporary, soft-sided structure has been erected in Tornillo, Texas, near El Paso, as part of that expansion.

Eric Hargan, deputy secretary of HHS, said in a statement Sunday that the agency had welcomed lawmakers' tours and that the semipermanent structures—including at Tornillo—had ventilation and cooling "to ensure appropriate temperature" for the minors placed there, who, he said, were all teenagers.

Mr. Trump and other advisers had maintained that it is up to Congress—and specifically Democrats, whose votes would

be needed to pass legislation in the Senate—to put an end to the family separations. Mr. Trump has insisted that Congress adopt tighter border security in response, including offering funding for his border wall.

Some allies continued to make that case for Mr. Trump Sunday. Former chief strategist Steve Bannon, appearing on ABC News' "This Week with George Stephanopoulos," said that he believed the policy required no defensive posture.

"It's zero tolerance, I don't think you have to justify it," Mr. Bannon said.

But elsewhere, signs of a shift emerged.

"As a mother, as a Catholic, as someone who's got a conscience, I will tell you that nobody likes this policy," said Kellyanne Conway, a senior adviser to Mr. Trump, on NBC's "Meet the Press."

First lady Melania Trump issued a rare policy statement on Sunday.

"Mrs. Trump hates to see children separated from their families and hopes both sides of the aisle can finally come together to achieve successful immigration reform," said her spokeswoman Stephanie Grisham. "She believes we need to be a country that follows all laws, but also a country that governs with heart."

Natalie Andrews and Siobhan Hughes contributed to this article.

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WORLD NEWS

Rightward Shift Seen in Colombia Vote

Pro-business Duque wins presidential race, now must tackle drug trade, modernization

By JUAN FORERO
AND DANIELA RAMIREZ

BOGOTÁ, Colombia—Ivan Duque, a 41-year-old lawyer who spent much of his working life in Washington policy circles, was handily elected president in a vote that is expected to usher in a rightward shift in a country that has been struggling as it emerges from a long guerrilla conflict.

Mr. Duque, a market-friendly senator who pledges to loosen regulations for businesses and aggressively fight the drug trade, won 10.3 million votes on Sunday, 54% of the total, with nearly all voting stations reporting. He will become the country's youngest elected president, and his running mate, Marta Lucia Ramirez, will become Colombia's first female vice president.

His rival, Gustavo Petro, 58, a former guerrilla and ex-mayor of Bogotá who wanted a bigger role for the state in the economy, took eight million votes, or 41.8%. The two politicians emerged from a field of five candidates in a first round of voting on May 27.

"A new generation has come to govern with the biggest vote in support in the history of our country," said Mr. Duque, speaking to supporters as he stood on a stage with his wife, their three small children and friends and advisers. "Today, there are no citizens who have been defeated. I want to be the president of those who voted for me and against me."



Backers of President-elect Ivan Duque celebrated in Cali on Sunday night. Gustavo Petro, in Bogotá with his daughter after results were announced, received 41.8% of the vote.

The outcome is also a victory for Mr. Duque's mentor, former President Álvaro Uribe, a powerful senator who critics fear will have an outsize influence in the new government, though he denies he will.

Mr. Uribe helped fashion the improbable rise of the little-known Mr. Duque, leading a campaign in which his adversary, Mr. Petro, was painted as a radical who would lead Colombia to economic ruin as in neighboring Venezuela.

In conceding defeat Sunday night, Mr. Petro told supporters that he would lead a robust opposition against Mr. Duque from the senate, where he will be granted a seat.

"We're not going to ask for [posts in] ministries or embassies," said Mr. Petro, who received a vote total never before achieved by a leftist candidate.

"We don't agree with him and we believe he is wrong about what he said" in his campaign.

The election came at a critical stage. Colombia is reincorporating into society thousands of rebels who disbanded as part of a peace pact, while trying to control booming drug trafficking and gangs in regions where the guerrillas once had influence.

This country of 49 million also faces the challenge of dealing with one million Venezuelan migrants who fled an increasingly authoritarian regime in their homeland. At the same time, Colombians have told pollsters that they are unsatisfied with issues that include rising crime, unemployment and a faulty public health-care system.

"I want stability, improvements in health, security," said Vicente Jaramillo, 49, a secu-

rity guard in Bogotá who voted for Mr. Duque. "He's young, he knows how to express himself. He knows how to defend his ideas. He'll help this country advance."

The U.S., Colombia's closest

said he would be open to resuming spraying of herbicides on coca from crop dusters, a program suspended in 2015.

The explosion in coca has come since 2013, as U.S.-funded aerial spraying with the herbicide glyphosate was reduced because of health concerns and the Colombian government's unease that poor farmers were turning against the state.

American officials have publicly and privately been critical of the current administration because of the

276% increase in land cultivated with coca since 2012, according to United Nations data released last week.

Last week, Mr. Duque said he was open to resuming spraying, though perhaps by finding an alternative for glyphosate. The U.S. has also been lukewarm about the lenient terms

of the peace process with guerrilla commanders believed to have been trafficking cocaine. Mr. Duque favors criminal penalties against them and opposes permitting former rebel commanders granted seats in congress to take office without paying for their crimes and paying reparations to victims.

Adam Isacson, an expert on Colombia's drug trade at the policy group Washington Office on Latin America, said the hard shift on drugs will "delight the Americans."

While he said Colombia won't return to war under Mr. Duque, Mr. Isacson said the new government would "bend the peace accord, both by seeking modifications and failing to act." He added, "But he won't bend it in a way that causes thousands of demobilized guerrillas to take up arms again."



ERNESTO GUZMAN JR./EFE/ZUMA PRESS
LUIS ROBAYO/AGENCE FRANCE PRESSE/GETTY IMAGES

Rising Oil Prices Are Clogging Global Growth Engines

For Americans, rising oil prices are threatening \$3 gas and pushing up prices for plane tickets. In many other parts of the world, today's crude rally is more painful—sparking protests, gas lines and emergency subsidies to quell unrest.

By Paulo Trevisani in São Paulo and Tom Fairless in Frankfurt

Fast-rising crude, on its own, has been pressuring global growth for months. Swiss bank UBS figures that today's international crude price, around \$75 a barrel, will boost global inflation by more than half a percentage point, compared with the \$50 barrels the world enjoyed as recently as last year.

Brent crude, the international benchmark, has eased off a recent 3½-year high of around \$80, on expectations that the Organization of the Petroleum Exporting Countries will boost output when it meets this week. Before that retreat, oil was up more than 20% this year.

There are global winners, along with losers. The U.S., squeezed over the decades in past oil rallies, is looking pretty comfortable this time. In recent years, America has boosted production significantly, making it much less dependent on imports.

Overall economic growth in big crude producers like the U.S. and Canada could rise by almost a third of a percentage point with today's prices, says UBS.

In import-heavy economies like China and the eurozone, however, growth could slip a tenth of a percentage point, UBS figures.

That may not sound like a significant hit overall, but fuel prices can be particularly painful for specific swaths of

Uneven Pain

Falling currencies around the world have boosted the cost of oil, which is priced in dollars.

Price changes for a barrel of Brent crude



any economy. This month, Chinese truckers refused to move goods and blocked roads in a handful of cities, protesting higher fuel costs.

Brent crude is still well below the \$100-plus a barrel it fetched from 2011 through 2014, and prices probably aren't high enough to knock the European economy from its recent upward trajectory.

Still, the oil and dollar rally act like a tax, limiting consumers' discretionary spending. That threatens a pullback in consumption that can eventually hit growth. It can also feed into inflation and pres-

sure central banks to boost borrowing rates. Inflation in Spain jumped to an annualized 2.2% last year from minus 0.2% in 2016, largely due to higher energy prices.

The pain has been greatest in economies where dollar strength has been even more pronounced. In Brazil, gasoline is up 28% and diesel fuel for trucks more than 27% over the past year. The Brazilian real has fallen 11% this year against the dollar.

In Indonesia, where the rupiah has fallen to its weakest level against the dollar in more than two years, fuel

Strength of Dollar Exacerbates Pain In Many Countries

The WSJ Dollar Index, a measure of the dollar compared with a basket of 16 major currencies, has strengthened 6% since February.

In Europe, dollar strength against the euro has helped make crude today about 30% more expensive than when oil was at a low in February.

For European consumers, gasoline-price shocks are often damped by the Continent's generally steep taxes on the

prices are an election issue.

"Governments are promising to cap fuel prices to win votes and elections," said Hak Bin Chua, an economist at Maybank Kim Eng in Singapore.

While Africa is a big oil producer, much of the continent is energy-poor and dependent on imports—and several governments are also contending with pressure on their currencies.

In Sudan, the ninth-largest African economy, street protests have broken out over soaring bread prices, pushed up by the rising costs of deliv-

ery and wheat imports. Fuel prices have soared fivefold in recent months, bringing weeks of long, overnight lines at gasoline stations across Khartoum and other cities, as the government struggles to pay for fuel imports.

Hussein Adawi, a sugar importer, said he and his rivals also face higher operating costs as they spend time sourcing dollars to finance both fuel purchases and sugar imports. Sometimes that takes several weeks for a single shipment.

"We can't even get fuel to deliver supplies to customers," he said.

Rescue Ships Dock in Spain as Europe Migration Feud Reignites

VALENCIA, Spain—Ships in an aid convoy docked at the Spanish port of Valencia, ending a week-long ordeal for some 630 people who were rescued from the Mediterranean only to become pawns in Europe's immigration battle.

The Italian coast guard vessel Dattilo was the first of three boats to dock Sunday carrying 270 migrants. The rescue ship Aquarius came in several hours later with 106 migrants. Another Italian navy ship, the Orione (picured left), arrived last.

The Aquarius, operated by the aid groups SOS Mediterranee and Doctors Without Borders, was stuck off the coast of Sicily on June 9 when Italy refused it permission to dock and demanded that Malta do so. Malta refused. Spain stepped in and offered to grant the rescue boat entry. The 930-mile journey across the Mediterranean from Sicily to Valencia took nearly a week.

David Noguera, head of Doctors Without Borders in Spain, said he is worried more European

nations will close their ports to those rescued at sea in the future.

The refusal by Italy and Malta to allow the Aquarius to dock has reignited a continentwide battle about how to handle immigration.

According to the EU's asylum laws—which are under revision—migrants must apply for asylum in the country where they first enter Europe. In practice, the policy has placed a burden on Italy and Greece, where hundreds of thousands of asylum seekers have arrived in recent years.

Spain's new Socialist government has taken up the cause of the migrants' plight to demonstrate its commitment to human rights and international law.

But the influx of refugees and migrants to Europe has put strong domestic pressure on German Chancellor Angela Merkel, caused a spat between France and Italy, and prompted eastern nations such as Hungary and Poland to refuse to take in migrants.

—Associated Press



JUAN CARLOS CARDENAS/EFE/ZUMA PRESS

WORLD NEWS

Bangladesh Launches Deadly Drug Crackdown

BY JON EMONT
AND MUKTADIR RASHID

DHAKA, Bangladesh—Hundreds of police officers toting carbines swarmed a gritty Dhaka slum recently, overturning beds in homes, riffling through the wallets and bags of cafe patrons and eventually shoving 50 suspected drug users into police vans.

It was a regular night in a new crackdown on drugs in Bangladesh, marked by an aggressive campaign since mid-May in which police have arrested some 13,000 people and killed more than 100 in raids, according to the government.

Odhikar, a Bangladeshi human rights group, accused the security forces of carrying out 149 extrajudicial killings in May, most of them in connection with the crackdown, compared with an average of less than 20 a

month in the first four months of the year, its statistics show.

Hasanul Haq Inu, minister of information, said the expanded campaign was necessary to disrupt drug distribution networks, and that the killings involved situations where drug criminals shot at police.

The antidrug campaign stems from an influx of a cheap methamphetamine concoction known as yaba finding its way into Bangladesh, fed in large part by the turmoil since some 700,000 Rohingya were driven from their homes in Myanmar by the military last August into Bangladesh, according to Bangladeshi police.

Yaba is mainly produced in lawless regions of northern Myanmar, where rebel militias that rely on drug revenue have long held sway and fed markets in Thailand and Cambodia. But the security breakdown in west-

ern Myanmar since the Rohingya, a Muslim minority in the Buddhist-majority country, were expelled last year is giving the traffickers an expanded opportunity, Bangladeshi police say.

Though the United Nations antinarcotics agency has said Myanmar and Bangladesh could foil networks if their border police worked together, Hasanul Haq Inu, Bangladesh's minister of information, said the Rohingya crisis had created tensions that made coordination difficult.

Police Col. Aung Myat Moe, head of the Myanmar police force in Rakhine State, where the Rohingya lived, said police have established more than 80 land and sea checkpoints to intercept traffickers but didn't know who was behind the trade.

Jeremy Douglas, regional representative of the U.N. Office on Drugs and Crime for Southeast Asia, said that



Police hold a woman arrested on drug charges in Dhaka, where an antinarcotics campaign is underway.

skilled chemists working for rebel groups in northern Myanmar have scaled up yaba production in recent years, even as demand has peaked in traditional markets.

Bangladeshi police say drug traffickers are using young Rohingya men in the camps, who

lack employment opportunities, as drug runners.

"Bangladesh deserves to be commended for its tremendous support for Rohingya refugees, setting an example for the world," U.N. High Commissioner for Human Rights Zeid Ra'ad Al Hussein said, in a

statement condemning the drug killings. "I urge the government to build on this respect for human rights in other areas, including in its fight against drug-related crimes."

—Myo Myo in Yangon, Myanmar contributed to this article.

FROM PAGE ONE

Car Makers Push Fuel Efficiency

Continued from Page One

Ford Taurus family sedan, even though the truck outweighs the car by about 1,000 pounds.

GM this fall is set to introduce a revamped full-size Chevy Silverado pickup with an engine smaller than the one under the hood of some Toyota Camry midsize sedans.

Fiat Chrysler is countering with a new Ram 1500 pickup equipped with a hybrid system that uses an electric motor and battery pack to supplement the gas engine and improve efficiency. Ford, which four years ago pioneered the use of aluminum body panels

in pickup trucks to save weight and fuel, plans its own hybrid truck.

Trucks' new efficiency push comes as the Trump administration—spurred by the industry's complaints—is moving to relax gas-mileage standards put in place in the Obama era to fight emissions.

Auto makers that long lobbied against existing standards for being too stringent now are adopting a more-global view in their development of new engine technologies for trucks and big sport-utility vehicles.

Industry officials say companies are unlikely to abandon these innovations, even if the White House, as expected, formally eases fuel-economy standards.

Engineers at GM are following the company's stated long-term goal of reducing tail-pipe emissions to zero, said Mark Reuss, GM's head of product

Under the Hood

Engines on vehicles made in the U.S. are getting smaller.

Engine displacement



Source: EPA
THE WALL STREET JOURNAL.

development. "Our people understand that is the end game, even if they're working on a pickup truck instead of an electric vehicle," he said.

Auto makers have several

incentives for ratcheting up efficiency in trucks and SUVs, which are their best-selling and most-profitable vehicles. They want to insulate their money makers from another big gas-price surge like the one a decade ago, when average U.S. gasoline prices climbed to about \$4 a gallon and demand for trucks cratered.

Average gas prices topped \$2.90 in recent weeks, the highest level in four years, according to the Energy Information Administration.

Many new engine technologies are likely to find their way into other types of vehicles, some destined for places where they will face tougher regulations than the Trump administration is considering—such as California, the largest domestic auto market.

The state has said it intends to adhere to Obama-era standards irrespective of any move

by the Trump administration. That would effectively force car makers to meet the tougher standards anyway.

Big foreign markets, such as China, also are moving forward with tighter regulations on emissions and fuel economy, pushing auto makers to wring more efficiency from existing vehicles and expand electric-vehicle offerings.

"The auto makers know they need to future-proof these trucks from a fuel-economy standpoint for whatever political or regulatory environment might come next," said Dave Sullivan, an analyst at research firm AutoPacific Inc.

Truck buyers have shown they will pay for innovation. The average selling price for a full-size pickup truck has grown to more than \$43,000, from about \$32,000 in 2010, according to market researcher J.D. Power.

Obama-era standards were

designed to push the industry to sell light vehicles averaging more than 50 miles per gallon by 2025. The average combined fuel-economy rating in 2017 for sedans was about 30 mpg, and 18.9 mpg for pickups—an improvement over 16.1 mpg about a decade earlier, according to Environmental Protection Agency data.

Trucks, SUVs and crossovers have benefited from innovations that eke out more mileage from gasoline-powered engines, including greater use of turbochargers to recycle exhaust energy, said Sujit Jain, head of the North American engine and passenger-car business at German parts supplier Robert Bosch GmbH.

"You can get everything you want from a traditional engine—high power, high torque and greater fuel efficiency," Mr. Jain said.



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WORLD NEWS

Merkel Seeks Help on Migration Dispute

With coalition at risk, German leader asks neighbors to readmit spurned refugees

BY BOJAN PANCEVSKI

BERLIN—German Chancellor Angela Merkel turned to her European neighbors this weekend for help with a fierce domestic dispute over immigration that is threatening to topple her three-party coalition.

Aides to the chancellor reached out to the governments of several European Union members on the front line of the Continent's immigration crisis to sound out their willingness to readmit migrants that try to cross from their territory into Germany, European officials said on Sunday.

Among those approached were the governments of Austria, Greece, Italy and Bulgaria, the officials said. Berlin also liaised with the European Commission, the EU's executive body.

Ms. Merkel's move came after her own interior minister, Horst Seehofer, handed the

chancellor an ultimatum last week, warning that he could close the country's borders to certain categories of illegal migrants as early as Monday.

Mr. Seehofer chairs the Christian Social Union, the Bavarian sister party to Ms. Merkel's Christian Democratic Union. While the two parties have historically been closely aligned, sharing a parliamentary group, the CSU has grown increasingly hostile to Ms. Merkel's open-border refugee policy, which it has vowed to end ahead of a key election in October. Opinion polls suggest the CSU could lose its absolute majority amid a robust performance by the anti-immigration Alternative for Germany.

The dispute erupted early last week when Mr. Seehofer, who was to unveil a 63-point "master-plan" to cut immigration, abruptly canceled his presentation after Ms. Merkel vetoed a single measure: the decision to turn back migrants with an open asylum application in another EU member state.

Currently, all asylum seekers are allowed into Germany pending a review of their cases. Officials close to Ms. Merkel



Chancellor Angela Merkel arrived at a meeting of her Christian Democratic Union in Berlin on Sunday.

said that a unilateral closure of the border would threaten the EU's document-free travel zone, gum up cross-border economic activity and pile up political tension at a time of surging nationalism across Europe.

Mr. Seehofer, however, warned that he would consult his party's governing body on Monday morning and, if given a mandate, could defy Ms.

Merkel and immediately start turning back migrants ineligible for asylum. This would almost certainly force the chancellor to dismiss the minister and his party, leading to the loss of the government's parliamentary majority.

Ms. Merkel's weekend outreach to Germany's southern neighbors appeared aimed at giving the chancellor diplo-

matic cover to allow Mr. Seehofer to implement his measure without risking a pushback from those countries. Under European Union rules, refugees must apply for asylum in the country where they first entered the bloc.

Highlighting the difficulties Ms. Merkel may face in achieving cross-border consensus on turning back migrants, Italian

officials told The Journal that they wouldn't agree to taking back asylum seekers from Germany.

A spokesman for Ms. Merkel confirmed talks about a possible summit of the leaders but gave no details about what was being discussed. Like Mr. Seehofer's CSU, leaders of Ms. Merkel's Christian Democratic Union will meet on Monday to prepare their response.

In an op-ed for the Frankfurter Allgemeine Sonntagszeitung and several newspaper interviews over the weekend, Mr. Seehofer sounded slightly more conciliatory notes, stressing the urgency of implementing his proposals but also denying he had any intention of toppling the chancellor or ending the alliance between their two parties.

"The perception of a loss of control but also abdication of control have strengthened the populist forces in Europe. The political leadership of Germany and Europe must therefore convince citizens that we can manage migration, that we have control over events," Mr. Seehofer wrote.

WORLD WATCH

AFGHANISTAN

Suicide Bombers Strike During Truce

A suicide bomber struck in Afghanistan's eastern city of Jalalabad on Sunday, killing at least 19 people, in the second attack in as many days targeting Taliban fighters, security forces and civilians celebrating a holiday cease-fire. The Taliban later rejected an extension of the cease-fire.

Saturday's attack, which also took place in Jalalabad, killed at least 36 people and wounded 65, the health department said.

The attacks appeared to be the work of Islamic State, which isn't included in the cease-fire.

After Saturday's attack, President Ashraf Ghani announced a nine-day extension of the cease-fire. But the Taliban said Sunday their truce had ended and they had no intention of extending it.

—Associated Press

VATICAN

Pope Likens Abortion To Nazi Eugenics

Pope Francis compared abortion to Nazi eugenics practiced "with white gloves" and said the only real marriages are those between a man and a woman, using uncharacteristically blunt language on two controversial issues.

Addressing an Italian family association, the pope equated the termination of pregnancies in response to fetal maladies or defects discovered through prenatal testing to the policies of Hitler's Germany.

"Children should be welcomed the way they come, the way God sends them to us, the way God allows, even if sometimes they are ill. I've heard that it's fashionable—or at least habitual—to perform certain exams in the early months of pregnancy, to see if the baby is unwell or comes with a certain problem," the pope said. "And to have an easy life, one does away with an innocent," he added.

The world was scandalized by what "the Nazis did to ensure the purity of the race," he said. "Today we do the same thing, but with white gloves."

The pope also told the group he rejected the concept of nontraditional families not based on heterosexual marriage.

Pope Francis' remarks were consistent with traditional Catholic teaching yet strong for a pope who has played down medical and sexual ethics and taken a conciliatory approach to gay people.

—Francis X. Rocca

ISRAEL

Jets Target Incendiary Kite Attackers

The Israeli military said it carried out four airstrikes on Palestinians launching burning kites and balloons into southern Israel.

No one was injured in the strikes, but it marked an escalation in Israel's response to a phenomenon that has wreaked havoc on fields and nature reserves in southern Israel.

The army said two of the airstrikes targeted vehicles and infrastructure in the Gaza Strip belonging to Palestinians involved in launching "arson balloons" or kites.

—Associated Press

Greece and Macedonia Poised to Reset Ties

By NEKTARIA STAMOULI



Macedonian Prime Minister Zoran Zaev, center-left, and Greek Prime Minister Alexis Tsipras, center-right, celebrating an accord Sunday to rename Macedonia as 'North Macedonia.' Under the deal, Athens has pledged not to block the Balkan country from joining NATO and the EU.

as well as a referendum and a constitutional change in Macedonia to reflect the new name.

Messrs. Tsipras and Zaev both face backlash by national-

istic forces back home. Late Saturday Mr. Tsipras's government survived a motion of no-confidence triggered by conservative opposition party New

Democracy. One lawmaker from the ruling coalition was ousted from the parliamentary group after backing the motion.

In Macedonia, President

Gjorge Ivanov said he would oppose the agreement, while groups there have hired international law firms to look at ways of stopping the name change.

Doubt Plagues Rescuer in Deadly London Blaze

A year after 72 people died in Grenfell Tower, a firefighter wonders if he could have done more

By JENNY GROSS



VICTORIA JONES/PA WIRE/ASSOCIATED PRESS

The 24-story Grenfell Tower apartment building was engulfed in fire on June 14, 2017. A year after the blaze ripped through the 24-story low-income apartment building on June 14, killing 72 people in one of Britain's deadliest fires, the firefighter is still grappling with that night: Could he have done more?

The impact of the fire, which started with a faulty refrigerator and ended up blazing for more than a day at temperatures as high as 2,000 degrees Fahrenheit, has reverberated around Britain and plunged the

Brigade to speak to the press.

He too has paid a price. Every fire he's been at since has brought back memories of that night at Grenfell, he said. He started to have angry outbursts at home and was close to resigning, but counseling and antidepressants helped.

The Fire Brigade said the mental health and well-being of staff affected by the fire is a priority and that it has a counselor available at all times.

On the night of the fire, around 1 a.m., the firefighter was asleep at the station when the lights turned on and a speaker blasted an alert. Within moments he and four others from his brigade

saw one side of the 24-story tower engulfed in flames. Some gasped in horror.

He walked into the lobby, already full of smoke, to screaming. Residents, some with burns, spilled out of the one stairwell. "It was carnage," he said. One firefighter carried a naked girl, carbon-black liquid pouring from her nostrils. Another person screamed, "Where's my daughter? Where's my daughter?"

The firefighter got his assignment and readied his gear, which included a breathing apparatus, a backpack with an air cylinder and a 44-pound battering ram to smash open doors. His partner carried a hose. He made

his way up. The hallways were narrow and packed with people. The numbers on each level of the floor were painted black and almost impossible to see, slowing progress up the stairs, he said.

They passed a firefighter using one arm to carry a child and the other to drag an adult by his clothes down the steps. When they reached their floor, it was silent. They had minutes of oxygen left. They needed to decide whether to attempt the rescue or head down.

The fire had been blazing for two hours. Whoever was behind the apartment door was probably dead, or almost dead. Their hose had tangled, so they had no access to water, and barely enough oxygen for themselves, let alone the people they were supposed to rescue.

With eight minutes of air left, they raced down the stairs. As paramedics attended to him, he looked at the building: Up and down, people stood at the windows waving T-shirts, banging on the glass, flashing lights, screaming through broken windows and waving their mobile phones as flames consumed the tower.

"You're just looking at it, thinking 'Jesus Christ, we haven't even scratched the surface of this,'" he said.

A year on, the firefighter still struggles with the decision. "I have no idea whether that guy lived or died," he said. "For our own sanity, we never want to find that stuff out."

