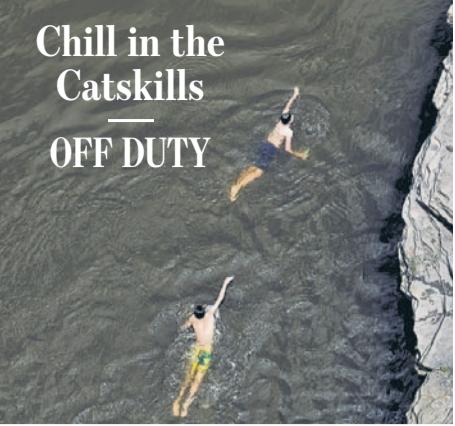




WSJ

THE WALL STREET JOURNAL WEEKEND



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What's News

World-Wide

Beijing retaliated after Trump unveiled tariffs on Chinese goods, targeting high-value U.S. exports including farm products, cars, and oil. A1, A8

◆ Manafort was ordered to jail while he awaits trial by a judge who said the GOP operative couldn't be trusted to follow judicial rules. A4

◆ Trump seized on a report critical of the FBI's handling of the Clinton probe to try to discredit Mueller's investigation. A4

◆ The Pakistani Taliban's head, who had been hiding in Afghanistan, was reported killed in a U.S. airstrike. A7

◆ German conservatives are holding talks to defuse an immigration dispute and avert a government collapse. A7

◆ Trump upended House immigration talks by suggesting he wouldn't sign a compromise measure, then issuing a clarifying tweet. A3

◆ Yemeni troops backed by a Saudi-led coalition captured the airport of Yemen's leading port city. A7

◆ The largest federal-workers union is trying to block a Trump executive order limiting the time workers can spend on union duties. A2

Business & Finance

◆ Theranos founder Holmes and the blood-testing company's former No. 2 executive were charged with defrauding investors, doctors and patients. A1

◆ Apple is developing production plans for its next iPhones that stress cheaper liquid-crystal displays, an acknowledgment of consumers' price concerns. A1

◆ The tech giant formed a partnership with Oprah Winfrey to make programs for a planned subscription-video service. B1

◆ The administration is expected to name Kathy Kraninger, a White House budget aide, to head the CFPB. A4

◆ Merrill is considering a reversal of its ban on commissions in retirement accounts the firm manages. B1

◆ The Dow industrials fell 84.83 points to 25090.48 Friday on trade-war fears. The blue-chip index posted a loss of 0.9% for the week. B13

◆ Commodities markets tumbled and Treasury prices jumped after the announcement of new tariffs. B13

◆ EU regulators said they won't object to Comcast's \$29 billion bid for Sky, clearing another hurdle in an expected bidding war. B3

Inside OPINION A13

Jordan Peterson And the Rebirth Of Conservatism

CONTENTS Personal Finance B5

Books C7-C12 Sports A16

Business News B3 Style & Fashion D2-D3

Food D4 Travel D8-D9

Heard on Street B14 U.S. News A2-A6

Obituaries A11 Weather A10

Opinion A13-A15 World News A7-A10

U.S. NEWS

Union Tries to Block Trump Order

By ERIC MORATH

The largest federal-workers union is attempting to block President Donald Trump from enforcing one of three executive orders issued in an effort to rewrite the rules between the government and its employees.

The American Federation of Government Employees—which has about 700,000 members, nearly one-fifth of all federal employees—said Friday that it filed a motion for a preliminary injunction this week in U.S. District Court asking a judge to stop the administration from carrying out an executive order intended to limit how much on-the-job time federal employees can spend on labor-union duties.

"We will not allow this or any other administration to trample on the constitutional rights of federal workers," AFGE General Counsel David Borer said. The union says the order violates First Amendment rights to freedom of association; it had earlier filed suit against the president and the government.

When Mr. Trump in late May signed three executive orders pertaining to federal workers, senior administration officials said they believed the orders were within the scope of the president's authority.

The lawsuit pertains to just



The American Federation of Government Employees is led by J. David Cox, shown at right in 2017.

one of Mr. Trump's May 25 executive orders. One of the others seeks to reduce the time to review an employee's work and consider termination to as little as 30 days. The third creates a federal labor-relations working group to analyze union contracts and encourage agencies to prioritize performance over seniority when they consider layoffs.