The image features a large, bold, black word "ONE SIZE DOES NOT FIT ALL" at the top. Below it is a large, faint watermark that reads "For personal, non-commercial use only". The background consists of a grid of smaller, dark rectangular boxes containing text columns.

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IN DEPTH

Youth Spur Populism in Europe

Continued from Page One
that he hoped would push for economic development in southern Italy. When Italy descended into a crippling recession, he felt betrayed by the traditional Italian left-wing parties. He has seen friends struggle to find jobs, and said his own business opportunities are limited to the stagnant private sector, because commissions for the public sector are usually awarded to people with connections he doesn't have.

Mr. Gaetani, now 33, voted for 5 Star in the 2013 election, a choice he repeated in March with more conviction. "5 Star is our last hope. If they also fail, I think I'll stop voting," he said.

The employment rate of Italians under 40 fell every year from 2007 to 2014 before flatlining over the past three years, according to Eurostat. Meanwhile, it has risen every year for those between 55 and 64 years, in part due to an increase in the retirement age.

The number of Italians under 34 in absolute poverty—defined as being unable to afford basic goods and services—more than doubled between 2010 and 2016 to 10%, according to the Italian National Institute of Statistics, or Istat. For those over 65, it dropped to 3.8% from 5.4%.

Two Tracks

One major problem in southern Europe is a dual employment system in which people with open-ended contracts—often older workers—enjoy ironclad job security and benefits. At the same time, during the downturn, employers began to use more short-term contracts, generally lasting from one month to a year. In Italy, 62% of contracts for those under age 25 were short-term in 2017, up from a quarter in 2000.

Italian policy makers introduced the contracts in the 1990s in part to help young people enter the labor force as a step to permanent work. Employers used them to avoid the cost and hassle involved in firing people. Echoing labor overhauls elsewhere in Europe, Italy introduced a major revamp of work rules in 2014 and 2015 that tried to get employers to use more open-ended contracts, including billions of euros in tax breaks. The most generous breaks expired in 2016.

The efforts didn't have the desired effect of creating structural change to the labor market that would wean employers off using short-term contracts. In 2016, when the tax breaks were in place, only 13% of new hires were on short-term contracts. Last



Jobless young people drive antiestablishment political shift in Europe; Giada Gramanzini moved back to her parents' home in Naples.

year, more than four out of five new hires were on short-term contracts, according to Istat.

The 5 Star Movement has lured millions of young voters with promises to roll back new labor rules, give the unemployed and poor a so-called universal basic income of €780 (\$905) a month, and abolish unpaid apprenticeship contracts. Its leader, Luigi Di Maio, was a 26-year-old university dropout who lived with his parents when he was elected to parliament in 2013. Today, he is a deputy prime minister.

The League also made canceling the recent labor revamp a central part of its electoral platform.

Italy's economic problems played into young voters' sentiments about immigration during the campaign as well, one of the animating drivers of support for the League. "We can't host all of Africa," said Gianluca Taburchi, a 23-year

old supermarket employee from Perugia who voted for the League. "We already have our own problems. We have lots of unemployment and unsecure jobs."

Matteo Salvini, the leader of the League who became a deputy prime minister and interior minister in the new government, promised to return hundreds of thousands of migrants to their countries of origin. 5 Star, which straddles the line on many issues, spoke of stemming illegal immigration, but stopped short of calling for mass deportations.

About 53% of Italians under 35 voted for the two parties combined, according to an Ipsos poll. About 43% of Italians over 65 voted for legacy center-right and center-left parties, while only 28% of young Italians did.

Spain and Greece

Elsewhere, almost 40% of Spaniards under 35 said in an April poll they would vote for far-left Podemos and its political allies in a coming election. In Greece, more than 41% of those age 18 to 24 voted for Syriza in the 2015 election, six points more than the antiestablishment party got across all age groups.

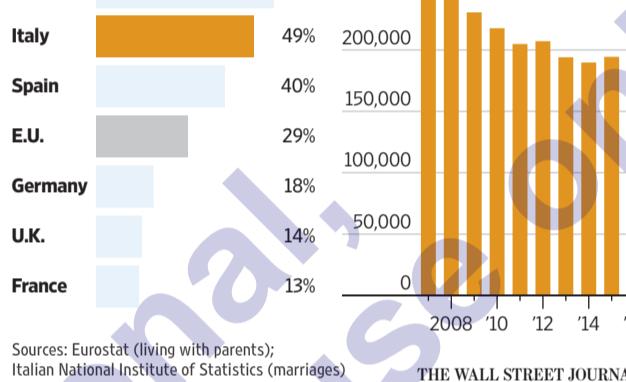
Argyro Maltasoglou, 30, said she voted for Syriza in the 2015 election because she thought the upstart party would make radical changes, especially in terms of policies to help young people. Since graduating from college in 2013, she has been bouncing between short-term contracts lasting less than a year. She has been looking for a job since her short-term contract as a secretary in an Athens hospital expired in March.

The job paid €500 a month, has

Failure to Launch

In Italy, economic woes have led many young people to live with their parents and hold off on marriage.

Share of adults age 25-34 living with their parents in 2016



Sources: Eurostat (living with parents); Italian National Institute of Statistics (marriages)

earned so far. She has had to accept money from her parents to get by. "This isn't what I dreamed of when I was studying," she said. "I would like to have a family, but I

Parties that won in Italy opposed labor rules adopted by the political mainstream.

wouldn't dare to think about it now under these conditions."

One exception to the generational phenomenon is the U.K.'s 2016 vote to leave the EU: 71% of voters age 18 to 24 voted for the country to remain in the bloc, according to a poll by YouGov. Only 26% of those 65 and over voted to remain.

Studies following the Brexit vote showed that, in this case, young Britons valued the increased ease of working,

studying and traveling abroad that EU membership brings. At the same time, many older voters viewed leaving the EU as an opportunity for the U.K. to better control immigration.

The pain in southern Europe reflects a feeling across much of the Western world that the younger generation will struggle to surpass their parents in wealth and security. Half of Italians who responded last year to an online survey on jobs site Monster.com said they thought they will earn less over their careers than their parents.

Young Italians, who bore the brunt of the country's protracted, triple-dip recession, still bear the scars that will affect their career prospects, homeownership and birthrates for decades to come.

Banks are reluctant to lend to people on short-term contracts, which has helped push up the average age of home buyers to 41.6 years in 2017 from 39.4 years in 2012, according to Fabiana Megliola,

head of research for real estate group Tecnocasa. In 2017, 56% of home buyers in Italy were under 45, down 10 percentage points from five years.

The number of Italians getting married has fallen by a fifth over the past decade, according to Istat. In 2016, the last year for which data are available, Italian men got married on average at age 35 and women at 32, in both cases two years later than in 2008. Births hit an all-time low last year.

In a country with strong family ties, parents are stepping in to help adult children. They can often afford to help because they enjoy pensions that are the fruit of decades of generous retirement benefits. Italy spends more than 15% of its economic output on pensions, the most in Europe except Greece.

Back home

About half of Italians age 25 to 34 live with their parents, according to Eurostat, almost double the European average and more than in any other Western European country. The number has risen 3 percentage points in the past decade. And more than a third of Italians in their 30s get economic help from their parents or grandparents, according to a survey by agricultural industry association Coldiretti and polling firm Ixè.

Parties such as 5 Star could continue to win over more young voters if they are able to enact some of the pro-youth policies its leaders campaigned on. "I'm not interested in politics because nobody on either side [of the political spectrum] is doing much to help young people," said Giada Gramanzini, a 29-year-old Italian university graduate.

She hasn't found a steady job since deciding not to renew a three-month contract as a full-time receptionist that paid her about \$2.70 an hour. Last year, she moved back in with her retired parents and sent out more than 70 resumes before moving to New York last month to try her luck in another country.

In the March election she voted for a small pro-European party, in what she called a protest against the Democratic Party—the center-left party that ruled the past five years. She didn't feel 5 Star was ready to govern.

Her father, Emilio, collects a good pension after working most of his career for the Naples municipal administration. Her mother, Daniela, began working full time at 20 and was employed by the city for several decades. She retired last year.

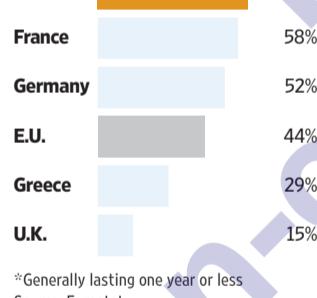
Daniela worries about the late start Giada is getting on adult life. "How can you not be worried about your daughter if at 29 she still hasn't found her way?" she asks.

—Nektaria Stamouli and Jeannette Neumann contributed to this article.

Short-Term Prospects

Younger adults who do find employment must often accept short-term contracts.

Share of adults age 15-25 with temporary contracts* in 2017



*Generally lasting one year or less

Source: Eurostat

THE WALL STREET JOURNAL.

Books, Bats Are a Team In Portugal

Continued from Page One
swering questions from visitors about the lives and habits of the bats.

"It pains me," said Jorge Manuel Neves Justo Alexandre, who has been caretaker of Joana since 2000. "Here you have all this beauty, this knowledge, and they are asking where the bats poop."

Mr. Alexandre was recently discussing the issue with Celeste Mateus, a library worker who was vacuuming the main entrance, when a visitor interrupted. "Are the bats behaving?" asked Pinto Almeida, a judge from the Portuguese town of Coriscada.

Ms. Mateus rolled her eyes and answered, "Yes, yes," before turning back to the vacuum cleaner.

"The questions are nonstop: Is it true they are here? Where are they? How did they get here?" she later added. "It requires patience."

The university—which was named a Unesco World Heritage site five years ago—is partly to blame for the problem. It promotes Joana's bats on its website and in booklets, and the gift shop sells pencil covers of a smiling bat holding a candle and read-

ing a book. The university drew around 500,000 visitors last year, more than double the number in 2013, said Joana's deputy director António Maia do Amaral.

The library's bats are small, often no more than 1 1/2 inches long, from a species called pipistrelle. A second species, called European free-tailed, may be present as well, based on a bat expert's evaluation of the sounds they made during an inspection years ago.

The creatures are seldom seen during the day, when they mostly sleep behind the shelves. They sometimes fly out at night through cracks in the doors to feast on flies. Mr. Maia do Amaral said that visitors' best chance to see them is on evenings the library holds classical music concerts.

No one is sure how long bats have been at the library, built in 1728 and furnished with black lacquered shelves, wood carvings and gold brought in from the Portuguese colony of Brazil. The library's six reading tables are covered every evening with leather shrouds, which shield the wood from corrosive bat droppings and need to be vacuumed regularly. Mr. Maia do Amaral said he found old documents that showed the university imported lengths of leather from Russia in the late 1700s—he suspects for the same purpose.

And the answers to those bathroom questions? Years ago, when workers removed

part of a shelf to repair it, they discovered a pile of bat guano about one yard high. A dark stain on the wall next to an opulent portrait of Portuguese monarch Dom João V seems to be a favored spot for bats to urinate.

On a recent visit to the university with her family, Lisa Mosquera, an office manager from Miami, was surprised to learn about the bats.

"It is so fascinating!" she said, and approached Mr. Alexandre with questions.

Catarina Freire, a Joana guide for 16 years, said she doesn't mention bats until the

end of her tours, to avoid spending the whole time answering questions about them.

"Sometimes I think to myself: Enough of the bats!" she said. "They should be a detail in the midst of this splendid temple of knowledge."

Joana's treasures include the first edition of "The Lusiads," a Portuguese epic poem written in 1572 by the country's most famous author, Luis de Camões. Every book among the library's 60,000 dates from before the early 1800s.

Mr. Maia do Amaral acknowledges that many of the library's visitors aren't really

interested in those facts. "An old director used to grumble that the bat obsession was offensive to the library's intellectual nature," he said.

Still, he appreciates the bats' help in preservation. "The glue used in old books in particular is made for an insect banquet," he said, calling the bats his "honorary librarians."

Joana's approach is unusual. Its librarians know of only one other site, the 238-year-old Mafra Palace Library, northwest of Lisbon, that has literature-preserving bats. Other libraries put their brit-

tle treasures into a temporary deep freeze or into chambers that suck out oxygen and replace it with nitrogen to kill any bugs.

The managers of Mafra don't promote the presence of its 10 or so bats. Unlike at Joana, those at Mafra live outside the building most of the time, flying in through cracks in the building at night for dinner. Researchers and journalists can request access to the library, but tourists aren't allowed past the entrance, which has one concession to bat-related curiosity, in the form of a small display.

London-based writer and self-proclaimed bat lover Anna Mazzola was there two years ago. "Sadly, there was no one, human or mammal, on hand to discuss the bats with me," she complained. "Just a few dried up bats in glass boxes."

Back at Joana, the bat-seeking tourists are doing more than testing the librarians' patience. Increased foot traffic has raised the average temperature slightly in the reading halls in recent years, leading to even more insects.

A few years ago, the university had to purchase two nitrogen chambers, measuring about six cubic yards each, to help keep the books pest-free.

Meanwhile, the bat questions keep coming. "The only thing that changes is the language they ask them in," said Mr. Alexandre, sighing.



Joana Library in Coimbra, Portugal, where resident bats control insects that can degrade books.

MANUEL COHEN/AFIMAGES/ZUMA PRESS

GREATER NEW YORK

Over 20 People Hurt in Trenton Shooting

Gunfire erupts during all-night arts festival; one suspect is dead, another is in custody

BY KATIE HONAN
AND ZOLAN KANNO-YOUNGS

An early-morning shooting at an arts festival in Trenton left 22 people injured, including four who were in critical condition, authorities said Sunday.

The shooting broke out inside the historic Roebling Wire Works building around 2:45 a.m., according to Mercer County Prosecutor Angelo Onofri. The shooting stemmed from a dispute among individuals, a Trenton law-enforcement official said.

At least two suspects began shooting inside the annual Art All Night festival, a 24-hour music and arts festival that was scheduled to run from Saturday afternoon through Sunday, authorities said.

One of the shooters, a 33-year-old man, was believed to have been shot and killed by police, Mr. Onofri said. Another suspect was apprehended by Trenton police officers. Police found weapons at



people coming together and talking to each other," she said. "This is about heart and soul and expression, and then someone comes in and does this."

Joseph Kuzemka, the director of the festival said, "We're very shocked. We're deeply saddened. Our hearts ache and our eyes are blurry but our dedication and resolve to building a better Trenton through community, creativity and inspiration will never fade."

Angelo Nicolo, 41 years old, a Trenton resident who lives near the festival, said he had attended but went home shortly before the shooting. He noticed the crowd had swelled to such a size that local police were trying to disperse some groups, he said.

"At this point it was getting dangerous because if something did happen, there would be a stampede, which is precisely what happened," he said.

Mr. Nicolo returned home, and was sitting on his front porch with his brother when they heard loud popping noises. At first, Mr. Nicolo said, he thought it was pre-July Fourth fireworks. But soon realized it was gunfire coming from the event.

Please turn to page A10B

The scene outside the building where a shooting broke out Sunday at a festival in Trenton. Officials said 17 people had gunshot wounds.

the event, authorities said.

Officials said that of those injured, 17 had gunshot wounds. Some of the victims were grazed by bullets.

Kate Stier, a spokeswoman for Capital Health, one of the

hospitals where victims were sent, said a 13-year-old boy was among the four people still in critical condition Sunday afternoon. Twelve others were in the hospital with non-life-threatening injuries, she said.

Dawn Schale, a 51-year-old life coach in New Jersey, went to the festival to support her friend who was displaying a painting, and left the event before the shooting. She said there were thousands of people in what she described as a multicultural crowd in a "dilapidated area" of the city, and that security was present at the event.

"It was just really nice to be in this environment, to see

Four Accused of Bid Rigging Head to Trial

BY CORINNE RAMEY

A former public-university president and executives from two upstate New York developers are set to face bid-rigging accusations during a federal trial beginning Monday that has become a contentious issue in this year's gubernatorial race.

Prosecutors allege the defendants worked with a former Albany lobbyist to help the firms win hundreds of millions of dollars in state contracts. Gov. Andrew Cuomo, a Democrat who is running for a third term, hasn't been accused of wrongdoing, but his challengers on the left and right have seized on prosecutors' allegations to make broad claims about his administration's integrity.

The campaign of Democrat Cynthia Nixon has released a video montage it called "a helpful recap of seven years of corruption," featuring clips from news reports. "Gov. Cuomo ran for office on the promise to clean up Albany, but instead he's brought new levels of corruption and dysfunction to the capital," Ms. Nixon said.

Marc Molinaro, the Republican gubernatorial candidate, similarly criticized the governor in an interview Friday.

Corruption Case Becomes Campaign Fodder

The defendants are accused of working with a lobbyist to secretly rig a state contract-bidding process.



Louis Ciminelli of LP-Ciminelli



Joseph Gerardi of COR Development



Steven Aiello of COR Development



Alain Kaloyerous, ex-president of SUNY Poly

"What is on trial, yet again, is this culture of corruption that the governor has emboldened," he said.

A spokeswoman for Mr. Cuomo said his administration had taken multiple measures to improve contracting done by the entities involved in the allegations, including by giving greater oversight to the state's economic-development agency.

After learning of the allegations against the former university president, Mr. Cuomo immediately ordered a review of grant contracts by an independent third party, the spokeswoman added.

On trial are Alain Kaloyerous, former head of SUNY Polytechnic Institute, a state-funded public university; Steven Aiello and Joseph Gerardi, executives at Syracuse-based COR Development Co.; and Louis Ciminelli, an executive at Buffalo-based developer LP-Ciminelli Inc.

Prosecutors allege the men worked with Todd Howe, a lobbyist and onetime Cuomo aide, to secretly rig a state contract-bidding process in favor of the companies.

An indictment alleges COR and LP-Ciminelli had been pre-selected by Messrs. Howe and Kaloyerous for a special "preferred" developer status after

both firms made contributions to Mr. Cuomo's re-election campaign. Messrs. Howe and Kaloyerous provided secret information about the requests for proposals to the developers to help their bids, prosecutors contend.

As a result, the indictment alleges, COR was awarded two state contracts worth a total of \$105 million, and LP-Ciminelli was awarded a contract worth \$750 million.

Mr. Howe has pleaded guilty to fraud and extortion and has cooperated with the government.

A lawyer for Mr. Gerardi declined to comment. Lawyers

for Messrs. Aiello and Kaloyerous didn't respond to requests for comment. Paul Shechtman, who represents Mr. Ciminelli, said his client "did absolutely nothing to rig a bid to favor his company." All have pleaded not guilty.

A spokeswoman for the Cuomo campaign said, "Despite others' attempts to politicize, the U.S. attorney and judge have repeatedly said that campaign contributions were not unlawful and were not part of the alleged criminality."

The trial is the second for a group of defendants indicted alongside Joseph Percoco, a former senior aide and family friend of Mr. Cuomo who was convicted in March of bribery and fraud.

During that trial, Republicans also attacked Mr. Cuomo, with some GOP leaders showing up outside the federal courthouse with boxes of ziti—Mr. Percoco's alleged code word for cash. Mr. Percoco has said he is reviewing his options.

At the first trial, Mr. Gerardi was acquitted of bribery and Mr. Aiello was convicted of conspiracy to commit honest-services fraud. In the trial starting Monday, they are facing separate charges. Messrs. Kaloyerous and Ciminelli are being tried for the first time.

Study Lauds Privately Run Public Housing

BY LAURA KUSISTO

Private developers dramatically improved conditions and tenant satisfaction at six buildings formerly run by New York City's public housing authority, according to a study of a controversial new strategy to turn the city's public housing over to private management.

A study by the Citizens Housing and Planning Council measured the success of private developers who took over six buildings formerly managed by the New York City Housing Authority in early 2016. The council based its conclusions on resident surveys and data on such things as repairs, energy usage and tenant turnover.

The buildings, which have some 875 units in total, overall fared much better than the study's control group of six buildings of similar size and character that were still managed by NYCHA.

"There was an expected amount of trepidation among the tenants and the community" over the housing authority's use of the private sector said Jessica Katz, executive director of the Citizens Housing and Planning Council. "The work isn't even done yet and we're still seeing a huge sea change in how tenants feel about their building."

A spokeswoman for NYCHA, which in 2015 asked the council to conduct the study, didn't respond to a request for comment.

New York City has been considering bringing in more private managers for its public housing stock to generate funds for repairs. NYCHA has been grappling with deep levels of neglect that forced the city to agree to a federal monitor and commit some \$2 billion over a decade to repairs.

What to Expect After MetroCard Reaches End of the Line

BY PAUL BERGER

Passengers will soon be able to tap a credit card or wave a smartphone to ride New York City's trains and buses. The Metropolitan Transportation Authority will phase in a new fare payment system over several years beginning in 2019. Here are some of the benefits that come from the end of the MetroCard:

EMPTIER STATIONS: Getting riders in and out of subway stations can be difficult when there are lines at MetroCard vending machines and

subway booths. With fewer people needing to buy transit cards under the new system, there should be fewer lines. London introduced a new payment system in 2014 much like the one coming to New York. Shashi Verma, chief technology officer at Transport for London, said the Tube carries 15% more passengers today than it did 15 years ago, "yet our stations look emptier."

SMARTER PRICING: Twenty years ago, the unlimited MetroCard changed the way people thought about getting around New York City. For

the first time, riders could take as many subway and bus trips as they liked for a fixed price. The new payment system allows the MTA to rethink pricing again. Instead of prepaying for an unlimited card, the MTA could charge riders per trip until they hit a limit, after which all rides would be free.

SAVINGS: The cost of staffing, security and vending-machine maintenance adds up. In 2006, Transport for London spent about 14% of revenue on fare collection. Today, after upgrading its payment system, the agency spends less than 9% of revenue. The MTA didn't respond to questions about its fare-collection costs.

FASTER BUSES: Buses have enough to contend with on New York City's increasingly congested roads, but collecting fares slows them down further. The new payment system should allow riders to board through all doors, not just the front one. The MTA's Select Bus Service, in which passengers pay at a kiosk before boarding through all doors, saw a significant drop in passenger-loading time. Even as ridership grew on the service,

boarding times on some routes fell between 28% and 40%, according to a recent report by the National Association of City Transportation Officials.

SIMPLIFYING TRAVEL: Planning and paying for journeys can be confusing as travelers hop in and out of route-mapping, e-ticketing, ride-hailing and bike-sharing apps. Cubic Transportation Systems, the company behind the MTA's new payment system, aims for a future when riders have a single transportation app to plan and pay for all modes of travel.

OYSTER PERPETUAL
COSMOGRAPH DAYTONA

IN 18 KT WHITE GOLD



ROLEX
TOURNEAU
SINCE 1900
TimeMachine 57th and Madison Ave
3 Bryant Park Madison Ave and 53rd
Walt Whitman Shops Roosevelt Field
The Westchester
ROLEX & OYSTER PERPETUAL, COSMOGRAPH AND DAYTONA
ARE TRADEMARKS.

GREATER NEW YORK

GREATER NEW YORK WATCH

CONNECTICUT

New Chief Justice Set to Be Sworn In

Gov. Dannel P. Malloy is slated to swear in new Connecticut Chief Justice Richard A. Robinson at the state Supreme Court on Monday.

Chief Justice Robinson has been in that post since the Legislature unanimously confirmed his nomination last month. The formal swearing-in ceremony of the state's first African-American chief justice will take place on Monday.

He succeeded former Chief Justice Chase Rogers, who retired in February.

Lawmakers rejected the Democratic governor's first chief justice nominee, Justice Andrew McDonald, who would have been the nation's first openly gay state chief justice. Republicans said Justice McDonald was an "activist" judge and too liberal.

Chief Justice Robinson has served on the Supreme Court for more than four years.

The 60-year-old Stamford native says his top priorities include making sure the poor, disabled and others have equal access to the justice system.

—Associated Press

LONG ISLAND

Three Men Rescued From Sinking Boat

Three men and a dog were rescued from a boat that was sinking in the waters off Long Island, Suffolk County police said.

The Marine Bureau was notified at about 8 p.m. on Saturday that a boat was in distress in Patchogue Bay, police said.

When they arrived, they saw the boat, a 1979 Mako, was almost underwater. The three men, all wearing life jackets, were brought on board a police vessel, along with a labradoodle, officials said.

—Associated Press

Buildings Go Dutch, Pitch Piece of the Past

By JOSH BARBANEL

Dutch Street, a dark and narrow alley in lower Manhattan, all but forgotten since the 19th century, is back in fashion as the financial district reinvents itself as a residential destination.

The 300-foot-long street was mapped in the late 18th century and is wide enough for a single lane of traffic, though passage has been blocked for years by construction scaffolding.

Now, two corner residential sites that long had prosaic addresses on commercial thoroughfares—John Street and Fulton Street—have been reinvented with the poetry of a Dutch Street address.

It is an example of how developers and their marketing consultants hunt for a hint of authenticity and a link to the past—in this case the original Dutch settlement in New York.

At 19 Dutch, all things Dutch are celebrated, even though the building is a sleek, new 64-story, 770-foot-tall glass tower with 483 apartments that is about to go on the market on the corner of Fulton Street. Building permits list the address at 118 Fulton St.

At the other end of Dutch Street stands One Dutch, a rental building in a converted



One Dutch, an apartment building formerly known as 45 John St., completed leasing this spring.

12-story office building that for a century was known as 45 John St.

"Standing at the beginning of the block, One Dutch reintroduces the city to this short block, reminding all of its story in the place of New York City's ever-changing history" according to listings for the rental.

The 84 rental apartments at One Dutch went on the market last year, and completed leasing this spring. The units were put on the market in 2007 as

condominiums with a John Street address, but the plan failed after the 2008 financial crisis.