An AFGE spokesman said Friday that the union is considering legal avenues to chal-

lenge the other orders as well. The White House referred questions on the suit to the Justice Department, which declined to comment.

Last month, Andrew Bremberg, head of Mr. Trump's domestic policy council, said the executive orders "will make it easier for agencies to remove poor-performing employees."

Federal workers have extra protections afforded to them from due-process rights. The government must follow the

law when depriving a person of something, in this case, employment. It essentially makes firing a federal worker more involved than it might be for a private-sector employer.

That doesn't mean bad employees can't be fired, said Susan Schurman, a Rutgers University professor of labor studies and employment relations. "No union contract prevents managers from taking such action—so long as there is proper documentation."

Employers' Bonus Budget Hits High

By SHARON NUNN

The share of employers' costs for their workers' pay going to bonuses hit the highest level on record this year, reflecting a shift in how employers woo job candidates while still trying to keep a lid on base pay.

Private-sector bonuses that aren't directly tied to a worker's output reached 2.8% of employer pay and benefit costs in the first quarter. That is the biggest share since the Labor Department started tracking the figure in 2008.

Bonuses started taking off four years ago. Businesses have been electing to give workers short-term payouts for retention and morale, rather than longer-term wage increases the economy had experienced in previous decades.

"When you give wage increases to new workers, you have to give it to your current workers, and it's permanent," said Lawrence Mischel, an economist at the left-leaning Economic Policy Institute.

Another contributing factor is the tax overhaul that President Donald Trump signed into law late last year. The law was meant, in part, to encourage firms to boost worker pay.

Bonus Blitz

Share of employer compensation costs allocated to employee bonuses



Source: Labor Department

THE WALL STREET JOURNAL

A few companies, including CVS Health Corp. and BB&T Corp., said they would raise minimum wages, and others, like Lowe's Cos. and Chipotle Mexican Grill Inc., improved benefits such as parental leave. But others decided to give one-time bonuses, rather than longer-term pay increases. American Airlines Group Inc. and Citizens Financial Group Inc., for example, awarded \$1,000 bonuses to many of their workers.

Muslims Celebrate the End of Ramadan With Prayer and Feasts



GATHERING: Muslim women prayed at a park on Gravesend Bay in Brooklyn, N.Y., for Eid al-Fitr, which concludes a month of fasting. The faithful, many in traditional dress, marked the holiday throughout the U.S.

GABRIELA BHASKAR/REUTERS

Theranos Founder Charged

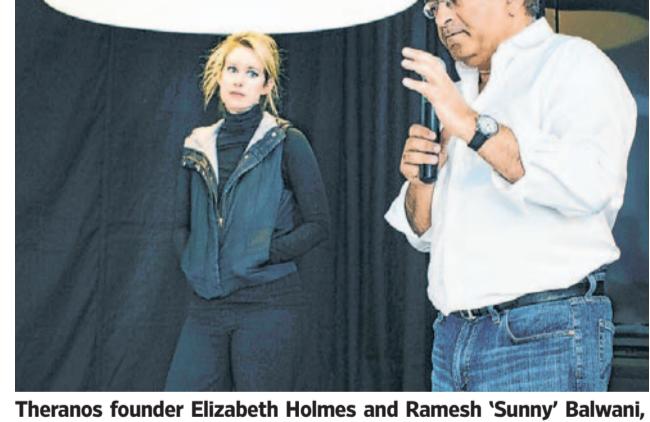
Continued from Page One

Jeffrey B. Coopersmith, said in a statement, "Mr. Balwani is innocent and looks forward to clearing his name." A lawyer for Ms. Holmes didn't respond to a request for comment.

Before the charges were filed, Theranos announced that Ms. Holmes had stepped down as chief executive and that David Taylor, the company's general counsel, has been appointed CEO and general counsel. Ms. Holmes will remain as founder and board chair, the company said.

Coming three months after the Securities and Exchange Commission filed civil fraud charges against Theranos, Ms. Holmes and Mr. Balwani, the criminal charges are a warning shot for Silicon Valley. As money has gushed into the Valley's ecosystem in recent years, hundreds of private tech startups valued at more than \$1 billion have sprouted, embracing a culture of disruption of incumbent industries and a cavalier attitude toward regulations.

In the case of Theranos, the industry Ms. Holmes sought to disrupt was the blood-testing



Theranos founder Elizabeth Holmes and Ramesh 'Sunny' Balwani, the company's then-No. 2 official, address employees in 2015.