At 19 Dutch, the front desk is adorned with murals of traditional white and blue Dutch Delft-style tiles, and the marketing materials feature a woman on a bicycle with a woven basket filled with tulips.

"We are on Dutch Street," said Najee Coverson, an asset manager at Carmel Partners, which developed the building. "It felt more interesting and

more inviting than Fulton Street."

Yet, several accounts of the name Dutch Street attribute it not to the years before Peter Stuyvesant surrendered what was then known as New Amsterdam to the English in 1664, but to the North Dutch Church.

That church opened around the corner on Fulton and Williams streets in 1769. The church was demolished in the 1870s.

The road bed on Dutch Street is 14½ feet wide, lined

Over 20 Injured in Shooting

Continued from page A10A

Mr. Nicolo said he saw a frightening scene. "People were running like crazy, they were running down alleys they were running down the streets, it was chaos," he said. "It was just police everywhere, people going crazy, screaming

and yelling."

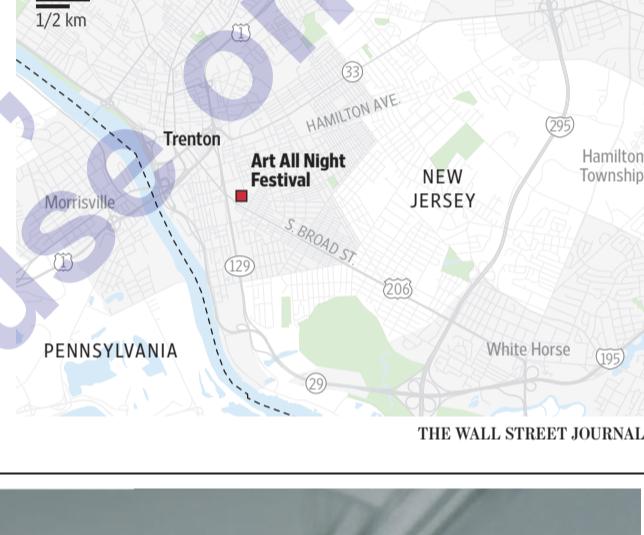
The Art All Night festival is held in the Chambersburg neighborhood in a 50,000-square-foot building, once the site of a factory that made the wire for many U.S. suspension bridges, according to the event's webpage. Those bridges include the Brooklyn Bridge, the George Washington Bridge and the Golden Gate Bridge in San Francisco.

"This can't be discarded as just random violence; this is a public health issue," said Trenton Mayor Eric Jackson. "We have to work cooperatively and collaboratively with par-

ents and law enforcement to end this gun violence and destruction in our towns."

Brett Sabo, a member of the New Jersey chapter of Moms Demand Action, a gun violence prevention advocacy group, said members of the organization were present at the festival. "Our volunteers were there to help their community organize to stop gun violence and tragically became witnesses to it," she said in the statement. "We must do more to protect our kids and families from gun violence."

—Alejandro Lazo contributed to this article.



THE WALL STREET JOURNAL.

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LIFE & ARTS

HEALTH

Ultrasonic Noise Gets New Scrutiny

Researchers study whether largely inaudible ultrasound signals from widespread electronics are behind headaches, dizziness

BY ROBERT LEE HOTZ

CAN WHAT YOU don't hear hurt you? Researchers are studying whether the largely inaudible interplay of ultrasound beams from sensors and other devices can trigger headaches and dizziness.

Those were among symptoms reported by some U.S. diplomatic personnel stationed in China and Cuba who returned home in the past year after becoming incapacitated.

Ultrasonic signals are almost everywhere but the side-effects from so many transmissions remain a mystery, several experts said. Ultrasonic sound is the workhorse of electronics, an essential part of devices that are fixtures of public spaces. They include public-address systems, smart street lights and automatic door openers. In hotels, offices and stores, air-quality sensors, motion detectors and automatic light switches often rely on ultrasonic transmitters to relay readings or trigger alarms. Typically, the signals fall outside the range of sound that all but the most sensitive listeners can hear.

Advertisers embed ultrasonic tones into commercials to track consumer behavior across smartphones, TVs, tablets and computers. Shopping mall operators deploy airborne ultrasound to drive off loitering youngsters, whose hearing is more sensitive to high-frequency noise. At museums, ultrasonic speakers pinpoint commentary or music to a single listener in a room without disturbing anyone else. At concerts, organizers broadcast an inaudible ultrasound signal while musicians play to "watermark" the performance.

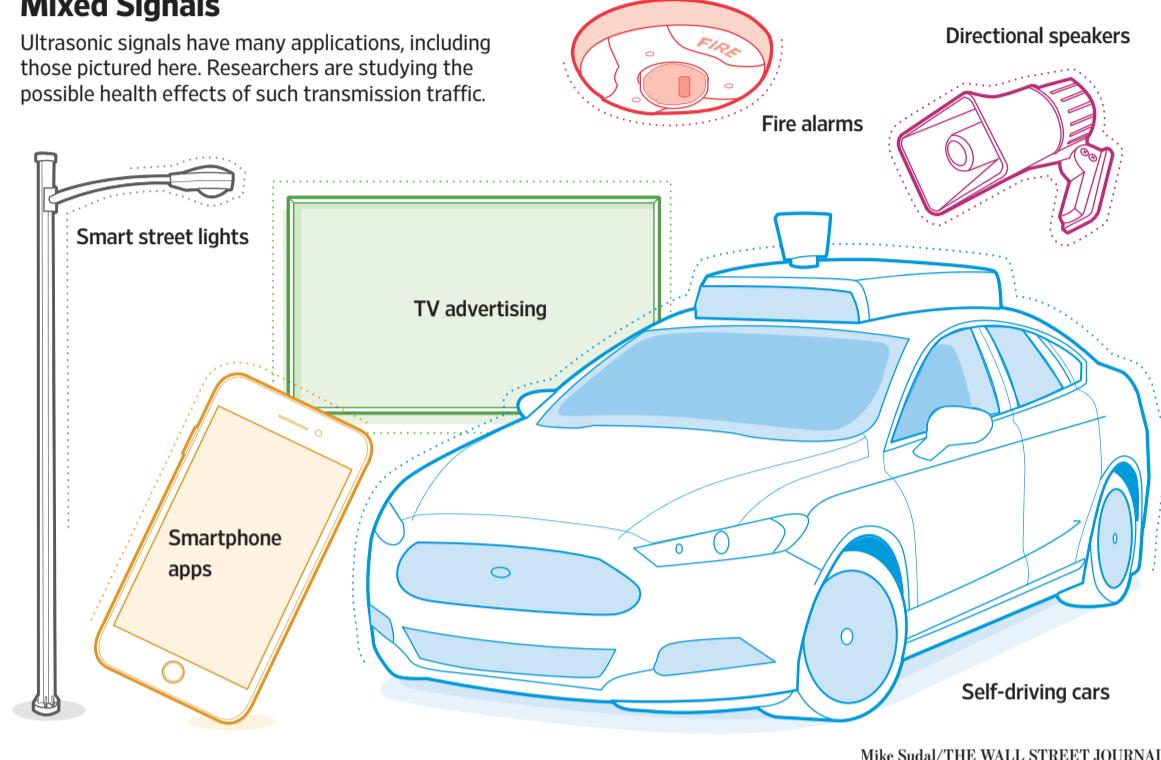
"We have turned very rapidly into a kind of Wild West of ultrasonic devices, vastly outstripping any kind of evidence-based guidelines for their use," said Timothy Leighton, an authority on ultrasonic devices at the U.K.'s University of Southampton who founded a research group called Health Effects of Ultrasound in Air.

Most guidelines governing public exposure haven't been updated since 1984—well before most of today's devices were invented, he said. In his studies of exposure in public places, he found that ultrasonic noise occasionally caused headaches, dizziness, and nausea among unsuspecting pedestrians, but those effects were always temporary.

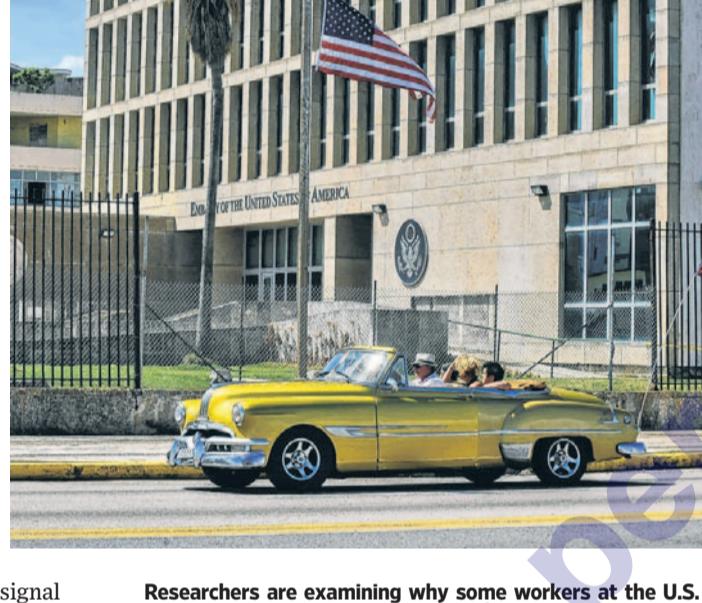
Scientists are hard-pressed to explain the alleged sonic assaults targeting U.S. diplomats, even as the State Department evacuated ailing personnel from Guangzhou,

Mixed Signals

Ultrasonic signals have many applications, including those pictured here. Researchers are studying the possible health effects of such transmission traffic.



Mike Sudal/THE WALL STREET JOURNAL.



FROM LEFT: AGENCE FRANCE PRESSE/GETTY IMAGES; REUTERS

Researchers are examining why some workers at the U.S. embassy in Havana, Cuba, left and the U.S. consulate in Guangzhou, China, began to suffer headaches, cognitive distress and other symptoms after sound-related incidents in recent years. Ailing U.S. diplomatic personnel were evacuated from Cuba and China, and are being examined at home.

China, in May, and warned American citizens abroad about risks.

Two weeks ago, the State Department sent a medical team to Guangzhou to screen U.S. personnel and their families for symptoms. The State Department also created a task force to respond to the "unexplained health incidents" and last week issued a health alert for citizens traveling in China, warning of symptoms that include dizziness, headaches, tinnitus, fatigue, cognitive issues, visual problems, hearing loss and difficulty sleeping.

The State Department declined to discuss its investigation into the alleged attacks or the possibility that ultrasonic signals were a factor.

"We have undertaken a government-wide effort to identify the source behind these attacks," a State Department spokeswoman said. "The Diplomatic Security Service continues to work with the

FBI and other interagency partners in this investigation."

A medical team at the University of Pennsylvania so far has tested 24 U.S. government employees evacuated from Cuba after unexplained sound-related incidents that started in 2016. The employees "appeared to have sustained injury to widespread brain networks," team reported, describing the ailments as a new neurological syndrome. However, neuroscientists at the University of Edinburgh and the University of Trento in Italy called evidence of the condition "almost unbelievably flimsy."

Researchers in the U.S. and China who specialize in ultrasonic cybersecurity suggest that high-frequency noise generated by a badly engineered eavesdropping device could be at fault. In the absence of any reliable data about

the incidents, their experiments raise the possibility that noise generated by the intersection of ultrasound beams is the culprit. Such beams can be transmitted by surveillance or security devices as well as normal room sensors—or by someone trying to take remote control of a smartphone.

If so, the incidents may have been entirely accidental, several experts in the physics of ultrasound said. "It could be a surveillance operation gone wrong," said Kevin Fu, director of the Security and Privacy Research group at the University of Michigan. "There may have been no intent to harm."

Ultrasonic signals link interactive devices. They are the electronic eyes of industrial robots and driverless cars. And they are increasingly a tool for hacking, surveillance and security countermeasures, according to experts in

the cybersecurity of ultrasound.

While most people don't hear ultrasonic signals, Siri can.

So can Alexa, Google Now, Cortana and other speech-recognition systems, according to ultrasonic-security expert Wenyuan Xu, director of the Ubiquitous System Security Laboratory at China's Zhejiang University. Dr. Xu and her colleagues last year demonstrated that some voice-controlled digital assistants can be hijacked using inaudible ultrasonic signals.

Targeting devices at a distance, they played music on an Amazon Echo, got Google Now to switch a phone to airplane mode, made Siri launch a FaceTime call, and even manipulated the navigation system in an Audi car, according to research presented at the Association for Computing Machinery's annual Conference on Computer and Communications Security.

Using the same principle, Dr. Wu and Michigan's Dr. Fu created an ultrasonic eavesdropping device that could be made to malfunction so that it produced some of the unusual noises reported by U.S.

diplomatic personnel in Cuba. To design it, they analyzed sounds allegedly recorded during an incident and then made public by the Associated Press. During those incidents, people reported hearing a high-pitched whine or buffeting pressure akin to driving with the windows partly open. Others likened the sounds to chirping insects or metal dragging across a floor.

Under ordinary circumstances, almost no-one hears ultrasonic signals.

But when two inaudible ultrasonic beams intersect, they can generate audible tones, at frequencies that could cause annoyance and pain, the scientists said.

"Normally you wouldn't hear ultrasounds, but if you mix the signals together—like crossing the beams in 'Ghostbusters'—you get these audible sounds," Dr. Fu said. "It is so easy to do. It's child's play."

Doctors at the University of Pennsylvania's Center for Brain Injury and Repair who studied the ailing U.S. personnel from Cuba now are examining the individuals evacuated from China. The medical team declined to comment for this article.

"We are continuing to work with the Department of State to evaluate and treat personnel who have reported audible phenomena experiences," said Holly Aue, corporate director of communications for Penn Medicine. "We are not able to provide specifics about different patient groups at this time."

WHAT'S YOUR WORKOUT? | By Jen Murphy

A FATHER-SON BASEBALL BOND

RUSS RYAN used to think playing baseball was life's greatest pleasure. Then he became a father. "I'd be in the stands debating if I enjoyed playing more or watching my son play more," he says. After years of coaching and watching his oldest son, Andrew, he's now found his favorite role: teammate.

"Being on the same field takes playing to a new height," Mr. Ryan says. "There's no feeling like being on base and having my son hit me home, or vice versa."

Mr. Ryan, 58, grew up playing baseball. "I wasn't good enough to play beyond high school. But I still wanted to play in a way that respects the game, where you hustle when you hit a pop-up," he says. He tried playing with adult softball leagues, but says the game wasn't the same. He retired his bat when he started a family.

When Andrew showed an interest in baseball, Mr. Ryan jumped at the chance to coach. During a Little

League game, he noticed men his age playing "real" baseball on another field. "I went to the dugout, took a flier and signed up the next season," he says.

Mr. Ryan is taking a summer sabbatical from his job as a stock-market regulator at the Financial Industry Regulatory Authority in Rockville, Md. He has played in a 30-and-over Washington, D.C.-area baseball league since 1994 as a pitcher and infielder. While players hustle, Mr. Ryan says his league is laid-back compared with other adult leagues. "In general, people care more about going back to work Monday morning injury-free than winning," he says.

His son, 31, now gives him tips on the field. "He's better than me in every aspect of the game," Mr. Ryan says. Andrew, a middle-school math teacher in Alexandria, Va., says his father can still look sharp on the field. He recalls a rare occasion

Please turn to page A13



Russ Ryan, right, is 58 and plays in an adult baseball league with his 31-year-old son, Andrew Ryan, left.

LIFE & ARTS

ART

Ancient Vessel Yields Hidden Message

Vatican discovery leads Italian researchers to texts embedded in Greek pottery, changing views of art

BY JOHN HOOPER

Vatican City JUST BECAUSE scholars have analyzed ancient Greek pottery for centuries doesn't mean they've uncovered all their secrets.

A discovery of hidden messages in some artifacts casts new light on the creative process behind some of the most important art in history.

Mario Iozzo, the director of the National Archaeological Museum in Florence, on Thursday revealed details of a study that has led him to re-examine hundreds of items. He spoke to an audience of scholars at a specially arranged lecture in the Vatican Museums.

The path to the announcement began almost two years ago as Dr. Iozzo was inspecting a kylix, an ancient Greek cup with handles for drinking wine. It is part of the collection of the Gregorian Etruscan Museum in the Vatican.

Painted in a style known as Red-figure and dating from around 470 B.C., the main design on the cup is of Oedipus listening to the riddle of the Sphinx of Thebes.

On the underside of the kylix is another mythological scene depicting satyrs.

"It was an afternoon in the fall

of 2016," the curator of the museum, Maurizio Sannibale, recalls. The sun was already low in the sky. "At a certain point, a beam of sunlight came through the window and fell directly on the kylix. In that special light, you could see that something was there."

The two men were studying the underside of the cup. They could just make out an inscription beneath the paint. The words had to have been inscribed in the clay while it was still moist, and then covered with the black paint that is used in the creation of Red-figure ceramics for the background.

There had been hints before of the existence of hidden writing on classical Greek vases, urns and cups. In 2012, a scholarly paper was published revealing that a verse of poetry had been found beneath the painted surface of another example of the ancient potters' art. But the paper was more focused on the attribution of the verse than its purpose.

Twenty years earlier, a Canadian scholar, J. Robert Guy, had made out a single word carved into the surface of the kylix in the Vatican, which is why Dr. Iozzo took such a close interest in it. That's also why he and Dr. Sannibale became excited when they saw in that autumnal light



not just one word, but many.

With the help of advanced photographic equipment at the Vatican Museum, Dr. Iozzo established that the inscription on the Oedipus kylix was a message to the painter, telling him what to represent and, to some extent, how. The writing isn't in the same hand, or even the same dialect, as that used by the painter, so he concluded that it could only have come from the potter.

Dr. Iozzo has since examined several hundred pieces of Red-figure ceramic and found similar inscriptions on seven.

"What we now realize is that the potter had considerable influence over the choice of subject matter," he says.

The messages follow a convention: They start near the mouth of the figure in question, like cartoon bubbles, and extend in the direction to which the figure is turning in the finished painting, suggesting the potters often decided in detail the arrangement of the scene to be depicted and the position of the characters in it.

Why their messages were cut into the surface of only some items isn't known. Dr. Iozzo's theory is that they were reserved for the most valuable, luxury products.

He believes his findings, to be published next month in the American Journal of Archaeology, could open up new areas of study.

Maurizio Sannibale, below, is curator at a Vatican museum where hidden text was found on an ancient wine cup with an image of Oedipus and the Sphinx of Thebes.



"What we need to do now is to take the ancient Greek ceramics in all the museums of the world and see what is underneath the paint," he says.

For Dr. Sannibale, it has another significance. He notes that much of the high culture of the ancient Greeks and Romans survived. "Many of their plays, for example, have come down to us," he says. Yet archaeologists and

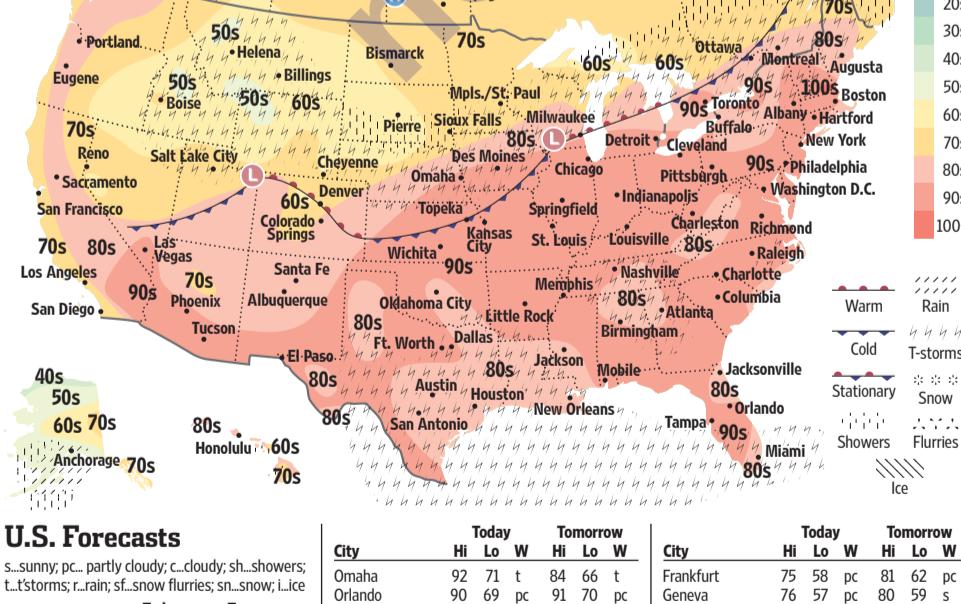
other specialists are still piecing together the mundane details of everyday life in classical Greece and Italy.

"What this does is to open a gash through which we can peer into a workshop producing ceramics two and half thousand years ago and see how it operated," he says. "For me, that is more fascinating than the discovery of a [new text by] Cicero."



Mario Iozzo, director of the National Archaeological Museum in Florence.

Weather



U.S. Forecasts

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Anchorage	59	50	r	61	50	c
Atlanta	89	74	t	93	75	pc
Austin	87	70	r	82	69	t
Baltimore	96	75	pc	91	69	t
Boise	70	56	pc	76	56	c
Boston	94	68	pc	80	62	pc
Burlington	91	61	t	77	56	pc
Charlotte	96	72	pc	96	74	t
Chicago	93	64	t	74	61	t
Cleveland	93	69	s	79	65	t
Dallas	90	73	t	84	73	sh
Denver	78	54	c	74	55	t
Detroit	94	70	t	79	64	sh
Honolulu	89	72	pc	89	75	pc
Houston	83	72	r	82	75	t
Indianapolis	94	75	pc	89	73	t
Kansas City	94	72	s	86	67	t
Las Vegas	93	74	s	99	81	s
Little Rock	90	71	t	88	70	c
Los Angeles	72	59	pc	78	63	pc
Miami	87	75	pc	87	74	t
Milwaukee	87	59	t	69	57	t
Minneapolis	77	63	sh	76	61	pc
Nashville	93	73	t	94	75	pc
New Orleans	89	76	t	87	77	pc
New York City	95	77	pc	88	67	pc
Oklahoma City	88	69	c	86	68	sh

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	68	60	pc	69	58	pc
Athens	82	69	p	83	71	pc
Baghdad	103	77	s	106	78	s
Bangkok	92	79	t	92	79	pc
Beijing	91	69	p	88	67	s
Berlin	74	61	p	77	60	pc
Brussels	68	54	pc	72	57	pc
Buenos Aires	60	45	s	64	44	pc
Dubai	105	86	s	108	87	s
Dublin	67	48	c	71	54	c
Edinburgh	62	47	c	59	49	c

The WSJ Daily Crossword | Edited by Mike Shenk



NORSE POLL | By Dan Fisher

- Across**
- 1 Coffee grinder setting
 - 5 Great bargain
 - 10 Site of the heart line and life line
 - 14 Letter before kappa
 - 15 "She Bop" singer Lauper
 - 16 One of the woodwinds
 - 17 Harmonica
 - 19 Leia's brother
 - 20 Lively quality
 - 21 "Aw, heck!"
 - 23 Really taken by
 - 25 Tolerate
 - 26 What the road to hell is paved with, supposedly
 - 32 Decisive defeat
 - 33 Makes in income
 - 34 Get rid of a watermelon seed, in a way
 - 35 Six-legged worker
 - 36 Lemon
 - 37 In the style of Lauper
 - 38 Citi Field team
 - 40 Strong winds
 - 42 It beats a deuce in most games
 - 43 What squatters lack
 - 45 Painful boo-boo
 - 47 Captain Hook's helper
 - 48 Kids' wheels, for short
 - 51 Streak in the night sky
 - 55 Wife of Zeus
 - 56 Popular Japanese character with a red bow
 - 60 Norse god found in 26-Across
 - 61 Visitor from space
 - 62 Hari
 - 63 Pink hue
 - 64 Catchers' gloves
 - 65 School near the Thames
 - 66 What squatters lack
 - 67 Painful boo-boo
 - 68 Kids' wheels, for short
 - 69 Wife of Zeus
 - 70 Popular Japanese character with a red bow
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LIFE & ARTS



EXHIBITION REVIEW

An Un-Stuffed Story

BY EDWARD ROTHSTEIN

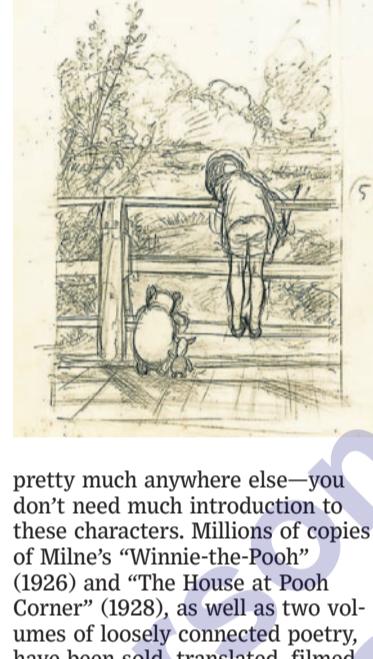
Atlanta

WHY DO WE FILL children's rooms with stuffed creatures that would, if they were real, devour the young and innocent without a moment's thought? Why put a tiger in a crib, even if it is stuffed? Or a bear? Take a look at a 1926 photograph at the High Museum of Art here, showing a 6-year-old child named Christopher Robin posing at the London Zoo with an uncaged black bear named Winnie. The child looks like he is toying with Winnie's whiskers or reaching toward his mouth. Where, oh where, you want to know, were this kid's parents? A forceful hug from that solid mass of fur and flesh would not have been a pretty sight.