'This conspiracy misled doctors and patients,' said FBI agent John F. Bennett.

business. At the height of her fame, the Stanford dropout claimed to have invented new technology that could run the full range of laboratory tests on just a drop or two of blood pricked from a finger.

On the strength of her unproven claims, Theranos rolled out its vaunted finger-stick blood tests in Walgreens stores in California and Arizona and rocketed to a valuation of more than \$9 billion, making Ms. Holmes a billionaire and media celebrity. Her bold talk and black turtlenecks drew comparisons to Steve Jobs.

But as the Journal revealed in a series of articles beginning in October 2015, Theranos' blood-testing device was unreliable and the company

used it for just a fraction of the more than 240 tests it offered to consumers. Behind the scenes, it performed the vast majority of the tests with commercial analyzers purchased from other companies.

Moreover, Theranos modified some of those commercial analyzers in ways that neither their manufacturer nor the federal health agency overseeing Theranos had authorized.

The modifications, including diluting the tiny finger-stick samples to create more volume, led to inaccurate test results, according to former Theranos employees.

Prosecutors alleged that Ms. Holmes and Mr. Balwani "knew that many of their representations about the analyzer were false." They alleged that the two executives "knew that the analyzer, in truth, had accuracy and reliability problems, performed a limited number of tests, was slower than some competing devices, and, in some respects, could not compete with existing, more conventional machines."

Following pressure from federal health regulators, Theranos voided or corrected nearly a million blood-test results. It also agreed to reimburse the 76,000 Arizonans who used its blood-testing services.

Theranos is now on the verge of liquidation. The company's head count is down to two dozen employees and Ms. Holmes told investors in a recent email that the private-equity firm Fortress Investment Group was likely to seize its assets as soon as late July. Fortress lent Theranos \$65 million last year to keep it afloat.

Ms. Holmes and Theranos reached a settlement with the SEC to resolve the agency's civil charges in March without admitting or denying wrongdoing. Mr. Balwani has denied

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U.S. NEWS

Filings Air Harvard's Admission Policies

School and plaintiff for Asian-Americans say race plays role, but disagree on legality

By NICOLE HONG
AND MELISSA KORN

Harvard University and the organization accusing it of discriminating against Asian-American applicants each say race plays a role in admissions decisions, but disagree whether that constitutes evidence of illegal bias, according to documents filed Friday.

The filings are part of a lawsuit in Boston federal court brought against Harvard in 2014 by Students for Fair Admissions, a nonprofit whose members include Asian-Americans who were denied admission to Harvard. The motions are a preview for an October trial in the case.

The lawsuit claims Harvard's admissions process is illegal under federal civil rights law because it intentionally discriminates against Asian-American applicants.

The filings, which contain hundreds of pages, give the public the most detailed look ever at Harvard's method for selecting its incoming undergraduate class. Each Harvard applicant is given four component ratings—academic, extracurricular, athletic and "personal"—and an overall score that is assigned by taking all factors into account.

The plaintiffs found in their analysis that Asian-American applicants have higher academic and extracurricular scores than any other racial group. However, Harvard's admissions officers assign Asian-Americans the lowest score of any group on the personal rating, which includes a subjective assessment of character traits, the plaintiffs said.

"Asian-Americans are de-

scribed as smart and hard-working yet uninteresting and indistinguishable from other Asian-American applicants," the plaintiffs said, after reviewing documents provided by Harvard with admissions officers' comments on the applicants.

Harvard said the personal rating is based on a variety of elements, including teacher recommendations and admissions interviews. The plaintiffs' analysis oversimplifies a complex process and paints a "dangerously inaccurate picture," Harvard said.

The nonprofit suing Harvard is led by Edward Blum, a conservative legal activist who has spearheaded other challenges to affirmative action. The case has been closely watched as a possible candidate for the Supreme Court, which has repeatedly allowed universities to consider race as a factor in admissions to obtain a diverse student body.

Mr. Blum said Friday's filings expose "the startling magnitude of Harvard's discrimination against Asian-American applicants."

The plaintiffs highlighted a 2013 analysis by Harvard's Office of Institutional Research that found Asian-Americans would make up 43% of the admitted class if based on academic credentials alone, and that being Asian-American decreases the chances of admission. Instead of probing further, Harvard "buried the reports," the plaintiffs allege.