It might also have altered children's literature. Christopher Robin was so enamored of the

bear, he named a toy bear from Harrods after him, tacking on some hyphenated nonsense: Winnie-the-Pooh. The boy's father, A.A. Milne (1882-1956), a playwright and writer for *Punch*, had surely been watching the zoo encounter, taking mental notes for his children's tales; he turned Christopher Robin into the fictional guardian of the Hundred Acre Wood, overseeing a forest of creatures modeled on his son's stuffed menagerie, including Winnie-the-Pooh, a tiger named Tigger and a donkey named Eeyore. Winnie demonstrates a reason for stuffing's appeal: It transforms carnivorous threats into cuddly cuteness; perhaps the idea is that the child—so full of animal desires and temperament—might also be reliably transformed.

Of course, if you have ever been a child or read to a child in the English-speaking world—and, as we learn at this new exhibition, "Winnie-the-Pooh: Exploring a Classic,"



pretty much anywhere else—you don't need much introduction to these characters. Millions of copies of Milne's "Winnie-the-Pooh" (1926) and "The House at Pooh Corner" (1928), as well as two volumes of loosely connected poetry, have been sold, translated, filmed,



'A.A. Milne, Christopher Robin Milne and Pooh Bear' (1926), by Howard Coster, left; a line block print, hand colored by E.H. Shepard (1970), far left; a pencil drawing by Shepard from 'House at Pooh Corner' (1928), below left

his heel with careless pleasure as he looks downward at the rushing current. Shepard worked with Milne, sometimes reacting to the text's description, but always drawing "from life," however stuffed. His unsentimental precision must have been learned by his daughter, Mary, who illustrated another eccentric British children's series—P.L. Travers's tales of Mary Poppins.

The exhibition sometimes wants to be pedagogical, signaling virtues like "creativity" or "community," but this hankering for lessons seems imposed. The effect is very different. I have tried to read a mystery novel and a memoir by Milne, but couldn't get past the first 20 pages of either, so marked are they by cliché and precious prose. Yet the Pooh books have an almost metallic crispness, tempered by melancholy. It is as if Milne had discovered a protected, domesticated terrain, a lost and secret garden, not a wild and untamed forest—a realm so alluring that the real Christopher Robin, on reaching adulthood, felt trapped by his continued association with it. The exhibition, despite its flaws, at least partially opens that space to a visitor.

What we find is really a Victorian ideal of childhood, along with allusions to pre-modern adventures and explorations—even an "expedition" to the North Pole (which turns out to be...a pole).

It must have been an immense relief to reach back to this vision of childhood innocence and self-sufficiency just a few years after the horrors of the World War in which both Milne and Shepard had fought. The distinctive tone of the books comes from that backward glance: They mark the end of a vision of childhood which, in later children's books, could only rarely be recaptured.

Winnie-the-Pooh: Exploring a Classic

High Museum of Art, through Sept. 2

Mr. Rothstein is the Journal's Critic at Large.

CLOCKWISE FROM TOP LEFT: EGERTON UK LTD/THE SHEPARD TRUST; NATIONAL PORTRAIT GALLERY, LONDON; THE SHEPARD TRUST

Father-son Baseball Bond

Continued from page A11
when an opposing team didn't have enough players and he found himself at bat against his father. "I tried to smash his first pitch and got fooled by his curveball," he says. "Our teammates let me hear about that."

The Workout

Mr. Ryan and his son play on Sunday mornings, two seasons a year. Games consist of nine innings and have a three-hour time limit. In January, the league organizes an optional spring training week in Fort Myers, Fla. This was Mr. Ryan's third year participating. Teams play two games a day in Florida. "My body feels pretty bad by Wednesday morning," he says. "But by Thursday my body gets a second wind."

A few weeks ahead of the spring season, which started April 8, he starts to loosen up his pitching arm by throwing against a wall and goes to batting cages to work on his swing. Throughout the year, he tries to run a one-mile loop in his neighborhood before work. "In the winter, if it's below 30, I use the treadmill in my basement," he says. On warm weekends, he bikes eight to 15 miles on a local bike trail.

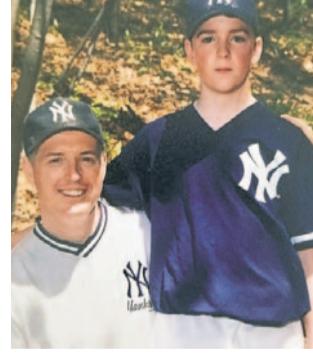
Mr. Ryan says he's grown more cautious with age about injuries. "I'm not running 110% on a ground ball anymore," he says. "It's hard to resist the urge, but it's a recipe for a pulled hamstring." He stretches religiously before, during and after the game. "After being in a crouched position all weekend, my legs and back are incredibly sore on Monday," he says. "Stretching throughout the day at work really helps keep the aches at bay."

The Diet

Mr. Ryan eats yogurt, fruit and granola for breakfast. "Diet Coke is my coffee," he



Mr. Ryan, above, coached Andrew in Little League. They posed together, below, in this photograph from 1999.



says. He usually eats lunch with colleagues, grabbing a salad or Asian food, like pad thai.

He and his wife grill on the weekends and try to eat fish once or twice a week. He snacks on cashews and peanuts. After the games, he often joins teammates for chili dogs and beer at a local bar.

The Gear & Cost

Mr. Ryan pays a \$230 league fee per season. He has several bats, but his favorite is an old Easton Z-Core aluminum bat he bought for \$150. After using mostly low-price gloves all of his life, he splurged on a Wilson A2000 (\$260). His Rawlings helmet cost about \$25.

FROM TOP: PETER GRILL FOR THE WALL STREET JOURNAL; RUSS RYAN

They Call It Hardball for a Reason

Aching to play in an adult baseball league instead of softball? It's harder than it looks, says New York-based performance coach Dana Cavalea, former director of strength conditioning and performance for the New York Yankees. "To play baseball, your body has to lengthen in order to run and rotate to throw and hit. That transition is the formula for a muscle pull," he says.

Hamstring pulls result from sprinting too quickly between bases or to catch a ball, he says. The quick rotation in the trunk needed to swing a bat often causes low-back strains. And throwing the ball with a stiff shoulder could lead to a torn rotator cuff.

Softball, he says, is a much safer game for the average adult. Those passionate about baseball should find a league with players of a similar fitness level and competitive mindset, he says. Mr. Cavalea advises warming up before every game. Smart decisions on the field are key to avoiding injury. "Even pros won't run 100% on an easy play," he says.



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SPORTS



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Hirving Lozano, left, celebrates after scoring a goal during Mexico's 1-0 victory over Germany on Sunday.

WORLD CUP

Mexico Pulls Off Stunning Upset

El Tri out-ran, out-hustled and out-foxed defending champion Germany

BY JOSHUA ROBINSON

MOSCOW—There had been a growing fear in world soccer that the game was turning into a series of permanent mismatches between the haves and the have-less. The haves would dominate possession, grind down opponents and eventually score. The have-less would dig in and hope to sneak something on the break. The only guarantee is stultifying soccer.

Mexico, a permanent underdog on the brightest stage, is at the World Cup to prove there is another way—a totally electric, borderline careless, endlessly entertaining way. In its opener against defending champion Germany, the Mexicans swashbuckled their way to a 1-0 victory and the biggest upset of the tournament so far.

"I told them to play for the love of winning," Mexico's Colombian manager Juan Carlos Osorio said, "and not the fear of losing."

In a weekend of surprises, not everyone was so adventurous. That's not to say there wasn't success to be had by teams digging into the trenches and defending with their lives. Iceland had just 28% of the ball—and saved a Lionel Messi penalty kick—in its stunning 1-1 draw against Argentina. And Switzerland spent Sunday night throwing bodies in front of Brazilian shots to cling on to an-

other 1-1 tie.

In a weekend of railing against the form guide, though, no one put a show quite as stylish as Mexico.

Bathed in the noise of the 80,000-capacity Luzhniki Stadium here, El Tri's players reveled in every moment of one of the nation's greatest World Cup victories. When it was over, Mexico striker Javier "Chicharito" Hernandez broke down in tears. "Some guys want to laugh, some guys want to scream," he said. "I expressed my emotions my own way."

But this was no smash-and-grab from Mexico. The truth was that it could have won by three or four goals. El Tri out-sprinted, out-hustled and out-foxed Germany, which became the third straight defending champion to drop points in its World Cup opener, following Italy in 2010 and Spain in 2014.

"We looked nervous and we didn't play the way we wanted to play," Germany manager Joachim Low said. "We were haphazard. Even negligent sometimes."

Over and over, Mexico broke free from Germany's high pressure, pouncing on stray passes to swarm forward at breakneck speed.

The attack that stuck came in the 33rd minute, when Mexico defused a German attack and caught the champions on the break. The 22-year-old forward Hirving "Chucky" Lozano was on hand to finish it off with a brilliant turn

that left a German defender on his backside and a rocket finish past Manuel Neuer.

As for Germany, the second-guessing can now begin. Low insists they won't change the team's approach, but a few of the problems he now has to solve are obvious. His centerbacks have lost a step since Brazil four years ago. His defensive midfielder, Sami Khedira, can't patrol as much as ground as he used to. And his attack lacks a spark.

In other words, the rest of world soccer spent so much time marveling at Germany that Germany forgot to change the recipe.

Mexico, meanwhile, is just one win away from the last 16, where it has been eliminated at each of the past six World Cups. And this group is already dreaming of more.

"We know that we didn't just come here to beat Germany and go home," Hernandez said, living proof that underdogs don't have to roll over.

TV Schedule

Monday, June 18
(All times Eastern)
8 a.m.: Sweden vs. South Korea (FS1)
11 a.m.: Belgium vs. Panama (FS1)
2 p.m.: Tunisia vs. England (FS1)

HARRY KANE: ENGLISH SOCCER'S CLARK KENT

BY JONATHAN CLEGG AND MIKE SUDAL

It's not hard to figure out how Cristiano Ronaldo became one of the world's top athletes. He's tall, lightning fast and has a sculpted physique that he loves to show off at every opportunity. It's like he was biologically engineered to be a soccer player.

But when it comes to the England striker Harry Kane, things aren't quite so obvious. Kane is listed at 6-feet-1, but has a hunched frame that makes him appear shorter. He's not particularly quick or strong, he doesn't move with any grace or display some uncommon agility, and he wears the vacant expression of someone struggling to remember something mildly important.

In short, nothing about Kane suggests he should be a soccer superstar.

And yet, at the age of 24, that is exactly what Kane is. He looks like Clark Kent, but plays like Superman. As he prepares to lead England into their World Cup opener on Monday, Kane is one of the game's most feared scorers, captain of the national team, and even more improbably, a world-class English player heading into a major tournament in his prime.

How Kane has emerged as an elite performer is mostly down to his remarkable knack for putting the ball in the net. He has scored

116 goals across the last three seasons for his club, Tottenham Hotspur, and his country. But what makes him a star is how effectively he carries out the unseen and overlooked parts of a striker's role.

Hold Steady

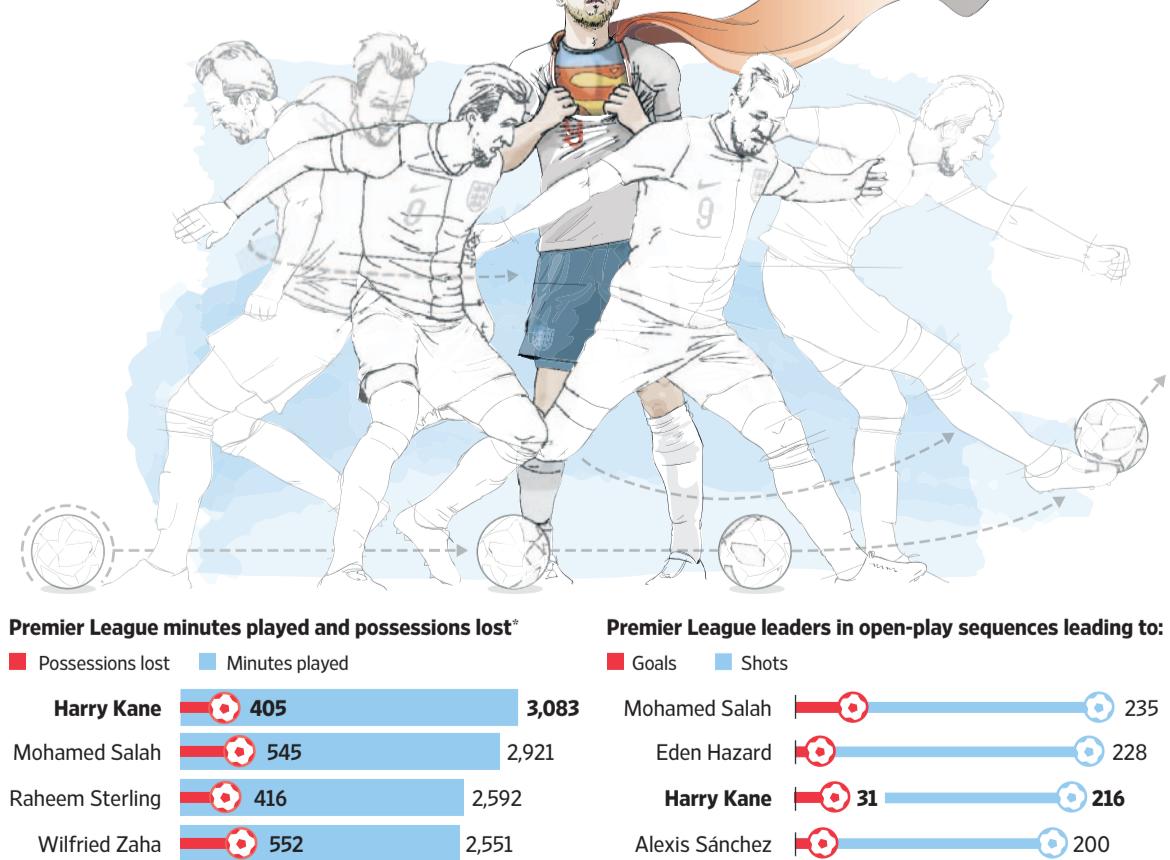
Modern strikers have two main responsibilities. The first is sticking the ball in the net and celebrating like a maniac. The second is helping their team transition from defense to attack with their hold-up play. Because most teams today operate with a single striker, players like Kane are often the sole attacker left upfield when their teams are defending and the primary target for outlet passes when they win back possession. Kane's ability to corral those passes, hold his ground, and then lay the ball off to a teammate breaking upfield is well above average for such a prolific scorer.

On the Move

The numbers show that Kane run doesn't run particularly far or particularly fast. The key to his game is that he never stops running. During the course of a match, Kane is constantly on the move, drifting between the opposition center backs and searching for the soft spots in the defense.

"He's not lightning quick, but he's very clever in his movement," said former Liverpool striker Craig Bellamy. "He can create half a yard from anything."

► Go to wsj.com/worldcup for more on Harry Kane.



Mike Sudal/THE WALL STREET JOURNAL.

U.S. OPEN

BACK-TO-BACK FOR KOEPKA

BY BRIAN COSTA

SOUTHAMPTON, N. Y.—Nobody would confuse the Hamptons with rural Wisconsin. And nobody in golf would confuse this U.S. Open with the previous one. A year after Erin Hills played much easier than the USGA wanted, Shinnecock Hills tormented and at times embarrassed the world's best players.

But as he walked the course early last week, Brooks Koepka saw some familiar elements, including wide fairways surrounded by knee-high fescue grass.

"There's a lot of people that didn't see the similarities, but he did," his father, Bob, said. "He said it's a second-shot course."

By Sunday night, the biggest similarity was plain for everyone to see: Koepka was the one holding the trophy. The 28-year-old emerged from a pack at the top of the leaderboard to win the tournament for the second year in a row. He shot a 2-under-par 68 to finish at 1 over, one stroke ahead of Tommy Fleetwood. He is the first repeat U.S. Open champion since Curtis Strange in 1989.

"I don't think I could have dreamed of this, going back to back," Koepka said.

It was especially hard to fathom just a few months ago, when a wrist injury caused

Koepka to miss three months of competition. Only after the Masters did he begin taking full shots again, and he reinjured his wrist during the Players Championship in May when a golf cart drove in front of him as he was taking a swing on the driving range.

But Koepka has long been a fitness junkie—he started his day with an early-morning workout Sunday—which helped him return in fine shape. And his swing coach, Claude Harmon III, said

there were mental benefits to being removed from the game.

"For someone like Brooks who's never really been a golf nerd, I think he fell in love with golf again," Harmon said.

Fleetwood, of England, shot a 63 to surge into contention early in the day. He spent more than two hours waiting in a player hospitality area to see if he would end up in an early-evening play-off, only to fall just short.

Koepka's grip on the lead appeared tenuous at times on the back nine. His tee shot on the par-3 11th hole left him with a dreadful lie in thick grass behind the green, and his second shot went over the green and into a bunker. But Koepka got up and down to escape with just a bogey.

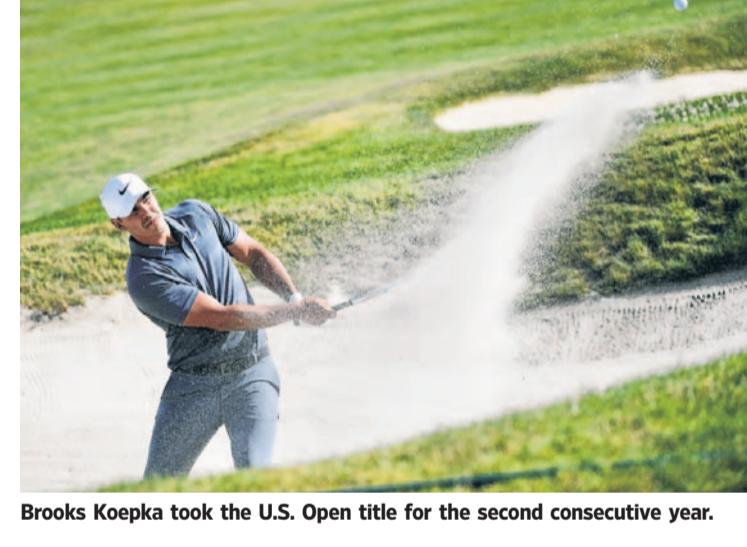
"I enjoy being pushed to the limit," he said. "Sometimes you feel like you are about to break mentally, but that's what I enjoy. I enjoy hard golf courses."

After dry, windy conditions and tricky pin placements led to some putts rolling off greens Saturday, the USGA faced a torrent of player criticism between the third and fourth rounds. In response, the governing body softened the course for the final round. The difference was apparent, as approach shots stuck on the greens to a degree that seemed almost impossible late Saturday afternoon.

Fleetwood had a good look at birdie on the 18th hole. Making it would have not only tied him for the lead. It would have given him a 62, the lowest single-round score in tournament history.

"I actually hit the putt I wanted to. It was just so steep, that green," Fleetwood said.

—Matthew Gutierrez contributed to this article.



Brooks Koepka took the U.S. Open title for the second consecutive year.

ROSS KINNARD/GTY IMAGES

OPINION

Colombia's Presidential Showdown

AMERICAS
By Mary Anastasia O'Grady

Colombia's runoff presidential election Sunday pitted a young disciple of former President Álvaro Uribe against a former member of the Colombian rebel group M-19. Mr. Uribe's hand-picked candidate, Iván Duque of the center-right Democratic Center Party, handily beat rehabilitated guerrilla Gustavo Petro of the left-wing Humane Colombia. But Mr. Petro still got some 42% of the vote to Mr. Duque's 54%, and that's worrying.

Americans might have more reason to care about this election than they know. The U.S. spent some \$1 billion from 2000 to 2015 on "Plan Colombia" in an effort to restore national security and reduce cocaine production and trafficking. But Colombian President Juan Manuel Santos, who took office in 2010, arranged amnesty for the drug-trafficking terrorist group Revolutionary Armed Forces of Colombia, known as FARC. Now coca growing has boomed again.

The Santos-FARC deal was sealed in Havana in November 2016, even though Colombians rejected it the previous month in a national referendum, which Mr. Santos had promised to respect. Worse, rebels—the FARC and the smaller ELN—and other criminal bands still traffic drugs and battle for turf, terrorizing

rural populations. The FARC murdered two Ecuadorean journalists and their driver near the border of the two countries in April.

FARC leadership pledged to get out of drug-trafficking, but on April 10 a federal district court in New York announced that four "members and associates" of the FARC—including Jesús Santrich and Marlon Marín, nephew of FARC bigwig Iván Márquez—were arrested "in Colombia for conspiring and attempting to import cocaine into the United States."

Messrs. Santrich and Márquez were both at the negotiating table in Havana. Mr. Marín has already been sent to New York. Mr. Santrich is fighting extradition.

The 41-year-old Mr. Duque's quick rise in politics isn't the result of great accomplishments or high-minded principles. His biggest claim to fame is spending more than a decade in Washington at the cushy Inter-American Development Bank, where one of his jobs was "chief of the Division of Culture, Solidarity, and Creativity." Seriously.

He once worked for Mr. Santos, but Mr. Uribe has been more responsive to his ambitions. In 2014 he got one of the Senate seats apportioned to the Centro Democrático party. His achievements there included writing one law that increased maternity leave to 18 weeks from 14 and another that mandated defibrillators in public places. Protectionism

drives Colombian underdevelopment, but Mr. Duque has promised no more free-trade agreements.

Yet the economy, which grew 2% in 2016 and 1.8% last year, was a big issue. And compared with Mr. Petro, who studied college economics and recommends standard

A former guerrilla, Gustavo Petro, loses to the lackluster Iván Duque.

socialist bromides, Mr. Duque looks like a genius. At least the Duque agenda includes tax cuts and promises to lighten regulatory burdens on entrepreneurs. "There is always the possibility that he will do some good things," one Colombian who is not a fan commented to me last week.

The alternative, a Petro presidency, was too scary for many to contemplate.

Mr. Petro, 58, switched from supporting terrorists to politics after the M-19 surrendered its weapons in 1990. In 2006 he won a Senate seat. He became mayor of Bogotá in 2012.

Administration isn't his strong suit. In 2013 he was lawfully removed from City Hall by the Colombian inspector general for a crisis in garbage collection. A judge subsequently reinstated him, but in the first-round presidential election on May 27, he didn't

even carry his own city.

A 2016 report by Bogotá Mayor Enrique Peñalosa found that during Mr. Petro's four-year term city revenues soared, but his "administration didn't build a single new school, nor did it add a single bed to any hospital in the city." Instead it swelled the number of city employees, many of whom weren't qualified for their jobs.

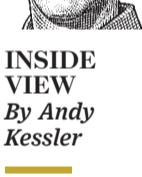
The Venezuelan migrant crisis was also an issue, with Colombians hyperaware of the meltdown next door. Mr. Petro was a close amigo of Hugo Chávez, and this helped Mr. Duque. In May Mr. Santos's 2010 and 2014 campaign manager, Roberto Prieto, was formally charged with taking bribes from Brazilian contractor Odebrecht, and this may have also boosted Mr. Duque's numbers. Some believe that he is more likely to expose the full extent of Santos government corruption than Mr. Petro.

If yet one thing definitely worked for the inexperienced Mr. Duque, it was Mr. Petro's ideological extremism, which isn't different than the FARC's. Colombian institutions are already corrupted by drug money. But with the FARC now a legal political party armed with a war chest of narco profits, a Petro presidency would take things to a new level.

It was this fear and the backing of Mr. Uribe that gave Mr. Duque broad support—not excitement for his candidacy.

Write to O'Grady@wsj.com.

The Art of the Brushoff

INSIDE
VIEW
By Andy Kessler

While watching the Washington Capitals hoist the Stanley Cup, I had to chuckle. I was reminded of an old boss. When I first started at his small brokerage firm, I was told that if he didn't like someone in a meeting, he would pick up the person's business card and pick his teeth with it. The meeting would end soon thereafter. A lot of people don't want to say no, nor do they know how to. It's an art.

Some people have brushoffs down pat. A decade ago, I heard activist Ward Connerly explain Bill Clinton's premeditated move. Headed to the White House in 1997, Mr. Connerly learned that Mr. Clinton's signal that he didn't like someone—so his staff shouldn't bother—was to compliment his tie. Mr. Connerly was amused until Mr. Clinton approached him to tell him how much he liked his tie.

I've been brushed and hushed. In the mid-1990s, after much hassle, my colleagues and I landed a meeting with Jeff Berg, who ran one of Hollywood's top talent agencies. We were in his lavish office

pitching him on getting his clients to invest in our fund. Technology was disrupting music, television and movies, and we were the perfect hedge. I thought the meeting was going pretty well until his secretary walked in saying John F. Kennedy Jr. was on the line. Mr. Berg gave us the eyebrow lift and took the call. As we were ushered out, we heard him yelling, "Yes, I know everything in this town." Great theater—no deal.

Maybe a year later, I was on a panel at an investment conference with Mike Milken. We had a great discussion about finding value, which ended with him saying he was extremely interested in our fund. Could we please send him materials and follow up? I'm still waiting for his call back. Countless others have used this tactic.

Earlier in my career, I was in Houston pitching chip stocks to a famous but rather elderly money manager. About 20 minutes into the meeting, he fell fast asleep. I didn't know what to do. Naturally, I kept talking. He eventually woke up, thanked me for visiting, and quickly showed me out.

At a conference in downtown Manhattan, I met the founder of the famous though usually pointless series of

talks—it rhymes with "zed"—and we had a great discussion. We continued the chat on the sidewalk as we were heading to the same Midtown restaurant for an event. A limousine pulled up. The driver jumped out and opened the door. The founder got in, alone, leaving me stranded—and with a clear message.

There are many ways to say you don't want a deal. Some are more hygienic than others.

I used to do a lot of work for Jim Clark, then chairman of Silicon Graphics, mostly looking for interesting deals for him to invest in. He found a neat company called Mosaic, which would become Netscape. I immediately communicated that our fund would invest. He brushed us off, mumbling something about too many venture capitalists circling. But ever since, when I lose out on deals, I'll say, "Yeah, I've been thrown out of much better deals than this one."

I'm guilty of brushoffs too. Investment bankers at Morgan Stanley were rather pushy and liked to bother me at night.

My wife would hand me the phone and my first words were, "Did someone die? I can't think of any other reason for you to be bothering me at home." The calls stopped. So did my bonus.

Back to that old boss. It was the early 1990s and we were in a conference room getting pitched on a weird fax-back service. The founder claimed it was a new-media company. No way we were going to invest. Eventually, my boss picked up the guy's card and, sure enough, started picking his teeth with it. The legend was real! The meeting ended quickly.

AOL acquired the company, Redgate, in 1994. That founder, Ted Leonsis, had a pretty good run, retiring in 2006 as vice chairman. Along the way he bought the Washington Wizards and the Stanley Cup-winning Capitals. Never mind that according to the Securities and Exchange Commission, AOL's accounting was often suspect.

I don't hold grudges. I've seen Mr. Leonsis a few times and I get a well-deserved hubristic grin from him, kind of an "I'm a billionaire and you're not" look. No matter. It's still my favorite brushoff of all time. I've turned down way better deals than his. Oh, and nice tie.

Is the Office Any Place for Empathy?

By Marisa Lascher

"You're too empathetic," said a partner at the firm where I worked in human resources. "In your role, you have to be more objective."

True, there were instances when I sided with employees. Once, after agreeing we should fire someone, I dreamed that his family showed up, begging me not to do it. When I confided this to the decision makers, one laughed: "He'll be fine. He has tons of money." I imagined his fortune wouldn't shield him from the pain of rejection.

Another time, a manager was frustrated with someone on his team. I asked: "How would you want him to be treated if this were your dad or brother struggling?" Perhaps that blurred a boundary—but the employee began succeeding. When the manager seemed surprised, I said: "You gave him a chance by shifting your approach."

Job descriptions at the firm had indicated that we wanted people with empathy, and I'd mentioned this trait during

the 21 interviews I'd endured to land the position. But 3½ months after I started, my manager departed, leaving me with little direction.

New leadership didn't arrive for another six months. Then I realized I was at a disadvantage because I was inherited. During my final weeks at that

After a partner in the firm told me I cared too much, I lost my human-resources job.

job, I was not only empathetic, I was a mess. Everything about me was wrong. I was alienated from the team, my anxiety increased, and so did my resulting screw-ups.

One Thursday morning, I received a request for a Monday "catchup." That weekend, my brother assured me: "You're not losing your job. People don't send invitations for terminations." But my intuition was right. "Catchup" was a euphemism for "You're fired."

As I reeled from my career failure, I realized that empathy wasn't just a word to tout in a job description. My best professional experiences involved understanding others. Did I care too much? Maybe. In "Against Empathy: The Case For Rational Compassion," Paul Bloom argues that empathy impairs judgment.

Ultimately though, my termination strengthened my convictions. I could see why the new management didn't want that beaten-down, self-doubting version of me. What I wished for was someone like me, authentically coaching us through the situation. The challenges I experienced reinforced how important it was to encourage leaders to open up, even to employees they didn't choose or like. And, when letting someone go, to handle it with grace and, well, empathy.

At my current company I prep managers for reviews: "Most of us will not meet expectations at points throughout our careers. It means we work together to target specific areas." When employees believe that someone is investing in

them, they relax and transform their struggles into success.

Afterward, a manager called and said: "At other firms I haven't trusted HR. It's been like the police. You and I have a rapport, though, because you guided me." I understood. What's best for the business and for the employee are often in conflict. HR is a corporate resource.

In the unforgiving office, when I dislike someone, I remind myself of a compassion meditation. "Just like me, this person has someone who loves him. Just like me, this person knows pain." When I mess up, I embrace my imperfections knowing they are an equalizer, connecting me to everyone else there.

Recently I led data scientists through a curriculum I created about humanity. "I was told I was too empathetic and then lost my job," I revealed. They laughed and so did I. "The worst is that it was a perceptive observation."

Ms. Lascher coaches executives in workplace empathy, gratitude and compassion.

BOOKSHELF | By A. Roger Ekirch

America's First Unsolved Mystery

The Secret Token

By Andrew Lawler
(Doubleday, 426 pages, \$29.95)

"Would to God my wealth were answerable to my will," despaired John White in 1593, having been forced to sail back to England, never again able to return to the Outer Banks of North Carolina to search for the "Lost Colony" of men, women and children marooned 4,000 miles from home. Not for four centuries would anyone make a systematic effort to resume the hunt.

The narrative of America's oldest mystery unfolds between 1584 and 1590. Over the course of three voyages backed by Sir Walter Raleigh, two dozen vessels and more than 1,000 people crossed the Atlantic trying to establish England's first permanent New World settlement. Ambitions ran high. In cost and scale, the voyages far exceeded later efforts by the Jamestown settlers and the Pilgrims of Plymouth. "It was the Elizabethan equivalent of the Apollo program," writes Andrew Lawler in "The Secret Token."

After an exploratory expedition of the Carolina coast, some 100 men disembarked in 1585 on a small island within the Outer Banks, only to desert their primitive fort for England when fresh supplies from home didn't arrive. In 1587 a second attempt landed 118 settlers, including 17 women and 11 children, followed soon afterward by the birth of

Virginia Dare, the granddaughter of the colony's governor, John White.

The rest is well-known. At the colonists' urging, White returned to England later in 1587 to organize a re-supply mission, but the Battle of the Spanish Armada, pirates off Morocco and harsh weather all thwarted his return until August 1590, when he found Roanoke deserted and its makeshift houses dismantled. The only clues were letters carved into a tree ("CRO") and a post with an inscription in capital letters ("CROATOAN"). Missing was the emblem of a cross, "a secret token" that the colonists had earlier agreed to leave, if necessary, as a sign of distress.

"The Secret Token," spanning more than 400 years, offers the most authoritative account of the Lost Colony to date, if not the last word. After describing the failed attempts to establish a beachhead, Mr. Lawler jumps from the 1580s to the 20th century, when fortune hunters tried to resolve the colonists' fate. Amateur sleuths, genealogists and gold diggers joined the quest—as did con artists, resulting in the sensational "discovery," in 1937, of a large stone about 60 miles to the west of Roanoke Island. Inscribed on it were not only a cross but also the words of Gov. White's daughter, Eleanor Dare, lamenting the deaths in 1591 of her husband and the infant Virginia at the hands of Indians.

The "Dare Stone" captured far-flung attention, from university geologists to President Franklin Roosevelt, who visited Roanoke Island and commissioned a commemorative stamp in celebration of Virginia Dare's birth. Notwithstanding the persistence of true believers, the stone proved to be a hoax, as did subsequent "Dare" gravestones located in South Carolina by a Georgia stonemason. No artifacts were ever found at the supposed site of the "Dare Stone"—or, for that matter, any subsequent trace of the California couple whose discovery first ignited the frenzy.

Is it possible that the missing colonists of Roanoke chose to 'remain lost' and forge a life apart from English civilization?

Today, rather than Roanoke Island, two spots have excited historians and archaeologists as plausible destinations of the lost colonists. No longer is it thought likely that they migrated to a location in Virginia just south of the Chesapeake Bay. Instead, if they didn't fall victim to hostile Indians, starvation and sickness, a clutch of survivors or perhaps the entire company may have trickled south to Croatoan (today known as Hatteras Island), where fish and oysters were abundant and the natives were thought to be friendly. John White himself in 1590 had believed this their likely destination from the clues left on Roanoke. Excavation of a site at Cape Creek on Hatteras Island began in 1995, netting a copper signet ring and a rusted rapier, among other tantalizing artifacts. All, however, were of uncertain provenance.

Alternately, in 2012 the discovery of an "X" beneath a patch of paper on an early map of North Carolina in the British Library received widespread publicity, supposedly for disclosing a site lying at the head of the Albemarle Sound, 50 miles west of Roanoke. (Like Croatoan, it would have afforded a central spot for viewing arriving ships.) But digs have yet to yield little more than shards of English pottery of indeterminate age.

"You look lost," a bartender on Roanoke Island said to Mr. Lawler as she poured him a beer. After months of trudging through swamps and dense underbrush, grappling with misleading claims—to say nothing of ticks, mosquitoes and poison ivy—the author might be forgiven his confusion. In truth, he recounts his arduous travels with clarity and insight.

This much seems possible, perhaps even likely (precious little is certain about the Lost Colony): Bands of colonists may have ventured to both Hatteras Island and Albemarle Sound and joined natives by whom they were assimilated. This theory, in fact, was first publicized in 1834 by the famous historian George Bancroft. Mr. Lawler even speculates that the survivors, embraced by their newfound families, may have hidden upon Gov. White's return, preferring, in short, to "remain lost."

It is tempting to exaggerate the enduring fascination of the ill-starred English colony. Occasionally the author overreaches in stressing its "powerful grip" on our imaginations and, in particular, the attraction of Virginia Dare, America's first offspring of English descent, who over the years has been adopted by movements as disparate as feminists and white supremacists. "This is a haunting as much as history," the author asserts, "a spooky tale reinterpreted by each generation to reflect our current national dreams and anxieties."

In Mr. Lawler's case, his notions of the New World as a multicultural melting pot come closer to reflecting current conceptions of "social justice" than do traditional stories of massacres and mayhem. Would his vision had been so.

Mr. Ekirch, a professor at Virginia Tech, is the author of "American Sanctuary: Mutiny, Martyrdom, and National Identity in the Age of Revolution."

OPINION

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President Trump sowed confusion in Asia last week when he called U.S.-South Korea joint military exercises "very provocative." He suspended them until further notice and mused that he'd eventually like to bring all U.S. troops in Korea home. North Korea, Russia and China were pleased—American allies not so much.

"We will be stopping the war games which will save us a tremendous amount of money," Mr. Trump said in Singapore, but which exercises does he mean? Vice President Mike Pence met with GOP Senators last week and suggested that Mr. Trump meant two annual combined exercises, the Ulchi Freedom Guardian in August and the Foal Eagle in late winter or early spring. But the Pentagon hasn't confirmed that, and U.S. allies were caught off guard.

Mr. Pence's spokeswoman later said regular training exercises and exchanges would continue, which is essential. The U.S. and South Koreans are constantly working to sharpen their skills in using weapons and responding to enemy tactics. This includes amphibious landings, parachute drops and responding to North Korean artillery. Stopping those drills would be military malpractice.

Cancelling the two giant exercises will also reduce readiness, since they are timed to coincide with North Korea's exercises and involve allied troops and U.S. forces from other theaters. Mr. Trump made the offer as a unilateral concession, but it's notable that Kim Jong Un has offered no comparable military gesture. Returning three Americans his government took as hostages and promising to return veterans' remains aren't threat-reducing.

If Mr. Trump wants to remove provocations from the peninsula, how about asking Kim to pull North Korean forces back from the Demilitarized Zone and take Seoul out of artillery range? That would justify the exercise cancellation as a goodwill offer.

Beyond the exercises is Mr. Trump's interest in using U.S. troops in South Korea as a negotiating tool in nuclear talks. U.S. forces working alongside a democratic ally aren't the same as the illegal development of nuclear weapons by

U.S. forces in South Korea do far more than protect Seoul.

a state sponsor of terrorism.

Mr. Trump seems to think the South Koreans are getting a free ride on the U.S. taxpayer, but that's false. Nearly all of the 28,500 U.S. troops on the peninsula have begun moving to Camp Humphreys, a giant new U.S. Army base south of Seoul. The base cost some \$11 billion to build and South Korea paid

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Responding to the Bias Response Team

Attorney General Jeff Sessions recently promised to be "vigilant" in defending free-speech rights on campus, and last week the Justice Department followed through by scoring the University of Michigan for chilling speech.

Justice filed a statement of interest, similar to an amicus brief, siding with Speech First, a nonprofit that has sued the school on behalf of its student members. Justice says the university's policies and practices "ban a broad swath of core protected speech based solely on 'listeners' reaction."

Speech First's lawsuit takes issue with the university's student code, which prohibits bullying and harassment but with only vague definitions of both. The university also operates a Bias Response Team, to which students can submit complaints accusing peers and professors of "bias incidents" that violate no law.

University of Michigan spokesman Rick Fitzgerald told the Chronicle of Higher Education that Speech First and Justice have "seriously misstated University of Michigan policy and painted a false portrait of speech on our campus." The university hasn't filed its legal response, so there's "little more we can add at this point," Mr. Fitzgerald told us last Wednesday.

But lo, last Monday the university updated

Justice scores the University of Michigan for chilling speech.

the student code's definitions of harassment and bullying, bringing them in line with Michigan state law. That decision "was accelerated" by the lawsuit, Mr. Fitzgerald admitted on the university website.

The school also took down a web page in which the Dean of Students Office promoted the Bias Response Team and advised students

that "the most important indication of bias is your own feelings."

Justice's statement says Michigan's "failure to bind itself to controlling definitions" of terms like bullying and harassment "effects an unrestricted delegation of power" to University officials" and "opens up precisely the risk of 'arbitrary, discriminatory and overzealous enforcement' that the First Amendment forbids." The "reduction of 'bias incidents' to the listener's 'own feelings' . . . likewise violates the First Amendment because it is not 'based on speech at all' but on 'a listener's reaction to speech,'" Justice wrote.

This is the first time the federal government has weighed in on Bias Response Teams, but more than 200 universities have similar administrative offices. The Justice Department's statement puts these other universities on notice. Oh, and Speech First is accepting new student members.

No Country for American Locker Makers

Opportunity lured entrepreneur John Altstadt out of retirement and into the business of making lockers for workplaces, gyms and schools. Yet a year after becoming president of Lyon Group Holding, his company is struggling to survive as Donald Trump's steel tariff gives his Chinese competitors an unfair advantage. Meet the law of unintended tariff consequences with arbitrary harm to the innocent.

Lyon Group Holding owns Lyon and Republic, century-old companies that dominate the market for American-made lockers. The companies' combined annual sales are around \$100 million, and they employ some 400 full-time workers at three manufacturing plants in Indiana and Illinois.

Steel has long accounted for 45% of the cost of making lockers at Lyon and Republic, the single biggest expense. Mr. Trump's 25% tariff has driven up the price of foreign steel and given domestic steel the chance to raise prices. American hot-rolled steel coil recently sold for \$900 per short ton—the highest price in a decade. That's up 38%, or \$248 per ton, since the beginning of January.

Lyon and Republic now spend \$40.68 on steel for their \$100 individual locker units, up from \$33.90 before the tariffs. In this low-margin business, that's the difference between a \$5 profit and a \$1.78 loss on each unit.

"This is do or die for businesses," Mr. Altstadt says. "Either you fix this problem, or if you can't fix it somehow, the business will have to close completely because you can't have a

How the Trump steel tariff is harming a U.S. company and its workers.

negative profit on the product you sell."

Raising locker prices isn't an option. Even before the tariffs, Lyon and Republic's clients were paying a 10% premium for the convenience of buying American instead of Chinese, and they can't afford to go any higher, Mr. Altstadt says.

There's no tariff on Chinese lockers or locker components, so foreign manufacturers are benefiting from Mr. Trump's steel protectionism. If the tariffs remain in place, Mr. Altstadt says he'll have no choice but to buy foreign-made locker components. Reluctantly, he's visited factories in China to consider his options. But if Lyon and Republic outsource locker parts from abroad, Mr. Altstadt says he'll have to lay off at least one-fourth of his American workforce and perhaps shutter and sell one of his metalworking factories.

He says he is haunted by "the devastating effect on real people." Two-thirds of his workforce is unskilled. They earn an average \$12 an hour—well over minimum wage, but they still often live paycheck to paycheck. If they lose their locker-making jobs, they'll have a tough time finding work with comparable pay in rural Illinois and Indiana.

Mr. Altstadt's message to Mr. Trump: Don't make me do this. The President says he wants to make the U.S. more competitive and protect American jobs, but his tariffs are doing the opposite. The workers at Chinese locker manufacturers are doubtless thrilled about their new competitive advantage, but they won't be voting in November.

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OPINION

Time to Make Up After Fighting Over Iran

By Michael Doran
And Peter Rough

When President Trump pulled out of the Iran nuclear deal, he began the process of reimposing sanctions—including drastic penalties for European companies doing business in Iran. That enraged America's European allies. "With friends like Trump, who needs enemies?" said Donald Tusk, president of the European Council, at a press conference after the announcement.

Mr. Trump's decision to reimpose sanctions was based on a sound reading of vital American and Western security interests. But something basic has been absent from his approach—namely, old-fashioned diplomacy based on a sustained campaign of persuasion. After the president further rankled his European

The U.S. is getting its way through coercive sanctions. It would be helpful to show the allies some respect.

counterparts this month discussing trade at the Group of 7 summit, the need for such a campaign is greater than ever. The administration ought to switch tacks to soothe European anger and keep the trans-Atlantic alliance from fracturing further.

The new Iran policy is, bluntly, one of coercion. Mr. Trump presents companies a harsh choice: You can do business with the U.S., or you can do business with Iran. Coercion works. Within days, major companies like Boeing, Siemens, Total and

Lukoil announced they were abandoning the Iranian market. But coercion also generates resentment. European businesses may be dancing to the American tune, but they and their political representatives feel that Mr. Trump is shooting at their feet.

Europe is deluded to interpret the withdrawal as a fit of Trumpian caprice. There were good arguments for mending rather than ending the deal, but the Europeans failed to consider seriously the strengthened terms the Trump administration proposed, including more-thorough nuclear-site inspections and an end to the sunset clauses.

Still, the U.S. hasn't done enough to convince Europe of the deal's flaws. It has been more than a decade since senior American officials traveled to Europe with the explicit purpose of explaining the threat Iran poses and the necessity of extraordinary Western actions to counter it. Whereas America had a vigorous debate around the Iran deal, European elites sanctified it, and the Obama administration praised them for it.

Over the past year, the Trump administration's message about the deal has been less than consistent. Mr. Trump himself has consistently labeled it "terrible," "horrible," and "one-sided." But when Sen. Angus King asked Defense Secretary Jim Mattis last fall if he believed the agreement was in the national interest, Mr. Mattis replied: "Yes, senator, I do."

The same month, then Secretary of State Rex Tillerson devised a diplomatic process to fix rather than nix the deal. "We're going to stay in," he told CNN. "We're going to work with our European partners." As the president later explained, differences



JESCO DENZEL/DPA VIA ZUMA PRESS

A German government photo shows Trump with G-7 leaders, June 9.

over the Iran deal factored into his decision to fire Mr. Tillerson: "I wanted to either break it or do something. He felt a little differently," Mr. Trump said. "So we were not really thinking the same."

It is hard to blame the Europeans for believing Messrs. Mattis and Tillerson might succeed in saving the deal. Their current complaint, that Mr. Trump turned over the card table and pulled out his revolver, is self-serving but understandable.

Mr. Trump should now make it an urgent priority to dispel this image. Specifically, he should unite his top echelon of officials—Mr. Mattis, Secretary of State Mike Pompeo, Vice President Mike Pence, Treasury Secretary Steven Mnuchin and Energy Secretary Rick Perry—in a diplomatic offensive to defend the U.S. position to their European counterparts.

The challenge is particularly acute in Germany, Europe's biggest economic power. To German leaders, Mr. Trump's decisions to reimpose

sanctions on Iran and to impose tariffs on steel and aluminum appear to be two prongs of a single policy: America first. The U.S., Germans believe, has developed an exasperating habit of making unilateral decisions that have a disproportionate impact on European businesses.

The Trump administration should remind Berlin that exiting the Iran deal was no rogue action, as it reconciled U.S. policy with the wishes of much of the American public. President Obama never built strong support for the deal in Congress or with voters.

In addition to blasting the supposed brazenness of the U.S. withdrawal, European leaders allege that it violated international law, as they claim Iran had complied with its terms. That charge is specious, and the U.S. should refute it vigorously. Israel's daring capture in January of information on Iran's nuclear program confirmed that Tehran had violated the nuclear deal and the international

nonproliferation treaty. The captured information proves that Iran never offered a full accounting of the past military dimensions of its nuclear program.

Instead of launching a public diplomacy campaign to inform Europeans of these revelations, however, U.S. and Israeli officials allowed critics to mobilize and dismiss the Israeli discoveries as inconsequential. Mr. Perry should respond now by launching a road show to highlight Iran's alarming deceptions.

Meantime, European businesses need a refresher course on the risks of doing business with Iran. The Islamic Republic is well-practiced at using shell companies, sometimes with German fronts, to mask its illicit activities and entice European suppliers. Mr. Mnuchin should travel to Europe to describe Iran's continuous drive to corrupt the global financial system.

The U.S. must also remind the Europeans that if economic sanctions and diplomacy don't curb Iran's behavior, the only alternative is military action. That cannot be Europe's preference—and no one can make that argument more persuasively than Mr. Mattis, whom some have taken to calling "Moderate Dog."

Even a successful campaign of persuasion will never convince the Europeans that they aren't being coerced. It can, however, soften their resentment. And a high-level overture to Europe would in itself send a positive message. It would show Europeans that despite the disagreement about Iran, the U.S. still respects them. Especially after the bruising G-7 summit, a little tenderness could go a long way.

Messrs. Doran and Rough are fellows at the Hudson Institute.

A Movement Rises to Take Back Higher Education

By Emily Esfahani Smith

Debra Mashek, a psychology professor at Harvey Mudd College, was leading a class discussion about intellectual humility this past semester when the conversation came to a halt. Ms. Mashek asked the students to think of ways in which, during an argument, they could signal intellectual humility—that is, admit they don't have all the answers and are open to other perspectives. A white woman suggested prefacing statements with something like: "I could be crazy, but . . ." A black student then objected to the word "crazy." He said it marginalizes people with mental illness, especially incarcerated black men.

A few months later, Ms. Mashek was advising a student about which classes he should take when he said: "With this class, I could kill two birds—" He stammered and then abandoned the idiom: "I could complete two requirements with one course." Ms. Mashek asked why he had censored himself. "I didn't want to offend you," she recalls him saying, "because it's a violent statement and we are not supposed to talk about violent things."

The censorious climate of higher education has predictably created a culture of self-censorship. Two-thirds of this year's graduating seniors at Harvard said

"they had at some point chosen not to express an opinion in an academic setting during their time at Harvard out of fear that it would offend others," according to a Harvard Crimson poll.

But some students and professors are standing up against the new culture of safe spaces, trigger warnings, microaggressions and bias response teams. Ms. Mashek took a leave of absence from Harvey Mudd to become executive director of Heterodox Academy, an organization founded in 2015 to promote viewpoint diversity on campus. Its members, more than 2,000 professors and graduate students in the U.S. and beyond, are leading a movement in favor of free speech and inquiry. They held their first-ever conference Friday in New York.

Heterodox Academy is a politically diverse group—from Princeton legal scholar Robert P. George and Harvard psychologist Steven Pinker to Columbia linguist John McWhorter and former American Civil Liberties Union president Nadine Strossen. Their common belief: that the purpose of a university is to teach students how to think, which entails disturbing their psychological equilibrium from time to time by exposing them to ideas that contradict their current beliefs. The pursuit of truth, not social justice, is the purpose of a university. If everyone on campus thinks alike—or

pretends to, for fear of giving offense or being ostracized—then an open exchange of ideas is impossible, and so is learning.

Speech codes on college campuses have been around at least since the 1980s. But what has changed, according to social psychologist Jonathan Haidt of New York University, is the attitude of the students. Mr. Haidt, who co-founded Heterodox Academy,

Heterodox Academy, now more than 2,000 strong, stands against censorship and for free inquiry.

believes that today's collegians are more apt than earlier generations to feel threatened by words and ideas. The members of what psychologist Jean Twenge calls "iGen"—the internet generation, born since 1995—have far higher rates of anxiety and depression than did older millennials. Research suggests that iGen's steady diet of social media may be partly to blame. These students, many of whose parents protected them from the ordinary adversities of daily life, began arriving to campus in 2013, psychologically fragile and unprepared for the challenges of a college education.

They started insisting on "trigger warnings" and demanding that

controversial speakers be disinvited from campus. In fall 2015 a wave of highly publicized protests over racial issues hit Yale and the University of Missouri. In 2016 the Foundation for Individual Rights in Education recorded 43 attempts to disinvite speakers from campus. Then in 2017, mobs at Berkeley and Middlebury rioted against provocateur Milo Yiannopoulos and social scientist Charles Murray.

Data back up these anecdotes. A 2017 survey by FIRE and YouGov found that 58% of students said it was "important to be part of a campus community where they are not exposed to intolerant or offensive ideas." In a Brookings Institution survey from the same year, 1 in 5 students said using violence to stop a speaker was sometimes acceptable.

But we may be turning a corner. According to FIRE, disinvitation demands dropped to 36 in 2017, and only nine have been issued so far this year. At the same time, academics and administrators—some of whom spoke at the Heterodox Academy conference—have taken steps to increase viewpoint diversity on their campuses.

In 2015 the University of Chicago issued a statement validating the importance of free speech in education. To date 42 schools, from Columbia to the University of Minnesota, have adopted the Chicago principles or a statement like it.

Last year Mr. George, the Princeton conservative, authored a statement with Cornel West, a Harvard leftist, asserting that "all of us should seek respectfully to engage with people who challenge our views." It has thousands of signatories, inside and outside academia.