The percentage of Asian-Americans in Harvard's admitted class has stayed close to 20% year over year, the plaintiffs say.

Lawyers for Harvard said that internal analysis was described as "incomplete" and "preliminary" by the university, as it didn't take into account nonacademic factors. There is "no negative effect of Asian-American ethnicity in



Harvard University in Cambridge, Mass., has been sued by nonprofit Students for Fair Admissions. The trial is set to start in October.

the admissions process," Harvard said, adding that the share of the admitted class that self-identifies as Asian-American has grown by 29% over the last decade.

Peter Arcidiacono, a Duke University economics professor who analyzed data for the plaintiffs, said an Asian-American male applicant with a 25% chance of admission would increase his chance of admission to 36% if treated as a white applicant, 75% as a Hispanic applicant and 95% as an African-American applicant.

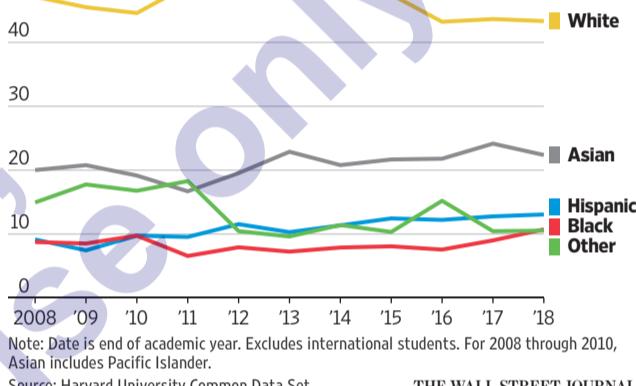
But David Card, an economics professor at the University of California, Berkeley, who served as an expert for Har-

vard, called this misleading, saying Dr. Arcidiacono selected the combination of applicant characteristics "for which the effect of race is largest." He said while African-American, Hispanic and other non-Asian minority ethnicities are associated with a "significantly higher" likelihood of admission, the importance of race is much smaller than that of many other factors.

Harvard admitted 4.6% of its 42,749 applicants for the incoming undergraduate class this fall. Of those who accepted admission offers, 22.7% self-reported as Asian-American, 14.5% as African-American and 10.8% as Latino.

Selective School

Percentage of first-year undergraduates at Harvard, by race:



Note: Date is end of academic year. Excludes international students. For 2008 through 2010, Asian includes Pacific Islander.

Source: Harvard University Common Data Set

THE WALL STREET JOURNAL.

Trump Muddies DACA Bill Prospects

By SIOBHAN HUGHES

WASHINGTON—President Donald Trump on Friday upended delicate House negotiations over immigration legislation by suggesting he wouldn't sign a compromise measure, then issued a clarifying tweet that still left many Republicans uncertain about how to proceed.

In a morning interview with Fox News, Mr. Trump had indicated he wouldn't sign a "moderate" immigration bill, a remark that was taken by

many to mean he was rejecting a recently released bill assembled by negotiators from the GOP's moderate and conservative wings. That compromise bill is aimed at giving young immigrants known as Dreamers legal status while also tightening the border and moving to a merit-based immigration system.

By Friday afternoon, Mr. Trump had tweeted comments that appeared to suggest he continued to support both a compromise bill and an alternative favored by conserva-

tives. "Any Immigration Bill MUST HAVE full funding for the Wall, end Catch & Release, Visa Lottery and Chain, and go to Merit Based Immigration," Mr. Trump wrote, referring to some provisions included in the compromise measure.

Later Friday, a White House spokesman issued a statement reiterating the president's stance, saying that in the morning he had been talking about an earlier effort promoted by centrist Republicans, and committing him to signing either bill.

"The president fully supports both the Goodlatte bill and the House leadership bill," which is the compromise effort, said Raj Shah. "He would sign either the Goodlatte or the leadership bills."

Mr. Trump's initial remarks nonetheless had taken a toll on Capitol Hill. House GOP leaders put on hold their Friday efforts to line up support for the compromise bill, and some rank-and-file GOP members speculated that votes planned for next week may have to be postponed further.

"In light of everything, I think you could fairly ask the question is next Thursday premature on these two votes," said Rep. Mark Walker (R., N.C.), the chairman of the Republican Study Committee, which represents a large swath of the House GOP.

The immigration negotiations had already been complicated by a recent Trump administration policy to separate migrant children from their families so that parents could be jailed and prosecuted for crossing the border illegally.