Michael Roth, the progressive president of Wesleyan University, last year announced an "affirmative action" program to bring conservative faculty and ideas to campus. Heterodox Academy has created an educational app called OpenMind to help students learn virtues like intellectual humility and empathy so that they can speak to one another across the divide. So far it has been used in over 100 classrooms.

As encouraging as these initiatives are, there's a more fundamental shift that needs to take place—a rethinking of identity politics. Rather than promoting a "common-enemy identity politics" that admonishes white people and others with "privilege," Mr. Haidt said Friday, professors and administrators should embrace a "common-humanity identity politics." Isn't that what liberal education is all about?

Ms. Smith, an editor at the Hoover Institution, is author of "The Power of Meaning: Finding Fulfillment in a World Obsessed With Happiness."

The Social Benefits of Fossil Fuels Far Outweigh the Costs

By Joseph L. Bast
And Peter Ferrara

As several cities continue their suit against oil companies, *The People of the State of California v. BP*, Judge William Alsup has boiled the case down to its pivotal question. In March he ordered the legal counsels of both parties to help him weigh "the large benefits that have flowed from the use of fossil fuels" against the possibility that such fuels may be causing global warming.

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society is simply this," writes historian Vaclav Smil in his 2003 book on energy: "Ours is a high energy civilization based largely on combustion of fossil fuels."

Fossil fuels, and coal in particular, provided the energy that powered the Industrial Revolution. Today, coal plants still produce most of the electricity that powers high-tech manufacturing equipment and charges mobile computing devices.

The alternative energy sources environmental activists favor are generally more expensive. Energy economists Thomas Stacey and George Taylor calculate that wind power costs nearly three times as much as existing coal generation and 2.3 times as much as combined-cycle gas. There is a negative correlation between energy prices and economic activity. A 2014 survey of economic literature by Roger Bezdek calculates that a 10% increase in U.S. electricity prices would eliminate approximately 1.3% of gross domestic product.

Cheap energy from fossil fuels also improves human well-being by powering labor-saving and life-protecting technologies, such as air-conditioning, modern medicine, and cars and trucks. Environmental activists often claim that prosperity speeds the depletion of resources and destruction of nature, but the opposite is true. As Ronald Bailey writes in "The End of Doom": "It is in rich democratic

capitalist countries that the air and water are becoming cleaner, forests are expanding, food is abundant, education is universal, and women's rights respected."

Fossil fuels have increased the quantity of food humans produce and improved the reliability of the food supply. The availability of

Inexpensive power enables technological marvels, and even global warming has positive effects.

cheap energy revolutionized agriculture throughout the world, making it possible for an ever-smaller proportion of the labor force to raise food sufficient to feed a growing global population without devastating nature or polluting air or water.

Fossil-fuel emissions create additional benefits, contributing to the greening of the Earth. A 2017 study published in *Nature* magazine found that the global mass of land plants grew 31% during the 20th century. African deserts are blooming thanks to fossil fuels.

Finally, if fossil fuels are responsible for a significant part of the warming recorded during the second half of the 20th century, then they should also be credited with reducing deaths due to cold weather.

Medical researchers William Richard Keatinge and Gavin Donaldson assessed this effect in a 2004 study. "Since heat-related deaths are generally much fewer than cold-related deaths, the overall effect of global warming on health can be expected to be a beneficial one."

They estimate the predicted temperature rise in Britain over the next 50 years will reduce cold-related deaths by 10 times the number of increased heat-related deaths. Other research shows climate change has exerted only a minimal influence on recent trends in vector-borne diseases such as malaria, dengue fever and diseases spread by ticks.

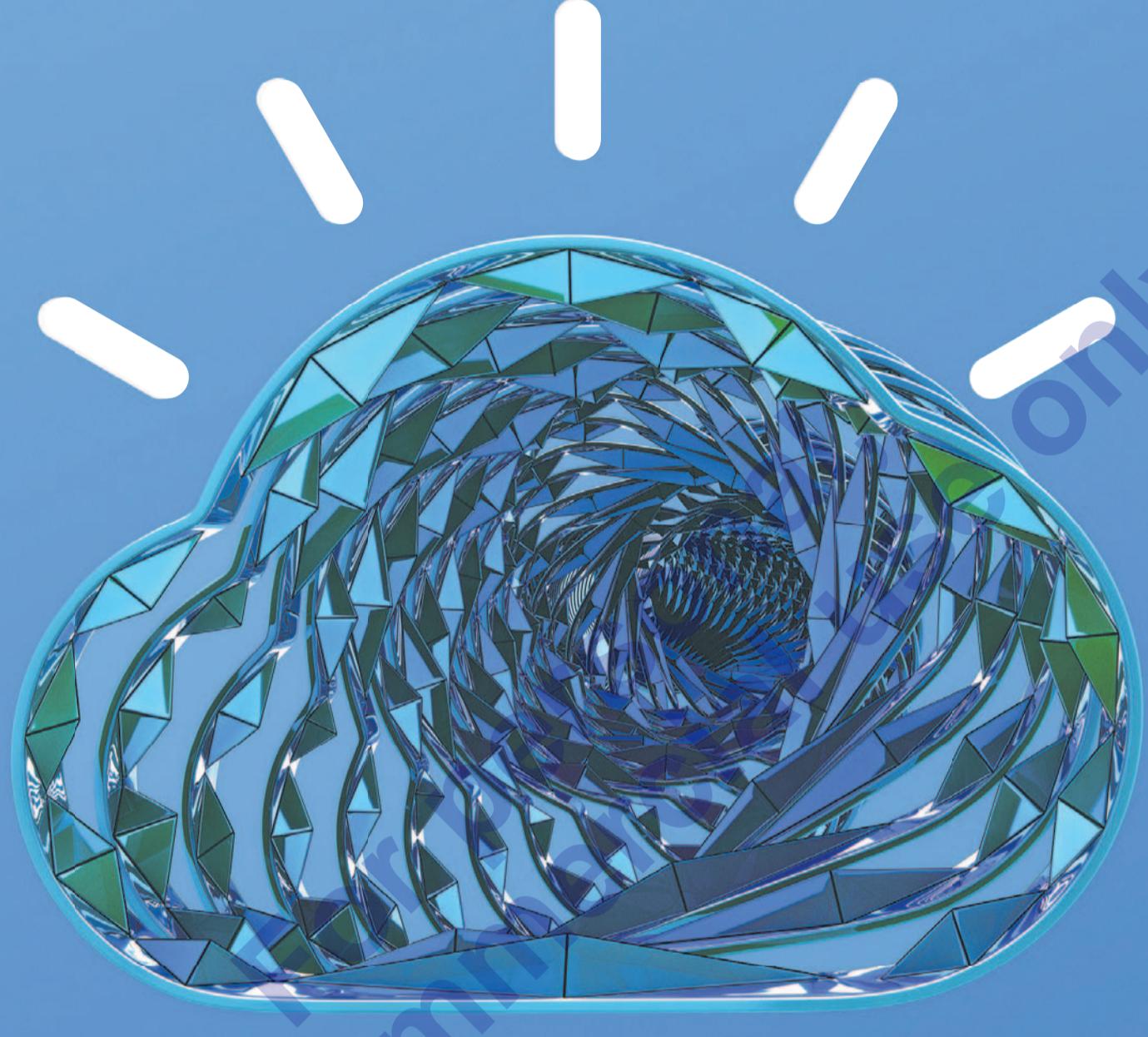
Altogether, fossil fuels have produced huge benefits for mankind, many of which continue today. But advocates of alternative energy sources usually manage to omit or diminish many of these benefits when calculating fossil fuels' "social cost."

Thankfully, President Trump and congressional Republicans understand that the costs of fossil fuels must be weighed against their substantial benefits. They have decided wisely not to carry on the "war on fossil fuels" waged by the Obama administration, congressional Democrats and their Golden State allies.

Messrs. Bast and Ferrara are senior fellows at the Heartland Institute.

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THE WALL STREET JOURNAL.

Monday, June 18, 2018 | B1

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Goldman's Startup Bets Pay Off

By LIZ HOFFMAN
AND PETER RUDEGEAR

When Spotify Technology SA went public in April, **Goldman Sachs Group Inc.** was sitting on a stake in the music-streaming startup worth more than \$350 million, a sevenfold return on a 2012 investment.

Those gains weren't the

handiwork of any of the hundreds of Goldman professionals whose day jobs are to invest in companies. They came instead from the firm's bankers, who have been quietly moonlighting as venture capitalists.

These corporate consigliere, who advise on mergers and underwrite secu-

rities, oversee a venture-capital portfolio worth several hundred million dollars, according to people familiar with the matter.

Plenty of big banks invest in promising startups, but they typically do so through their strategy groups or asset-management arms. Goldman has those, too, but they are dis-

tinct from the portfolio maintained by its investment bankers, who are investing on the bank's behalf.

The bankers were early backers of now-household names including **Uber Technologies Inc.**, online storage vault **Dropbox Inc.** and payments company **Square Inc.** Recent investments include

Ripple Foods, which makes milk from peas, and **Marqeta Inc.**, a credit-card startup, the people said.

As startup valuations have soared, seemingly everyone wants to be a venture capitalist. Celebrities including Kobe Bryant and Jared Leto have invested in private companies. A

Please turn to page B2

Founder To Take Perry Ellis Private

By LISA REYNOLDS

Perry Ellis International Inc. agreed to go private in a deal valued at \$437 million, four months after George Feldenkrais, the founder and former executive chairman, made a bid for the apparel company.

A newly formed entity controlled by Mr. Feldenkrais will acquire the Perry Ellis shares for \$27.50 each. The offer represents a premium of 21.6% to the company's share price Feb. 5, the last day before the proposal from Mr. Feldenkrais.

The share price had advanced since his offer was made public four months ago in anticipation of a potential sweetened offer, closing Friday at \$27.97.

Mr. Feldenkrais and his son, Oscar, the company's CEO, are two of the company's biggest investors. Together, they owned an 18% stake as of last month, according to regulatory filings.

The Perry Ellis board unanimously approved the deal based on a recommendation from a committee that formed after Mr. Feldenkrais made his approach. Following completion of the transaction, expected during the second half of the year, Oscar Feldenkrais will continue to lead Perry Ellis. The elder Mr. Feldenkrais will return to an active management role.

While the deal is pending, Perry Ellis International and George Feldenkrais agreed to defer the next annual meeting for director elections.

Financing will take place through a senior secured asset-backed revolving loan facility, a \$282 million term financing facility provided by **Fortress Credit Advisors LLC** and equity provided by the Feldenkrais family.



A worker assembles orders at a Whole Foods, where delivery has expanded for Prime members.

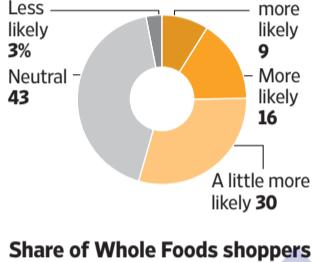
Amazon Aftereffects

Shoppers in the U.S. have taken note of changes at Whole Foods since Amazon.com bought the chain last year.

Top five reasons why shoppers won't grocery shop at Whole Foods

Inconvenient location	73%
Prices	36
Other	6
Unavailable products	4
Amazon ownership	1

Share of Prime members likely to start shopping at Whole Foods



Top five areas shoppers perceive Amazon has changed at Whole Foods

Amazon tie-ins	47%
Product prices	35
Promotions, coupons	29
Digital services*	25
Brands available	19

*Examples include curbside pickup and home delivery.

Note: Numbers might not equal 100 because of rounding.

Source: Field Agent survey of more than 2,000 U.S. adult shoppers conducted June 11-12.

THE WALL STREET JOURNAL.

It's Amazon Prime Time at Whole Foods

By HEATHER HADDON
AND LAURA STEVENS

It's been a year since **Amazon.com Inc.** agreed to buy Whole Foods for \$13.5 billion. The biggest beneficiaries of the deal might be Amazon Prime members.

Sky-blue signs advertising discounts for Prime members

greet shoppers in some Whole Foods parking lots. Inside, blue placards spotlight lower prices for Prime members on organic nectaries and sausage.

"Blue signs mean special deals just for you. Yes, you," declared leaflets that were arranged on a table at a large Whole Foods in Oakland, Calif.

Amazon last week expanded

free two-hour delivery of Whole Foods groceries for Prime subscribers to 14 cities, including Baltimore, Boston, Philadelphia and Richmond, Va. More than half of Whole Foods stores now offer a 10% discount on sale items to Prime members.

Whole Foods' new delivery service has led some customers to gripe. Some parking

spots now are reserved for delivery drivers, and store sections have been converted to busy order-assembly areas. Some store entryways and service counters now are crowded with workers picking up orders, customers said.

"It can almost feel like mayhem," said Julie Gelfat, a 57-year-old communications con-

sultant who stopped going to her Whole Foods in San Diego after it added delivery. "There's no protocol to make the store customer feel relaxed."

Amazon and Whole Foods spokeswoman declined to comment.

Amazon is also making a hard sales pitch to get Whole

Please turn to page B2

PERSONAL TECHNOLOGY | By David Pierce

Fixes Come Slowly For Microsoft Office



No software carries as much baggage as Microsoft Office.

It's nearly 30 years old, which in tech years is about as old as the Himalayas. Every day, hundreds of millions of people use Office apps—Word, Excel, PowerPoint, Outlook and the rest. They know the apps and understand their inner

workings. Have you ever watched an Excel mastermind at work? It's like watching a virtuoso violinist. When Microsoft makes changes to Office, the company hopes it isn't turning its Stradivarius into banjo.

Maybe that's why Office feels so behind the times. While Google, Dropbox and others have built modern, collaborative, web- and mo-

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INSIDE



'INCREDIBLES 2' RESCUES PIXAR AT BOX OFFICE

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Misfires Mark Wynn Investigation

A **Wynn Resorts Ltd.** board member who helped oversee the investigation of sexual-misconduct allegations against former Chief Executive Steve

By Chris Kirkham,
Alexandra Berzon,
Kate O'Keeffe and
Elizabeth Bernstein

Wynn decided last month not to seek re-election to the board. The director, John Hagenbuch, is a longtime friend of Mr. Wynn, and critics including three proxy-advisory firms had argued for weeks he wasn't the right person for the oversight role.

Mr. Hagenbuch's three-

month-long tenure in that role marked one of several misfires in the investigation, which began after The Wall Street Journal reported the allegations in January, leading to Mr. Wynn's departure as CEO and largest shareholder.

Among concerns about the investigation described by some of the alleged victims and some former employees: Investigators told them their names would be revealed to the board members leading the probe. Some were asked to be interviewed on casino premises rather than a more private setting. Current employees weren't told how to report any sexual-misconduct

complaint until two months after the allegations against Mr. Wynn were published.

A special board committee overseeing the investigation said it is conducting a thorough investigation that is in keeping with best practices for such probes.

The thoroughness of the investigation matters because, among other reasons, gambling regulators in Massachusetts, where the company is building a \$2.5 billion casino, have said they are watching to see how it responds to the allegations. If the board doesn't do a good job, it isn't out of the question the company's

Please turn to page B2

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It's Prime Time for Groceries

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Foods shoppers to sign up for Prime memberships.

"It was funny to be standing in a grocery store and hear, 'Would you like to be a Prime

member?'" said Talia Smith, 25, who lives in San Francisco. Ms. Smith said she is considering paying the \$119 annual fee for Prime perks, now that they include lower Whole Foods prices.

Some analysts expect Amazon to use Whole Foods discounts as a way to capture even more retail spending by the grocery chain's largely urban clientele. Some 60% of Whole Foods shoppers are Prime members, Morgan Stanley analysts estimate.

Ethan Weiss, a 49-year-old

physician and scientist in San Francisco, says he has switched most of his online grocery purchases to Amazon's quick delivery offering at Whole Foods from Instacart Inc. "It definitely felt like I got more for my money," he said.

Meanwhile, more Amazon products are turning up in Whole Foods stores. At some locations, Echo speakers, Fire tablets and Fire TVs are for sale alongside Amazon lockers where customers can pick up their e-commerce orders.

Customers browsing Amazon's website now are likely to see Whole Foods beans and other store-brand goods displayed prominently. Amazon also appears to be giving a boost to Whole Foods' "365 Everyday Value" products. The chain's private-label sales have grown as a percentage of store purchases since the deal, according to advertising firm inMarket.

Sara Iyer, a 32-year-old podcast host from Los Angeles, said the store-brand prod-

ucts have drawn her to Whole Foods more regularly since Amazon took over. Her Amazon Prime credit card gives her an additional 5% cash back on her Whole Foods purchases.

The discounts appear to be driving store traffic, but the impact on the Whole Foods bottom line has been mixed. Year-over-year sales at Whole Foods stores are up an average of 3% since the takeover closed in August, according to an analysis of anonymized credit- and debit-card transactions by

data firm Second Measure. But sales per customer are down by an average of 1%.

Still, 41% of shoppers still don't know Amazon owns Whole Foods, according to a recent national survey of 2,034 consumers by Field Agent, a data firm. Of the 436 Whole Foods shoppers surveyed, 45% thought Amazon had made the chain better.

More than 80% of Prime members who shop at Whole Foods said they intend to shop there more often, the survey found.



Amazon products like Echo speakers, Fire tablets and Fire TVs are turning up in Whole Foods stores.

Misfires in Wynn Look At Conduct

Continued from page B1
right to operate a casino in Massachusetts could be imperiled.

Some would-be complainants said they didn't intend to participate. "I don't think there's anything they could have done to convince me," said Shawn Cardinal, a woman who had told the Journal Mr. Wynn sexually harassed her. "I felt like they are looking out for the company's interest and the board of directors."

Mr. Wynn said at the time of the Journal's initial article the idea he would ever assault a woman was "preposterous."

Wynn Resorts' board has subsequently added three new female directors. Patricia Mulroy, who heads the special committee overseeing the investigation, called it "rigorous, thorough, honest and independent."

The investigation focuses on who might have known about Mr. Wynn's alleged misconduct and whether they may

have done anything about it, said a person familiar with the probe, adding that no one is off limits. It also is looking at whether there are systemic issues at the company or whether corporate policies need to be overhauled, the person said.

Days after the misconduct allegations were first published by the Journal, Wynn Resorts hired a law firm to conduct an investigation.

After agreeing to resign in early February, Mr. Wynn suggested in a conference call that the board could drop the investigation, according to people familiar with the matter. His lawyer, Lin Wood, disputed that account but didn't provide further details.

Two days after the resignation, the board said it ended the law-firm investigation.

The board said it accepted Mr. Wynn's decision "reluctantly." It did so "with a collective heavy heart," said director Boone Wayson, a Wynn family friend, in a statement.

"They said nothing about the victims or the employees who had to endure his torture," said Karen Parente, a former Wynn Resorts manager cited in a Journal article as alleging Mr. Wynn sexually harassed her in 2005. "It infuriates me."

The special committee didn't respond to questions about Mr. Wayson's comment, and he didn't respond to inquiries.

Mr. Wynn hasn't addressed the specific misconduct allegations of Ms. Parente and other accusers. His attorney, Mr. Wood, said in April: "Mr. Wynn has not engaged in any non-consensual sexual relations with any of the women upon whom the Journal has relied on its reporting."

Mr. Wynn in April sued a former employee quoted in two Journal articles, alleging the man defamed him by spreading false accusations. The ex-employee denied the accusations in a court filing.

The board didn't initially spell out rules for Mr. Wynn's post-resignation interaction with employees or limit his movements on the Wynn Las Vegas casino property, including the salon, the employment site of some workers who alleged harassment.

After a manicurist at the salon sued Mr. Wynn and the company in early March, alleging Mr. Wynn engaged in inappropriate conduct with her—and after salon employees filed over a dozen complaints with the Equal Employment Opportunity Commission—the company

barred Mr. Wynn from the salon, according to people familiar with the matter.

Mr. Wynn hasn't yet responded to the manicurist's suit; Wynn Resorts said it is aware of the EEOC filings and doesn't comment on litigation.

A Wynn Resorts spokesman said Mr. Wynn was told to stop using salon services "as soon as the company became aware" he still did so. Wynn attorney Mr. Wood said his client says he and his wife re-

viously represented Wynn Resorts executives in litigation.

Nearly two months into the probe, the special board committee still hadn't publicized for current and former employees how they could contact investigators. It did so in a companywide email on March 26.

The board committee said the investigation had started with interviews of "certain key and known individuals who were willing to assist" before sending out the email.

Ms. Cardinal and some other potential witnesses questioned why they were asked to meet on the grounds of the Wynn Las Vegas rather than in a more confidential setting. The board committee said it has accommodated interviews "at locations and times of the witnesses' choosing" and said most interviews have been at on-site conference rooms away from executive offices, or off-site.

Some employees were concerned when Gibson Dunn said their names would be disclosed to the special board committee. "The special committee may decide to disclose that information to anyone," a law-firm attorney said in an email to a former employee.

In a written statement, the special committee and Gibson

BUSINESS & FINANCE

Goldman Wins With Startups

Continued from page B1
member of the Dutch royal family cashed in a stake in payments firm Adyen NV when it went public last week.

Goldman's investment bankers are hoping to cement their ties to emerging companies that might later hire the bank for an IPO or sale. (The bank calls it "relationship equity.")

"We are proud to provide creative solutions, excellent execution and in certain unique situations, small, passive capital investments to further our client's goals," Dan Dees, Goldman's top technology banker, said in a statement.

The upside—if it can pick winners and avoid duds—is profits that can far outstrip the fees Goldman might get from those deals. Goldman made about \$15 million advising Spotify on its IPO, people familiar with the matter said, versus hundreds of millions of dollars in paper gains on its shares.

The strategy is a throwback to the old merchant-banking playbook, when banks regularly put capital to work alongside clients. That model has largely fallen out of favor with large banks—a retreat hastened by the crisis and new regulations that followed—but is still practiced by a handful of smaller boutique banks, including Byron Trott's BDT Capital Partners LLC and Skip McGee's Intrepid Financial Partners LLC.

Goldman's dual roles could pose conflicts as its bankers advise startups on deals that could result in big profits or



A Blake Shelton Spotify concert. Goldman made about \$15 million advising Spotify on its IPO.

TERRY WYATT/GETTY IMAGES FOR SPOTIFY

losses on the stakes owned by the investment bank. What's more, Goldman has raised billions of dollars from outside investors for its private-equity funds and risks being accused of cherry-picking the best deals for itself.

Sarah Friar, Square's chief financial officer and a former Goldman research analyst, said the bank's investment in Square "showed they wanted to build a relationship more long term in nature."

As for the potential conflicts, she said Square does much of its deal work internally, without hiring bankers, and is "not short of advice" from other sources.

Still, venture investing is risky, especially now as the exuberance that propelled valuations sky-high shows signs of cooling.

Viddy Inc., a startup touted as "the Instagram for video," raised money from Goldman in 2012 but shut down its smartphone app two years later. Investments in ZocDoc Inc., an online appointment and ratings system for doctors, and e-commerce firm BeachMint Inc. haven't performed as expected, people familiar with

the matter said.

And Goldman has been burned before. In 1999, the firm invested \$100 million in online grocer Webvan Group Inc., a deal endorsed by Hank Paulson, who had been a senior investment banker and later became Goldman's chief executive, people familiar with the matter said. Webvan went bankrupt two years later as the dot-com bubble burst.

The recent effort traces back to the lean years after the financial crisis, when IPOs dried up. Eager to stay close to promising startups, Goldman focused on introducing them to venture capitalists. As its bankers brokered fundraising rounds, they began putting the firm's money in, too.

They invested \$25 million in Dropbox in 2011 and \$5 million in Square in 2012, according to securities filings and people familiar with the matter. Goldman later made loans to both companies and was lead underwriter on their IPOs.

When Square went public in 2015, its lower-than-expected IPO price triggered a provision in Square's shareholder agreements that required the com-

pany to give its investors, including Goldman, additional shares. Goldman was among the banks that helped set the IPO price.

Goldman invested in Uber at a roughly \$200 million valuation in 2011, the people said. The deal—a huge winner, as Uber's valuation has soared past \$50 billion—benefited from a stroke of luck: When Goldman executives sought approval from then-CFO David Viniar, he had recently received a call from his daughter in San Francisco about a hot new app that summoned cars on demand.

Goldman's bankers have been branching out in their investing. What was once known internally as the Internet Fund is now the Growth Investment Fund, and executives have been tasked with sourcing investment opportunities in consumer products, financial services, energy and health care.

In addition to investing in Ripple Foods, the pea-milk company, bankers late last year considered an investment in Beyond Meat, a startup that makes meatless burgers, people familiar with the matter said.

Sales Shift

Whole Foods is winning back shoppers after Amazon bought it and slashed prices, an analysis of anonymized credit- and debit-card transactions shows. The result is cheaper average orders for shoppers.

Cumulative change in monthly sales since January 2013

+34%

AMAZON ACQUIRES WHOLE FOODS

Source: Second Measure

Cumulative change in number of customers since January 2013

+27%

Source: Second Measure

Change from a year earlier in average sales per customer

Source: Second Measure

BUSINESS NEWS

Trump to Attend Space Council

Meeting to explore joint efforts to send astronauts, robots into low-Earth orbit

By ANDY PASZTOR

President Donald Trump on Monday is scheduled to attend for the first time a public meeting of the White House's top space-policy council, underscoring a personal commitment to human exploration of the moon, and eventually Mars.

Mr. Trump's participation, according to people familiar with the details, is intended to highlight, and help boost momentum for, joint industry-government exploration concepts.

But the move comes as former Speaker of the House Newt Gingrich and retired Air Force Gen. Simon "Pete" Worden—two outspoken supporters of commercial ventures in space—have been sidelined from serving on an advisory panel to the senior-level National Space Council.