While juggling immigration negotiations, House Republicans spent much of the week pledging to legislate a change to the separation practice as they sought to head off criticism from Democrats.

That was before the president's comments that he wouldn't sign the compromise bill added to the disarray.

Colleges Keep Tabs on Greek Organizations

By DOUGLAS BELKIN

Dozens of universities are banding together with a new reporting system to keep tabs on Greek organizations in hopes of curbing hazing, sexual assault and alcohol abuse.

Schools including Penn State and Louisiana State University are supporting the creation of a scorecard for fraternities and sororities to track things like cumulative GPA, alcohol and hazing violations. The goal is to discern patterns, identify bad actors and provide leverage to hold national organizations to account.

The scorecard is modeled on an approach rolled out last

fall at Penn State.

The North-American Interfraternity Conference, which works with 66 international and national men's fraternities, said it would like to see the scorecard expanded beyond Greek organizations.

"Issues like hazing and substance abuse impact every facet of campus life and all organizations must be held to a consistent standard," said Heather Kirk, the organization's spokeswoman.

Penn State created its scorecard last fall after prosecutors in Pennsylvania charged a Penn State fraternity and 18 of its members in the death of a pledge.



The administration's policy of separating immigrant parents and children has sparked opposition.

Alcohol Study Killed Over Industry Tie

By THOMAS M. BURTON

The National Institutes of Health terminated a study into the benefits and risks of moderate drinking, concluding that the agency's staff had improperly interacted with the alcoholic-beverage industry to get funding.

NIH Director Francis S. Collins said his agency's dealings with the alcoholic-beverage industry were early and frequent and that he plans to investigate to ensure that the handling of this one study was unique and not representative of the agency's work overall.

Anheuser-Busch InBev SA, Heineken Holding NV, Diageo PLC, Pernod Ricard USA LLC and other alcohol companies

had agreed to pay for most of the \$100 million study through donations to a private foundation that raises money for the NIH.

The NIH's National Institute on Alcohol Abuse and Alcoholism oversaw the study and planned to contribute funds to the research.

In a meeting Friday of an advisory board to Dr. Collins, Lawrence A. Tabak, NIH principal deputy director, said an outside report on the study that was commissioned by the NIH concludes that NIAAA officials "appear to have intentionally biased the framing of the scientific premise" of the study in the direction of focusing on possible benefits of alcohol.

Dr. Collins testified before a Senate committee last month that the funding source, along with NIH employees' soliciting of funds for the research,

"would violate our usual policies."

The issue has "caused considerable pain and stress upon the people involved," and the NIH would make a decision about whether the study still should be conducted, Dr. Collins said.

The main grantee under the research is Beth Israel Deaconess Medical Center in Boston, which has said it has policies in place to ensure the scientific and medical validity of the research.

An article in the New York Times in March described two scientists, as well as a federal health official, pitching the study to liquor company executives in 2014 in a gathering in Palm Beach, Fla.

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U.S. NEWS

Manafort Sent to Jail Until Trial

Ex-chairman of Trump campaign was accused of witness tampering by the special counsel

BY ARUNA VISWANATHA

Paul Manafort, a former Trump campaign chairman, was ordered to jail Friday while he awaits trial by a judge who said he couldn't be trusted to follow the rules of the judicial system.

Special counsel Robert Mueller's office last week charged Mr. Manafort and a business associate, a 48-year-old Russian named Konstantin Kilimnik, with trying to influence the testimony of potential witnesses against the former campaign chief.

Mr. Mueller's office also asked the court to revoke Mr. Manafort's \$10 million bail package, which largely confined him, since his October 2017 arrest, to his Virginia home until his September trial. On Friday, the judge agreed.

"I cannot turn a blind eye to this allegation," U.S. District Judge Amy Jackson told a packed Washington, D.C., courtroom that spilled into a crowded overflow room.

Mr. Manafort faces two cases, in Washington and Virginia, that allege he didn't properly report his work for pro-Russian politicians in Ukraine that included lobbying efforts on their behalf in the U.S., or pay taxes on related income. Judge Jackson is overseeing the Washington case, which focuses on the lobbying allegations and is scheduled to begin in September. The Virginia trial starts earlier, in July.

Mr. Manafort has denied the allegations and pleaded not guilty in both cases.

On Friday, the judge said that even though a jury would consider the obstruction-of-justice charge against Mr. Manafort, the allegations show a corrupt intent to undermine the fact-finding process, and



Former Trump campaign chairman Paul Manafort arriving for his federal court hearing in Washington, before he was ordered jailed.

she had to act sooner.

She repeatedly expressed frustration with having to make the decision, saying she couldn't come up with further restrictions on Mr. Manafort. "This is not middle school. I can't take away his cellphone," she said.

Mr. Manafort on Friday pleaded not guilty to the obstruction-of-justice charges. His lawyer argued that any contact between Mr. Manafort and potential witnesses was casual and that it didn't involve the threats or promises that typically characterize witness tampering.

The court's restrictions on Mr. Manafort's communications hadn't been clearly laid out, the attorney added. Mr.

Manafort would willingly abide by prohibitions on contacting certain people, he said.

Judge Jackson rejected that proposal, saying that even if she gave Mr. Manafort a list of 56 witnesses, she couldn't be sure he wouldn't call the 57th.

In a tweet after the hearing, President Donald Trump said of his former campaign chief: "Wow, what a tough sentence for Paul Manafort," although this wasn't a sentence but a revocation of Mr. Manafort's pretrial release for violating its terms.

Unlike others who have been charged in Mr. Mueller's probe of Russian interference in the 2016 election, Mr. Manafort has adopted a defiant posture, arguing in court

that the special counsel was exceeding his mandate.

As Mr. Trump's former campaign chief and someone who has had dealings with Russia in the past, Mr. Manafort is a subject of significant interest to Mr. Mueller and his office.

In court papers last week, Mr. Mueller's office accused Messrs. Manafort and Kilimnik, who worked for Mr. Manafort's lobbying firm in Ukraine, of trying to contact through phone calls and text messages two people at a public-relations firm they worked with after a February indictment implicated that work.

Mr. Manafort texted one of those associates, who had allegedly helped arrange for sev-

eral former European politicians to contact American lawmakers in a lobbying campaign, according to Mr. Mueller's office.

Prosecutors said Friday the attempts to reach witnesses were not casual.

"These are not random outreaches," said Greg Andres, a prosecutor working for the special counsel's office. Rather, this was a "sustained campaign over a five-week period," he said.

Mr. Manafort told the witness he wanted to give him a "heads up" about the allegations, Mr. Andres said, adding that the witness hung up the phone while Mr. Manafort was still speaking because he was concerned about the contact.

Budget Aide Seen As Pick For CFPB

BY LALITA CLOZEL AND NICK TIMIRAO

WASHINGTON—President Donald Trump's administration is expected next week to name Kathy Kraninger, a White House budget office aide, to head the Consumer Financial Protection Bureau, according to people familiar with the matter.

If confirmed by the Senate, Ms. Kraninger, an official at the Office of Management and Budget, would succeed the bureau's acting director, Mick Mulvaney, who also serves as her boss as the White House budget chief.

Mr. Trump has until June 22 to nominate a permanent director to the bureau before Mr. Mulvaney's term as acting director expires, due to personnel rules. The administration has prioritized "individuals with prior government managerial experience" in its search, said a person familiar with the matter.

Ms. Kraninger currently works on budget development for several agencies. She previously worked for the Senate, the Department of Homeland Security and the Department of Transportation.

As acting director, Mr. Mulvaney has sought to limit the federal regulator's independence in policing the consumer-finance industry and has taken steps to roll back Obama-era protections.

Mr. Mulvaney asked Congress in April to pursue sweeping changes giving the executive and legislative branches control over the bureau's regulations, leadership and budget. Major bureau rules would need congressional approval, for instance, and the bureau's director would answer directly to the president, instead of being fully independent. Its funding, which currently comes from the Federal Reserve, would be handled by Congress.

Trump Hits Russia Probe, Using Report as Brickbat

BY PETER NICHOLAS AND REBECCA BALLHAUS

WASHINGTON—President Donald Trump seized Friday on a Justice Department report critical of the FBI's handling of the probe into Hillary Clinton's email practices to try to discredit the special counsel's Russia investigation, saying it exposed the "scum on top" of the FBI.

"I've been totally exonerated," Mr. Trump said in reference to the inspector general's report, even though it made no mention of the president's conduct or the Russia investigation.

While the Republican president and his allies work to undercut the Russia probe, special counsel Robert Mueller is ramping up pressure on a pair of the president's associates: Paul Manafort, the president's former campaign chairman, and Michael Cohen, the president's former personal attorney.