Both initially were named months ago to serve on the panel, called the Users Advisory Group, but now have been removed from the list as a result of complications in vetting their financial and business ties, according to two of the people knowledgeable about the issue.

Some aerospace industry officials and independent



The space council in October. Monday's session is expected to emphasize an expected larger role for private enterprise in exploration.

space experts worry that the vetting difficulties reflect broader issues blocking an aggressive shift toward expanded commercial involvement in U.S. space missions over the next two decades.

Mr. Gingrich confirmed in an email Saturday that he will be attending the next meeting of the group "as a public citizen," because "my attorneys

were very uncomfortable" with another role. Mr. Gingrich also wrote that he was offered a more official position, which he said he declined.

In addition, the former speaker indicated that Gen. Worden, who served as director of the National Aeronautics and Space Administration's Ames Research Center in the San Francisco Bay

Area, won't be a member of the advisory panel either. He added that an alternate role for Gen. Worden "is still being worked out."

Gen. Worden declined to comment except to indicate that his ties as an adviser to Luxembourg's government caused some of the legal hitches.

A spokeswoman for Vice President Mike Pence, who is

chairman of the space council, didn't respond to requests for comment.

Monday's televised White House session is expected to emphasize an anticipated larger role for private enterprise in sending both astronauts and robotic spacecraft into low-Earth orbit, to the lunar surface and ultimately, deeper into the solar system.

Chemical Industry Merger In Works

By DANA MATTIOLI
AND LUCIANA MAGALHAES

Chemical companies **LyondellBasell Industries** NV and **Braskem** SA said Friday that they have entered into exclusive talks regarding a potential merger.

In October, The Wall Street Journal reported that Lyondell had made a takeover approach to Braskem, a petrochemical giant, and that the sides were in preliminary talks.

The talks have been complex given Braskem's ownership structure.

Braskem, which has a market capitalization of \$8.7 billion, is co-owned by Brazilian state oil firm **Petróleo Brasileiro** SA, known as Petrobras, and construction firm **Odebrecht** SA. According to the company, Odebrecht controls 50.1% of the voting shares, while Petrobras controls 47%.

Braskem's shares rose 21% amid the news.

LyondellBasell has been negotiating with Odebrecht to buy Braskem but until now hadn't been allowed to perform due diligence, according to people familiar with the matter. On Friday, the companies said they would begin due diligence, negotiating definitive agreements and obtaining corporate approvals.

The process could take a few months, according to a person familiar with the matter, and there is no guarantee there will be a deal.

LyondellBasell is a Netherlands-based chemicals-and-polymer producer with a big presence in Houston. It was formed in 2007 when Dutch chemical company Basell International Holdings BV paid \$12.7 billion to buy Houston-based Lyondell Chemical Co.

—Austen Hufford contributed to this article

BUSINESS WATCH

ILUKA RESOURCES**BHP Project Likely To Double Royalties**

BHP Billiton Ltd.'s South Flank project will more than double royalties for **Iluka Resources** Ltd. starting in 2021, Macquarie estimates.

It's a deal that accounts for roughly 30% of Iluka's net present value, according to the investment bank. Iluka shares

have risen 3.5% this month.
—Rhiannon Hoyle

AIR NEW ZEALAND**Revenue Estimates Rise for Carrier**

Morningstar has lifted its revenue projections for **Air New Zealand** Ltd. by around 1% per year on average over the next five years, reflecting stronger-than-expected capacity growth

despite the pressure of rising fuel costs.

Morningstar says the airline's fiscal-year 2018 fuel bill will be NZ\$990 million (US\$687 million), some NZ\$100 million more than the previous year and up from earlier fiscal-year 2018 expectations of NZ\$975 million.

Despite continued growth at the airline, Morningstar says it believes shares are overvalued and keeps its fair-value estimate

unchanged at NZ\$2.60 per share.

—Mike Cherney

AIRLINES**EU Admits Carriers From Indonesia**

The European Union has lifted the ban on Indonesian carriers from flying into the EU.

The ban was first put in place in 2007 because of safety

concerns. Some Indonesian carriers since then won the right to fly into the EU after demonstrating they could satisfy European safety demands.

The overall ban has now also been lifted. The EU still bans 119 carriers. It bans 114 because of blanket bans on their 15 countries of origin, and an additional five are singled out separately, including **Iraqi Airways** and **Iran Aseman Airlines**.

—Robert Wall

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BUSINESS & TECHNOLOGY

WSJ.com/Tech

Aggressive Litigator Led AT&T to Win

By DREW FITZGERALD
AND SARAH KROUSE

On the second day of hearings over AT&T Inc.'s bid to buy Time Warner Inc., lead defense lawyer Daniel Petrocelli rebutted a Justice Department attorney who mentioned his long experience litigating corporate competition issues.

Unlike his opponent, "who's tried many, many antitrust cases, and I admire him, I've tried a total of zero," Mr. Petrocelli said. "But I've been around the block a couple of times."

U.S. District Judge Richard Leon, who would decide the case's outcome, joked he would make a note of it.

The exchange foreshadowed a hallmark of the companies' ultimately successful defense, which relied on simplicity and aggressive cross examination.

That strategy helped sow doubts about the Justice Department's allegation, that the combination of AT&T's distribution network and Time Warner's popular channels would lead to higher pay-television prices.

Judge Leon on Tuesday rejected the government's claims, allowing the companies to close a roughly \$81 bil-



NICHOLAS KAMM/AGENCE FRANCE PRESSE/GETTY IMAGES

Lead defense lawyer Daniel Petrocelli said in court he has been 'around the block a couple of times.'

lion transaction after nearly two years of waiting.

The judge wrote in a harshly worded 172-page opinion that the plaintiffs had failed to meet their burden of proof. Mr. Petrocelli is a trial attorney better known for representing celebrities. His high-profile corporate assignment followed another politically fraught matter: He represented President Donald

Trump in a class-action fraud lawsuit against Trump University that ended up settling, but not before Mr. Trump accused the judge of being biased because of his Latino heritage.

Mr. Petrocelli was backed in the AT&T case by antitrust experts and other specialists. But he handled most testimony, often attacking the government's witnesses to strip away their credibility.

"You don't know without looking at the document, correct?" Mr. Petrocelli once asked University of California, Berkeley professor Carl Shapiro, the government's chief economic witness, referring to data that figured into his report on leverage in pay-TV negotiations.

Mr. Shapiro looked annoyed and commended Mr. Petrocelli for his "flair" in picking out a

detail from a long report. "You've got me on that one," he said. "I didn't get you," Mr. Petrocelli responded. "You got you."

Mr. Shapiro didn't reply to a request for comment.

The Justice Department won some evidentiary skirmishes, getting often-embarrassing internal AT&T documents admitted into the record. But AT&T lawyers often spent more time attacking opposing witnesses than they did defending against the documents' content.

When Mr. Petrocelli did sweat the details, it was often to demand some piece of corroborating evidence from a government witness, then sailing that expert or executive for not producing it.

Company attorneys also fought to keep public the testimony from rivals of AT&T and its DirecTV satellite unit. Lawyers for cable and satellite providers such as Charter Communications Inc., Comcast Corp., Cox Communications Inc. and Dish Network bristled at discussing sensitive negotiations in public.

But defense lawyers wanted them to be watched, according to a member of Mr. Petrocelli's team, figuring they would be

less likely to warn that AT&T could kill their business if their own investors were privy to the testimony.

The gambit worked. Mr. Petrocelli attacked executives from Cox and Dish on the witness stand, and Comcast, itself an owner of NBCUniversal's media assets, didn't give the government much compelling testimony.

Judge Leon said Tuesday that their testimony was of "limited probative value."

"AT&T did practically everything right, and the Justice Department did everything wrong," said Nicholas Economides, a professor of economics at New York University's Stern School of Business who watched part of the trial.

Justice Department lawyers often took issue with the way the companies defended their case and accused their lawyers in a posttrial brief of making "a mockery of the judicial system."

Makan Delrahim, the department's antitrust chief, said in an interview after a public appearance in New York on Wednesday that he didn't know whether the agency would appeal the decision.

—Brent Kendall contributed to this article.

Deal Increases Ad Space

By ALEXANDRA BRUELL

AT&T Inc.'s DirecTV knows where its subscribers live, how old they are and what they like to watch, helping brands send ads to households more likely to care about their products.

But AT&T has barely scratched the surface on how its wireless data can help in television ad targeting, and it has very little commercial space to sell.

That could all change now that the telecommunications company has acquired media giant Time Warner Inc., having defeated the Justice Department's antitrust lawsuit.

AT&T currently has two minutes of ad space per TV hour to sell on satellite service DirecTV. Time Warner's Turner cable channels, which include CNN, TNT and TBS, will give it about 14 more minutes per hour.

That means it could replace a broad national pharmaceutical ad on TBS's "Conan," so that a young family in New Jersey viewing the late-night show would see a baby diaper ad while a young single person nearby would see a sports car ad. Data from AT&T's wireless subscribers—including their usage habits, purchase habits and location—will help target ads and determine if they prompted someone to buy something or go somewhere.

AT&T's pitch to advertisers is that they can be spending money more efficiently. Last summer the company brought in a top Madison Avenue executive from ad giant WPP PLC, Brian Lesser, and had him reporting directly to Chief Executive Randall Stephenson, signaling the importance of this piece of the busi-

ness to AT&T.

The company's experience thus far with targeted ads has underscored their value. Advertisers on its pay-TV services are paying "three, four, and five times per impression what companies like Turner, CBS and those companies are getting," John Stankey, the AT&T executive charged with running Time Warner, said during the antitrust trial.

The cost per thousand impressions—a common currency for pricing TV ad units—for a targeted ad aimed at specific households can top \$60, compared with an average of \$10 for a national ad, said Tracey Scheppach, chief executive of ad consultancy Matter More Media and a former media executive at ad giant Publicis.

—Drew FitzGerald contributed to this article

Microsoft's Fixes Come Too Slowly

Continued from page B1 While Microsoft has been stuck in old ideas, it built mobile and web apps, but it built them to look and work like desktop apps from a decade ago. Microsoft appears terrified of changing anything and angering anyone.

Still, Office is inching toward the future (or at least toward the present). Microsoft recently announced the biggest Office redesign in years, intended to make the apps cleaner, faster and more collaborative.

The change will come slowly: The new look is coming first to Word and Outlook, and only for a few users. It could be months before you notice anything different. The new design feels like a step in the right direction. But it also feels too small, too slow and maybe too late.

When I think of Office, one image always comes to mind: the ribbon at the top of every app, chock-full of every option and feature anyone could need, blocking out a third of the screen.

Microsoft has simplified the space, shrinking the ribbon into something smaller and more legible. The ribbon now displays about a dozen popular actions, relegating everything else to a three-dot button on the right side. You can pin actions you like, and remove ones you don't.

This simple change makes a big difference. There's more room for content; every app looks lighter and more modern. If you miss having all those buttons around, you can always go back to the way things were: just click the arrow on the right side of the toolbar.

But seriously, don't. It's better this way. I'd prefer Microsoft go even further and condense the menu to a single line. If you really need the footnote tool for your 1,000-page novel, you can search for it.

Search is a big part of the new Office. Microsoft is making use of one of the best features of Outlook Mobile, its predictive search, which suggests the messages or files you might be looking for even before you type a query. Carefully filing your documents and emails is an anticipated notion.

Microsoft has been catching up to Google's in-document collaboration tools. Office allows collaboration between mobile, desktop and web apps, rather than forcing everyone into a browser tab. This redesign organizes sharing and co-working options into a single corner of the app. Google still has better collaboration, though: Office has some lingering issues with saving everyone's work, and doesn't offer handy features such as Google's suggestion mode.

Do all these changes sound obvious and overdue? They should. Faster apps, powerful search, and cleaner design have been among the reasons Google's service has

The company's goal is to build an Office that orients itself to each user's desires.

grown so fast. There isn't a lot to tempt Google users back into the Office fold, though Microsoft's moves might help it retain people who haven't left.

Here's the heart of Microsoft's dilemma: It had two very different users in mind when redesigning Office. There are the billion-plus people who already use and rely on Office, and then there are another billion or more in developing countries who have never used Office, or its competitors.

Both groups want simplicity and intelligence, but existing users tend to hate when things are removed or changed. Jon Friedman, Microsoft's chief designer for Office products, says his team tries to "balance simplicity versus power."

He acknowledges that power has been tipping the

scale for a long time. There are too many options and buttons on every surface in Office. Most people don't need most of them. But even if a tiny percentage of people use a particular one, that's still millions of people.

Allowing more customization is a good start—users can pick what they want. But most won't. Going forward, Microsoft's goal is to build an Office that automatically orients itself to each user's desires.

What does a personalized Office mean? Beyond the search functions already rolling out, it would mean tweaking the ribbon as you work, surfacing buttons you need, hiding the rest. It means better sharing and collaboration across all devices and platforms. This update includes the beginnings of that, but Microsoft needs to do more. And get it to users faster.

A few years ago, Microsoft changed the way it developed the Windows operating system. Rather than ship huge updates every few years, it treated the software like an app it could improve constantly and incrementally. That's how it treats Office now, too.

Mr. Friedman described the current stage as "an editing exercise," cleaning things up in preparation for more changes to come.

At some point, though, Microsoft is going to have to do more than an incremental update. The only way Office can ever be more than a cleaned-up version of decades-old software is for Microsoft to stop preserving outdated workflows and start moving with its users into the future. Office users might fear change, but they'd like apps that launch faster and ribbons that don't crowd the page. New users will want something smarter and more efficient, not so loaded with features that it only litters along.

Office could be the cross-device, cross-platform productivity tool kit of everyone's dreams, and Microsoft seems to know what that takes. But it has to stop coddling the users still living in 1995, and start showing them how great 2018 can be.



The Office redesign seeks to make apps like Word and Outlook cleaner and more collaborative.

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BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re: EV ENERGY PARTNERS, L.P. Case No. 18-10814 (CSS) Debtors. (Jointly Administered)

NOTICE OF (I) ENTRY OF ORDER APPROVING THE DISCLOSURE STATEMENT FOR AND CONFIRMING THE DEBTORS' FIRST MODIFIED JOINT PREPACKAGED CHAPTER 11 PLAN AND (II) OCCURRENCE OF THE EFFECTIVE DATE TO: ALL HOLDERS OF CLAIMS, HOLDERS OF INTERESTS, AND PARTIES IN INTEREST IN THE ABOVE-CAPTIONED CHAPTER 11 CASES

PLEASE TAKE NOTICE that on May 17, 2018, the Honorable Christopher S. Sontchi, United States Bankruptcy Judge for the United States Bankruptcy Court for the District of Delaware, entered the Order Approving the Debtors' Disclosure Statement for and Confirming the First Modified Joint Prepackaged Chapter 11 Plan and (ii) Occurrence of the Effective Date to: All Holders of Claims, Holders of Interests, and Parties in Interest in the Above-Captioned Chapter 11 Cases.

PLEASE TAKE FURTHER NOTICE that, on June 4, 2018, the effective date of the Debtors' chapter 11 plan occurred, and the Debtor emerged from chapter 11.

PLEASE TAKE FURTHER NOTICE that the confirmation order and the plan are available for inspection. If you would like to obtain a copy of any document filed in this chapter 11 cases, you may contact Prime Clerk LLC, the notice, claims, and solicitations agent retained by the Debtors, by:

(a) calling the Debtors' restructuring hotline at (877) 754-4210; (b) writing to the Debtor's agent at P.O. Box 1138; or (c) writing to EV Energy Partners L.P., Inc. Claims Processing Center, c/o Prime Clerk LLC, 830 Third Avenue, 9th Floor, New York, NY 10022. You may also obtain copies of any document filed in these chapter 11 cases for a fee via PACER, the bankruptcy court's electronic filing system, at www.deb.uscourts.gov.

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The state of Florida is seeking a Commissioner for the Office of Financial Regulation.

The Commissioner is appointed by the Financial Services Commission comprised of the Governor, Chief Financial Officer, Attorney General and Commissioner of Agriculture. The Office of Financial Regulation has 354 employees and an annual budget of approximately \$41 million.

For job requirements and to apply, visit jobs.myflorida.com and search for keyword 43004009. Application deadline is June 22, 2018.

PUBLIC NOTICES

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Handshake started a sunrise period on March 20, 2018 (the "Sunrise Period"). The purpose of the Sunrise Period is for trademark holders and applicants to claim and receive their USPTO or European Union registered, or other trademark equivalent, registered in another country, trademarked domain names and receive their trademarked domain names as a Handshake name. The Sunrise Period will end on the day of Mainnet Launch.

The top one hundred thousand ranked domain names, according to Alexa on 2018-06-04 18:18:41 timezone PST have been pre-reserved as of the Handshake network. This Sunrise Period is for domain name holders that have a pending trademark application or a trademarked domain name but do not currently own a top one hundred thousand Alexa ranked domains. Any person desiring to claim this Handshake name must file a trademark application on the Handshake blockchain. Handshake Foundation is providing forms for both types of users to claim their respective Handshake names.

In order to claim your trademarked domain name during the Sunrise Period, you MUST fill out this form on the Handshake.org website. Only the verified or pending trademark holder or a registered agent thereof can claim a pending or trademarked name on the Handshake blockchain during the Sunrise Period. Upon Mainnet Launch, claims via the application will close. Following this period, entities can register Handshake names associated with their trademarked domain names through the regular Handshake auction process.

If you fail to fill out this form within the Sunrise Period, there is no guarantee at mainnet launch that you will be able to claim a domain name on the Handshake name system that references your trademark(s), and there is no guarantee you will be able to claim the name(s) in the future. After the sunrise period is over, Handshake will launch as a distributed, and decentralized system free from centralized control and secured by a proof of work consensus algorithm. This means that the Handshake Foundation will not be able to assist with name disputes as any changes to the system will be subject to community consensus which we cannot guarantee.

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BUSINESS NEWS

Medical Innovators Draw Chinese Funds

By JONATHAN D. ROCKOFF
AND PREETIKA RANA

Fledgling biotechs and medical-technology startups in the U.S. and Europe have found a new source of funding for their costly research: China.

Foreign health-care investments by Chinese venture-capital and private-equity firms reached a record \$3.5 billion last year, up from \$500 million four years earlier, according to Bain & Co. Much of the new money has gone to buying stakes in U.S. and European firms.

For some Western life-sciences firms, such funding has become instrumental. All nine named investors in a \$300 million financing round last month for Grail Inc., a blood-testing startup based in Menlo Park, Calif., were from Hong Kong or mainland China.

Such investments are helping fuel a flush funding market for drug, device and diagnostic firms in the West. So far this year, follow-on financings for such companies have raised \$13.6 billion and initial public offerings have added \$1.9 billion, according to Dealogic. That is more than in any similar stretch during the past 20 years except in 2015.

Yet the influx has raised concerns among industry officials and advisers that some valuations are getting excessive and that inexperienced investors from China might underestimate the risks and flee in a downturn.

"The risk is the market gets overheated, valuations get too stretched, and in some parts of the market, there is some froth," said Les Funtleyder, health-care portfolio manager at E Squared Capital Management in New York, which has partnered with Chinese private-equity firms on investments in the past few years. "But for the time being, health care is a good place to be."

The sector's strong performance in recent years is a ma-

jor draw for money managers in China, who have been running out of places there to invest rapidly growing funds. China's venture-capital and private-equity funds focused on health care raised \$40 billion last year, double the amount raised a year earlier, according to Shanghai-based consultancy ChinaBio.

QMIS Financial Group, a 13-year-old Hong Kong investment bank and asset-management firm, plans to invest as much as \$300 million in privately held health-care companies in the U.S. that are on track to be publicly traded, said President Dato'Sri Chin, who recently visited with several potential targets.

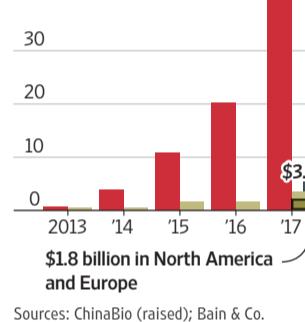
Though such investments are risky, the U.S. market "has the ability to incubate and help these companies grow," Dr. Chin said through a translator. "Biotech can bring very quick returns."

Some Chinese venture and money-management firms have formed funds dedicated to investing in U.S. and European life-sciences companies.

Qiming Venture Partners, a Shanghai firm, raised more than \$100 million to invest in the U.S. last year, said managing partner Gary Rieschel.

Caring About Health

Amounts raised by Chinese venture-capital and private-equity funds focused on health care, plus sums invested overseas



Sources: ChinaBio (raised); Bain & Co. (invested)
THE WALL STREET JOURNAL.



The animated 'Incredibles 2' provided a lift for Pixar, whose co-founder John Lasseter plans to leave the company at year-end.

'Incredibles 2' Opens No. 1

Pixar's superheroes give the Disney studio a record first weekend for an animated movie

By ERICH SCHWARTZEL

LOS ANGELES—The superheroes of "Incredibles 2" came to the rescue for Pixar Animation after several tumultuous months at the studio, collecting a record-setting \$180 million at the domestic box office this weekend.

The opening is the highest ever for an animated film, surpassing the Walt Disney Co. studio's own "Finding Dory" debut by \$45 million. Overseas returns added an estimated \$51.5 million to the opening.

That is good news for Pixar, which lost its top creative guru earlier this month when Disney said co-founder John Lasseter would leave the company at the end of the year.

Mr. Lasseter, considered the most successful animation creator of the modern era, had left the company for a sabbatical in November, after sending an email to employees to apologize after allegations of inappropriate behavior.

Estimated Box-Office Figures, Through Sunday

FILM	DISTRIBUTOR	SALES, IN MILLIONS		% CHANGE
		WEEKEND*	CUMULATIVE	
1. Incredibles 2	Disney	\$180	\$180	--
2. Ocean's 8	Warner Bros.	\$19.6	\$79.2	-53%
3. Tag	Warner Bros.	\$14.6	\$14.6	--
4. Solo: A Star Wars Story	Disney	\$9.1	\$192.8	-42%
5. Deadpool 2	20th Century Fox	\$8.8	\$294.7	-38%

*Friday, Saturday and Sunday Source: comScore

appropriate hugging and touching were made against him.

"Incredibles 2" is the first Pixar release completed in Mr. Lasseter's absence.

The original "Incredibles" opened to \$70.5 million in 2004, going on to collect \$261 million domestically and \$633 million world-wide. The movie, which won the Oscar for best animated feature, has become a top franchise that Disney has incorporated into its theme parks.

"Incredibles 2" picks up where the first "Incredibles" left off, as Elastigirl (voiced by Holly Hunter) asks her husband (Craig T. Nelson) to care for the children as she heads off to fight the bad guys.

Even by the standards of the Pixar record, the sequel's opening was monstrous. It is now the eighth-highest opening of all time, between Disney's own "Avengers: Age of Ultron" and "Captain America: Civil War." The studio has nine of the top 10 highest openings of all time; the only outlier is "Jurassic World."

Disney is on a streak at the box office but suffered a surprising blow earlier this summer with "Solo: A Star Wars Story," which has grossed an underwhelming \$192.8 million since opening in late May. Few in Hollywood would have expected "Incredibles 2" to

nearly match the cumulative gross of "Solo" in its opening weekend alone.

Box-office analysts had expected "Incredibles 2" to be a hit, but its outsize haul is also aided by an unusual dearth of family-friendly entertainment at the multiplex. There have been no significant animation hits since November, and the only kids-oriented title to collect over \$100 million so far this year is "Peter Rabbit," at \$115 million. "There's a pent-up demand," said Cathleen Taff, Disney's head of theatrical distribution.

The weekend's other new releases opened modestly.

"Tag," a comedy about adult friends who keep up a yearslong round of the school-yard game, grossed \$14.6 million in third place. The movie, based on a Wall Street Journal article about four friends who avoid being "it" for one month a year, was released by Time Warner Inc.'s Warner Bros. "Superfly," a remake of the 1972 movie about a cocaine kingpin, fizzled with an \$8.4 million gross since opening Wednesday. It was distributed by Sony Corp.'s Sony Pictures Entertainment.

<RIDESHARING/> <ARTIFICIAL INTELLIGENCE/>**<BIG DATA/>
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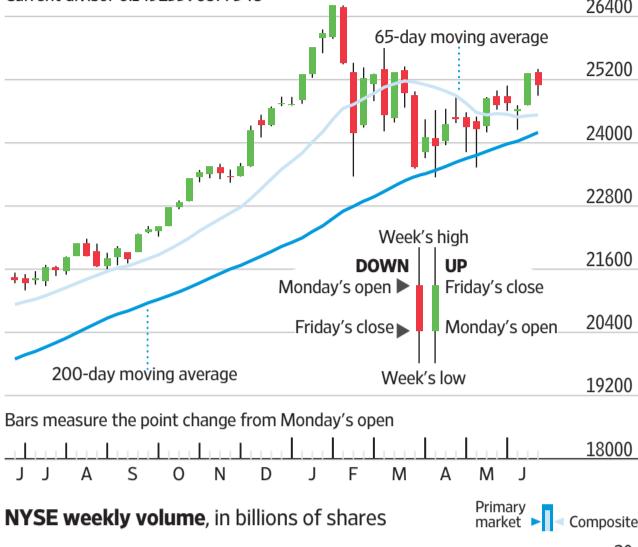
The Harris Poll

Harris Insights & Analytics LLC, A Stagwell Company

MARKETS DIGEST

Dow Jones Industrial Average

25090.48 ▼226.05, or 0.89% last week
High, low, open and close for each of the past 52 weeks



Bars measure the point change from Monday's open

J J A S O N D J F M A M J

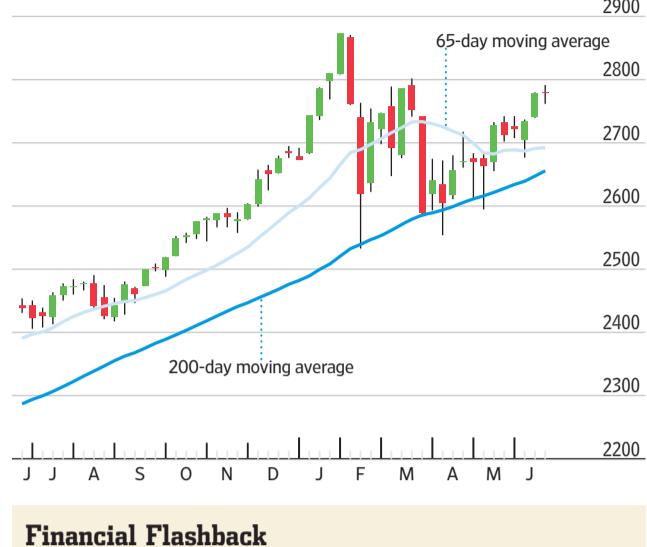
NYSE weekly volume, in billions of shares Primary market Composite

J J A S O N D J F M A M J

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2779.66 ▲0.63, or 0.02% last week
High, low, open and close for each of the past 52 weeks



J J A S O N D J F M A M J

200-day moving average

65-day moving average

Week's high DOWN UP

Monday's open ► Friday's close

Friday's close ► Monday's open

Week's low

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New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range(\$)	Bookrunner(s)
6/18	5/18	LF Capital Acquisition Blank check company.	LFACU	13.5	10.00/ B Riley FBR, 10.00 Raymond James & Assoc	
6/19	5/25	Eidos Therapeutics Biopharmaceutical company developing treatments for diseases caused by transthyretin.	EIDX	6.3	15.00/ JPM, BofA ML, 17.00 Barclays	
6/20	5/23	Aptinyx Biopharmaceutical company developing therapies for neurological disorders.	APTX	5.3	14.00/ JPM, Cowen & Co, 16.00 Leerink Prtnrs, BMO Cptl Mkts	
6/20	5/25	AvroBio Developer of gene therapies for Fabry disease, acute myeloid leukemia and other rare diseases.	AVRO	4.4	16.00/ MS, Cowen & Co, 18.00 WFS, Wedbush Secs	
6/20	5/25	Essential Properties Realty Trust Real estate company that acquires, owns and manages primarily single-tenant properties.	EPRT	32.5	14.00/ GS, Citi, Barclays, 17.00 BofA ML, Credit Suisse	
6/20	5/25	i3 Verticals Financial technology company providing payment processing and software.	IIIIV	6.7	11.00/ Cowen & Co, 13.00 Raymond James & Assoc, KeyBanc	
6/20	5/24	Kezar Life Sciences Biotechnology company developing therapeutics to treat unmet needs in autoimmunity and cancer.	KZRL	4.7	14.00/ Jefferies, 16.00 Cowen & Co, WFS, W. Blair	
6/20	5/24	Magenta Therapeutics Developing therapies to make stem cell transplants more effective.	MGTA	6.7	14.00/ JPM, GS, 16.00 Cowen & Co	
6/20	5/24	Xeris Pharmaceuticals Biopharmaceutical company developing injectable drugs.	XERS	5.0	14.00/ Jefferies, Leerink Prtnrs, 16.00 RBC Cptl Mkts, Mizuho	
6/21	5/7	Autolus Therapeutics Biopharmaceutical company developing T cell therapies for the treatment of cancer.	AUTL	7.8	15.00/ GS, Jefferies, 17.00 WFS, W. Blair	
6/21	5/21	ElectroCore Biotechnology company developing treatments within neurology and rheumatology.	ECOR	4.3	14.00/ Evercore, JMP Secs, 16.00 BTIG	

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Issuer	Symbol	Offer price(\$)	Offer amt (\$ mil.)	Through Friday (%)	Lockup provision
June 19	Dec. 21, 17	LexinFintech Holdings	LX	9.00	124.2	82.6	180 days
June 20	Dec. 22, 17	iClick Interactive Asia	ICLK	8.00	34.5	-10.5	180 days

Sources: Dealogic; WSJ Market Data Group

Other Stock Offerings
Secondaries and follow-ons expected this week in the U.S. market

Expected Issuer/Business	Symbol/Primary exchange	Amount (\$ mil.)	Friday's price(\$)	Bookrunner(s)
June 18 InVivo Therapeutics Holdings Healthcare	NQ	12.2	5.80	Ladenburg Thalmann
June 20 Catabasis Pharmaceuticals Healthcare	CATB	34.9	1.34	Oppenheimer

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/Registration date	Deal value (\$ mil.)	Registration (mil.)	Bookrunner(s)
Azure Software Technology	June 14 April 2, 18	\$43.8	...	Cowen & Co, Canaccord Genuity, Roth Cptl Prtnrs

Sources: Dealogic; WSJ Market Data Group

Public and Private Borrowing

Treasurys

Monday, June 18 Tuesday, June 19

Auction of 13 week bill; Auction of 4 week bill;

announced on June 14; settles on June 21 announced on June 18; settles on June 21

Auction of 26 week bill; Auction of 52 week bill;

announced on June 14; settles on June 21 announced on June 14; settles on June 21

Thursday, June 21 Auction of 30 year TIPS; announced on June 14; settles on June 29

Wednesday, June 20 Auction of 10 year TIPS; announced on June 14; settles on June 28

Public and Municipal Finance Deals of \$150 million or more expected this week

Sale	Final maturity	Issuer	Total (\$ mil.)	Rating Fitch Moody's S&P	Bookrunner/Bond Counsel(s)

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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end generally do not buy their shares back from investors who wish to cash in. **W**hile most funds show a date on a stock exchange, it means the last information available or not applicable. **NS**ignifies fund not in existence of entire period. 12 month yield is computed by dividing income dividends paid (during the previous twelve months for periods ending at month-end or during the previous fifty-two weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, June 15, 2018

52 wk Fund (SYM) NAV Close/Disc Ret Prem Ttl

General Equity Funds

Adams Divers Equity Fd **ADX** 18.34 15.70 -14.4 20.1

Boulder Growth & Income **BIF** 12.56 10.66 -15.1 15.2

Central Securities **CET** 34.01 28.60 -15.9 19.4

CohSteer Opprtnity **Fd** **CLF** 10.34 13.01 -4.6 9.3

Cornerstone Strategic **CFM** 12.80 NA NA NA

Cornerstone TR Fd **CRF** 12.44 NA NA NA

EtrVnc TaxAdv Div **EVN** 12.39 NA 16.6

Gabelli Dividend & Incm **GDV** 24.51 23.12 -5.7 11.5

Gabelli Equity Trust **GAB** 6.37 6.35 -0.3 14.7

GenAmerican Investors **GAN** 41.58 35.16 -15.4 14.8

Hnck John TaxAdv **HTD** 24.14 22.60 -6.4 -2.9

Liberty All Star USA **USA** 6.92 6.64 -4.0 31.3

Royce Micro-Cap **RTM** 11.07 10.23 -7.6 29.2

Royce Value Trust **RVT** 17.80 16.24 -8.8 22.1

Source Capital **SOR** 45.24 40.60 -10.3 8.5

Tri-Continental TY **TRI** 31.03 27.52 -11.3 18.1

Specialized Equity Funds

Aberdeen Gbl Prcm Prop **AWP** 6.94 6.46 -6.9 13.5

Adams Natural Rsrcs Fd **PEO** 23.44 19.87 -15.2 12.1

Neuberger Berman MLP Incm **NML** 9.50 8.82 -7.2 6.3

Blkrk Rnch Cn Incm **CIH** 17.27 16.52 -4.3 18.7

First Tr Mlp Enfrg Incm **FBI** 16.41 15.92 -3.3 -7.7

FstTr Mlp Enfrg Incm **FII** 17.81 12.71 -0.8 -7.3

FstTr Mlp Enfrg Incm **FIV** 17.81 12.71 -0.8 -7.3

Gabelli Utility Tr **GUT** 4.86 5.77 -18.7 -5.3

GAMCObig GoldhRtRscs&lc **GMZ** 5.03 5.10 +1.4 3.7

Goldman Sachs Mlp Incm **GMS** 8.73 8.73 -6.3

Goldman Sachs Mlp Energy **GER** 6.06 6.06 -5.0

John Hancock Finl Opps II **HPF** 20.98 21.00 +0.1 4.0

John Hancock Prf Div Fd **HPF** 22.02 22.61 +2.7 -2.6

Duff & Phelps **DNP** 8.82 10.96 +2.43 6.3

Duff & Phelps Gbl Utilit Fd **DPG** 15.79 14.11 -10.6 -6.4

Eaton Vance Eq Incm Fd **EOI** 16.05 16.05 NA 26.4

Eaton Vance Eqty Incl Fd **EOA** 11.70 11.70 NA 28.5

EtnVnc RskMngd **ETJ** 9.71 9.71 NA 2.6

EtnVnc Tax Mgt Buy-Wrtte **ETW** 16.16 16.16 NA 7.1

Eaton Vance Buy/Wrtte Op **ETV** 15.52 15.52 NA 10.3

Eaton Vance Tax Mngd Div **ETY** 12.55 12.55 NA 17.4

Eaton Vance Tax-Mngd Cpp **ETX** 12.05 12.05 NA 15.3

ETvnc TaxMngdGblEqinc **EXG** 9.53 9.53 NA 14.0

Ft Energy Inc & Growth Fd **FEN** 22.36 22.85 +2.2 -1.7

FstTr EnhEqtnCn Fd **FFA** 16.65 16.16 -2.9 16.0

AllianzGl Conv & Incm **IFC** 5.67 6.06 -6.9 9.6

AllianzGl Conv & Incm **IEF** 24.30 22.26 -8.4 21.8

Calamos Hlnc Fd **ICH** 11.98 12.74 +6.3 19.2

Calamos CHI **ICH** 11.36 11.80 +3.9 16.4

World Equity Funds

Aberdeen Total Dyn Div **ADP** 10.09 9.13 -9.5 12.2

Calamos Gbl Dividntr **ADT** 39.10 38.55 -1.4 11.4

Macquarie Gbl Infrstrct **MGU** 25.18 22.17 -12.0 -1.7

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MARKETS



Angelo Mozilo built the U.S.'s largest mortgage lender.

Angelo Mozilo Won't Take Blame

BY CHRISTINA REXRODE

A decade after the financial crisis, The Wall Street Journal has checked in on dozens of the bankers, government officials, chief executives, hedge-fund managers and others who left a mark on that period to find out what they are doing now. Today, we spotlight former Countrywide CEO Angelo Mozilo.

Angelo Mozilo is regarded by many as one of the chief villains of the housing crisis. But the former head of lender Countrywide Financial Corp. said he and his company had nothing to do with it.

Interviews with The Wall Street Journal—among the few he has given since he lost control of his company a decade ago—he said the liquidity crunch and the ensuing financial panic were primary causes of the financial crisis.

"Not subprime mortgages, not Countrywide, not Angelo Mozilo," said Mr. Mozilo, who turns 80 this year. "I wish I had that kind of power."

Mr. Mozilo, the son of a Bronx butcher, co-founded Countrywide in 1969 as a two-man shop. Over the decades, he built into the largest mortgage lender in the U.S.

But when the housing crisis hit in 2008, Mr. Mozilo and his company faced a reckoning.

Countrywide had long cultivated a reputation as a savvy lender that made it through housing downturns. By the mid-2000s, though, the firm embraced the race-to-the-bottom mortgage-lending mania and delved into riskier loans.

Amid surging delinquencies and a plummeting stock, Mr. Mozilo unloaded his company in a fire sale to Bank of Amer-

ica Corp. That deal in 2008 haunted Bank of America for years, causing billions of dollars worth of legal settlements and loan losses.

"That was a star-crossed deal—all the stars aligned to a bad result," said Nancy Bush, an independent bank analyst.

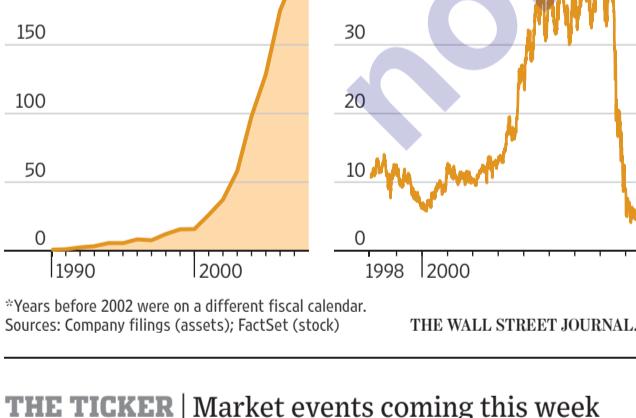
Ms. Bush said the mortgage industry "just kind of lost its mind" during the housing boom of the early 2000s. "It wasn't just Countrywide, but Countrywide was taking shortcuts everywhere," she said. "They weren't picky about quality. And everybody bought into this hook, line and sinker at exactly the wrong time."

The sale didn't get Mr. Mozilo off the hook for Countrywide's behavior, though. In 2009, the U.S. government accused him of dumping \$140 million worth of stock based on insider information about Countrywide's deterioration, making him a walking symbol of the excesses that led to the financial crisis. In 2006, when the housing market was cresting, Mr. Mozilo was paid \$51.8 million, much of it in the form of stock options, according to a regulatory filing.

Despite that, Mr. Mozilo sees himself through the lens of his precrisis reputation, when he was viewed as one of the most successful and innovative financial executives. He has talked previously about how Countrywide used non-traditional forms of credit, such as telephone bills or grocers' bills, to make loans to farmers and minority borrowers, and he has expressed concern that many potential homeowners are being shut out of the lending market because they don't fit the mold of a traditional borrower.

Share Collapse

Countrywide's stock soared as the company grew aggressively, but shares started plunging in 2007.



*Years before 2002 were on a different fiscal calendar.

Sources: Company filings (assets); FactSet (stock)

THE TICKER | Market events coming this week

Monday

No major events are scheduled

Tuesday

Building permits

April, previous 1.352 mil.

May, expected 1.36 mil.

Housing starts

April, previous 1.287 mil.

May, expected 1.31 mil.

Earnings expected*

Estimate/Year Ago(\$)

Fedex **5.66/4.25**

Oracle **0.94/0.89**

Wednesday

Mort. bankers indexes

Purch., previous down 2%

Thursday

Initial jobless claims

Previous 218,000

Friday

Earnings expected*

Estimate/Year Ago(\$)

CarMax **1.24/1.13**

Refin., prev. down 2%

EIA status report

Previous change in stocks in millions of barrels

Crude oil down 4.1

Gasoline down 2.3

Distillates down 2.1

Current account

4th qtr., previous 128.16 bil. deficit

1st qtr., expected 130.8 bil. deficit

Existing home sales

April, prev. 5.46 mil.

May, expected 5.55 mil.

Earnings expected*

Estimate/Year Ago(\$)

Micron **3.12/1.62**

Refin., prev. down 2%

EIA report: natural gas

Previous change in stocks in billions of cubic feet

Leading indicators

April, previous up 0.4%

May, expected up 0.3%

Philadelphia Fed survey

May, previous 34.4

June, expected 29.0

Earnings expected*

Estimate/Year Ago(\$)

Darden Rest. **1.35/1.18**

Earnings expected*

Estimate/Year Ago(\$)

Red Hat **0.68/0.56**

Kroger **0.63/0.58**

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MARKETS

Sizing Up Tesla's \$10 Billion Debt Stack

Electric-car maker has borrowed heavily to fund its big aspirations

Tesla Inc. is growing faster than any other auto maker—just not always in ways stockholders would want. The company's debt has surged just as fast as sales, while profits remain elusive.

The electric-car maker booked a record \$11.8 billion in revenues last year, as it began to launch its highly anticipated Model 3 sedan, up nearly sixfold from 2013. That growth has led stock investors to bless Tesla with a \$57 billion market value, which rivals much larger companies like Ford Motor Co. and General Motors Co.

CEO Elon Musk predicted last week that production of the Model 3 would hit 5,000 cars a week in June and the company would start generating cash flow in the third quarter.

Tesla's cash bleed has accelerated since the Model 3 rolled out last year.

But Tesla has also taken on more than \$10 billion of debt to make up for manufacturing problems—and to recapitalize Mr. Musk's home-solar company SolarCity—and \$1.25 billion falls due next year.

That makes Tesla's fight to generate profits much more urgent than some shareholders might realize. Mr. Musk said Tuesday that the company would cut about 9% of its workforce to save money.

Sources: SEC filings (debt); FactSet (share price, market value)

Email: heard@wsj.com

WSJ.com/Heard

Dollar Hits Emerging Markets

Emerging markets have swung from investor darling to disappointment this quarter. Any bet on a rebound will require patience.

One big stumbling block is the strengthening dollar. This week's decisions by the Federal Reserve and European Central Bank have dented hopes that the greenback might start weakening again.

A weaker greenback not only mathematically increases local-currency returns; it also boosts investment flows to poorer countries, which helps to brighten the growth outlook. When the dollar rises, as it has since April, this mechanism goes into reverse. With signs that the U.S. economy is outperforming, the latest move has been sharp: The ICE dollar index has climbed 6.3% in just two months.

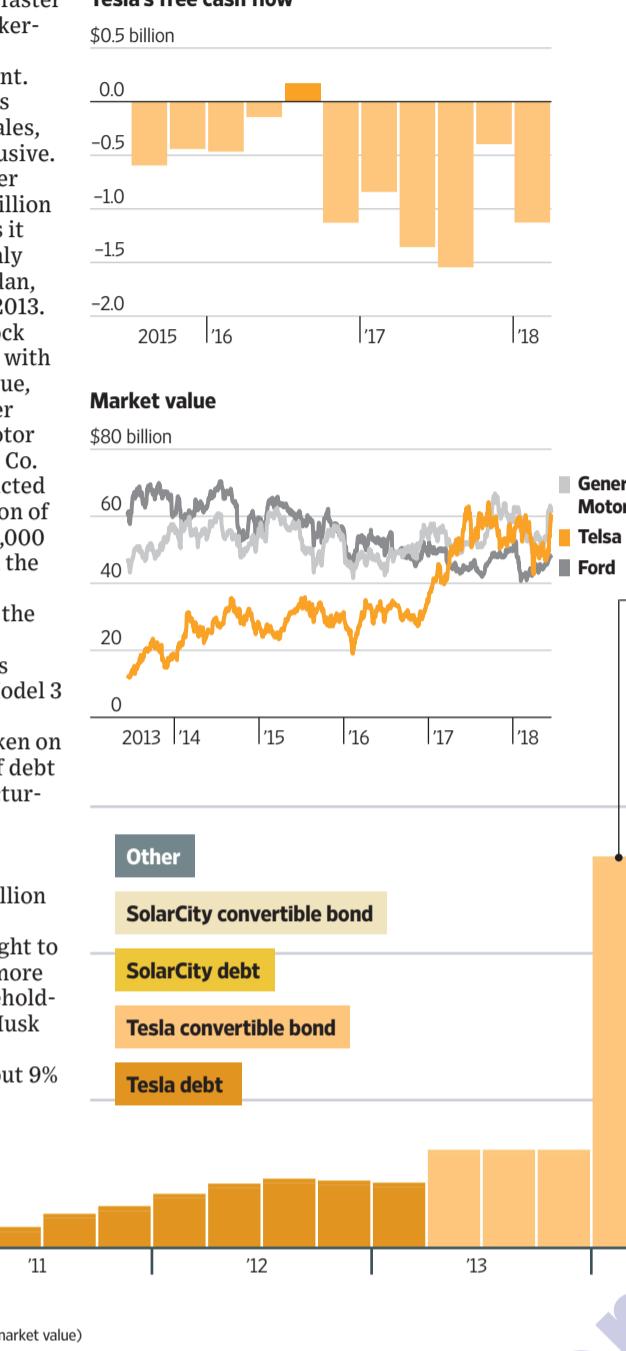
The weak countries exposed by the dollar's rise are still struggling. The Argentine peso and the Turkish lira are under pressure, even with Argentina signing up for a \$50 billion International Monetary Fund package, and Turkey belatedly raising interest rates sharply.

The initial hope was that these fault lines might not spread. But now further problems have arisen. The Brazilian real has fallen 13% against the dollar so far this year.

It is probably too early to turn bullish on emerging markets. In the absence of a weaker dollar, that requires fundamental improvement. The best hope might be that growth outside the U.S. rebounds.

Emerging-market bonds and currencies may be cheaper, but the headwinds to a rebound have built, too.

—Richard Barley



Tesla's debt outstanding

August 2017

Tesla debt hits roughly \$10 billion after company issues \$2.8 billion of bonds in five months as it struggles to meet production targets.

\$10 billion

November 2016

Tesla doubles debt by acquiring SolarCity, assuming \$3.6 billion of liabilities from the financially challenged home-solar company.

9

February 2014

Tesla quadruples debt load with \$2 billion of bonds to fund Model S and Gigafactory. Sales surge amid production delays.

8

By Matt Wirz and Charley Grant, Graphics by Kiersten Schmidt/THE WALL STREET JOURNAL.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Media Deal Making Could Free CBS

Conventional wisdom has it that the wave of media deal making could renew Shari Redstone's zeal for merging CBS and Viacom. A more likely outcome is that CBS is sold to someone else, putting a merciful end to one of the great corporate soap operas of the decade.

Ms. Redstone's **National Amusements**, the parent company of CBS and Viacom, seems to have given up on the idea of merging the companies after months of bickering. In a recent court filing, the company insisted that it no longer supported a deal. The filing goes on to say that Ms. Redstone has never had any intention of blocking another buyer from speaking with CBS.

The wave of media deals—AT&T's legal victory to take over Time Warner and the scrum between Disney and Comcast over Fox's assets—could make another deal happen quickly.

Left Behind

Market value

	2018 YTD	\$20.6 billion
CBS	2014	28.7
Viacom	11.5	30.6

Source: FactSet

THE WALL STREET JOURNAL.

CBS is open to being wooed, according to people familiar with the matter. The recent drama with Viacom wasn't about having a problem with doing a deal—just with doing that deal. The language in the public filing will make it very hard for Ms. Redstone to ignore a suitor now, should one come along.

Indeed, a sale may have been Ms. Redstone's ultimate plan all along. Even if she had succeeded in merging CBS and Viacom, the combined company would lack the scale to compete with the big hitters. Their combined market value only comes to around \$32 billion—far below Disney, Comcast and Fox.

But given all of the bad blood between the companies, she may be wise to sell them separately and take a good price for CBS while she can get one. The risk is Ms. Redstone is left trying to sell Viacom on its own, but that may be offset by a high price for CBS. Viacom shares rose 5.3% this week while CBS shares were up nearly 9.7%.

Verizon has reportedly already expressed interest in CBS. Charter may be sniffing around, too. Then there is the question of what the loser in the battle for Fox will do. Whoever doesn't win those assets, be it Disney or Comcast, will be looking for a consolation prize.

They could do worse than CBS.

With the No. 1 TV network, two streaming platforms, and a large library of content, it isn't going to sit on the market for long.

—Elizabeth Winkler

OVERHEARD

"Expect the unexpected" says Canada Goose on its website where it sells \$995 parkas.

One thing shareholders of the luxury clothing seller didn't expect was a huge surge in its online sales in the quarterly results it reported on Friday, or even a profit. Analysts had called for a loss.

The stock surged by 33% to hit an all-time high above \$61 a share in Friday trading, bringing its total return to 288% in the past year.

A booming economy and stock market are great for companies like Canada Goose as people who will never cross the Arctic Circle can splurge on its clothing.

That is particularly the case if its customers invested in its shares.

They needed to cash in 57 of them last August to buy a parka while it only took 16 on Friday afternoon.

Tariffs Are Chipping Away at Boom in Semiconductors

Semi-pro

Index performance



Investors have woken up to the value chips play in the global technology revolution. Unfortunately, politicians have too.

That much was apparent earlier this year when President Donald Trump barred Broadcom from buying Qualcomm, citing concerns about national security. The administration later barred U.S.

chip makers from supplying Chinese equipment maker ZTE on similar grounds, which may or may not have led to China dragging its feet on the approval of Qualcomm's bid to buy NXP. China has loudly broadcast its ambitions to become a major player in semiconductors beyond simply making them.

Mr. Trump, meanwhile, has aired a long list of trade grievances with the world's most populous country. Technology features prominently.

The Trump administration issued a list Friday of about \$50 billion worth of Chinese goods now subject to tariffs, including a variety of semiconductor products subject to tariffs of 25%. China re-

sponded with plans to enact a similar increase on more than 500 U.S.-made products.

Exactly how that might affect chip companies is unclear, but the prospects are overshadowing a sector that has been very profitable for investors of late. The PHLX Semiconductor Index has more than doubled in value over the last two years and was trading near a record this month, around 8% higher than the sector's last peak during the dot-com boom of 2000. Several companies in the sector are enjoying record sales and profits thanks to strong demand for memory, processors and other chip products that are crucial in a connected world.

The problem is that the semiconductor industry de-

pendsonlyon both countries. The vast majority of chips imported from China actually are designed by U.S.-based companies like Intel Corp., Qualcomm and Texas Instruments. Some are fabricated in the U.S. and only shipped to China for tasks like testing and assembly. The result could be U.S. companies paying a tariff on their own products, according to a warning from the Semiconductor Industry Association on Friday.

Much is still unknown at this point and the long-term demand trends for the industry are strong, with markets like autos and data centers still in the early days of significant shifts that call for greater technological capabilities and, thus, more chips. Governments too recognize the industry's importance. Investors now may be wishing that they didn't.

—Dan Gallagher

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