Ready to deliver a series of attacks, Mr. Trump kicked off the day's drama when he tweeted at 8 a.m. he might head to the North Lawn of the White House to talk to a Fox News host. Aides quickly called him to ask if he would indeed do that. Mr. Trump said yes.

That set off a scramble, with aides hastening to the lawn and reporters rushing to catch his remarks in person.

The president called former Federal Bureau of Investigation Director James Comey the "ringleader of this whole den of thieves" and alleged, without offering evidence, that his actions were "criminal." Mr. Comey, who was fired by Mr. Trump last year, had overseen both the Clinton email probe and the Russia investigation.

Mr. Comey, who has defended his handling of the Clinton probe, didn't respond to requests for comment on Mr. Trump's remarks.

The long-awaited Justice Department report sharply rebuked Mr. Comey for breaking protocols, including making public remarks about the Clinton probe while it was under



President Trump speaks to reporters at the White House Friday.

tors."

Since May 2017, Mr. Mueller has been investigating whether associates of Mr. Trump colluded with Russia's alleged efforts to interfere in the 2016 U.S. presidential election. Mr. Trump has denied collusion, and Moscow has denied meddling in the election.

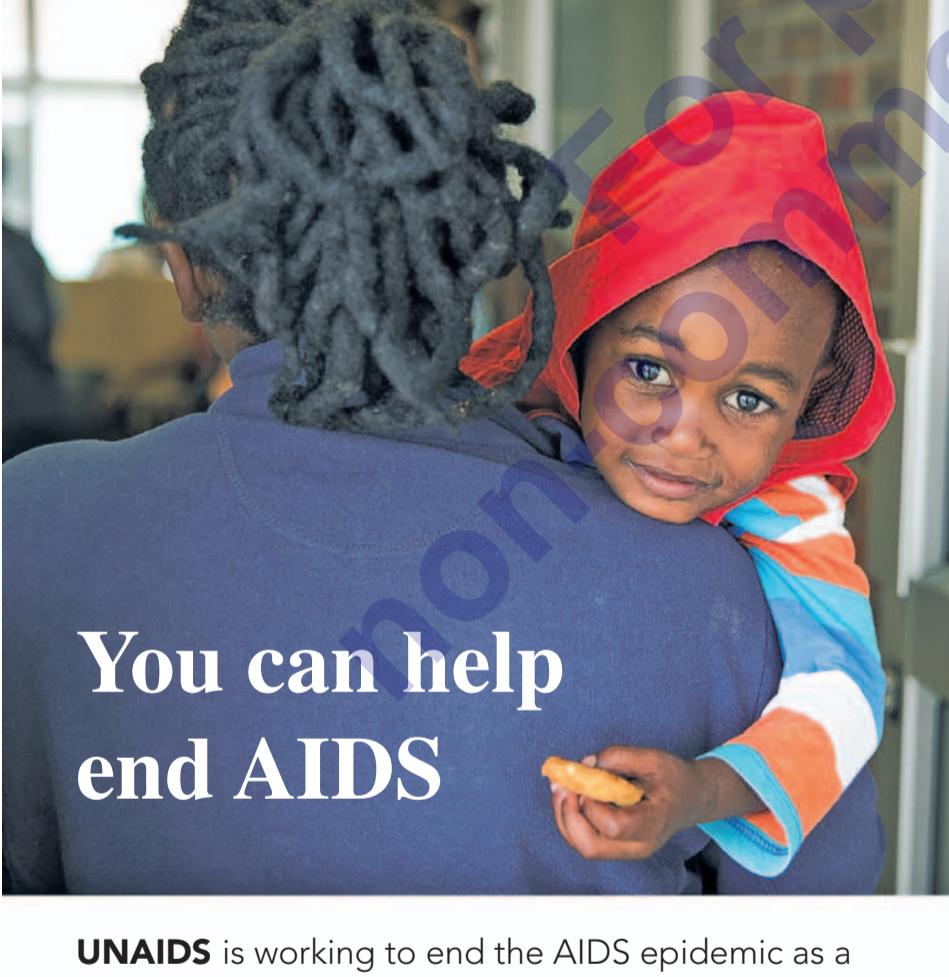
During his impromptu news conference Friday, the president said that Mr. Manafort "has nothing to do with our campaign" and "worked for me for a very short period of time."

Mr. Manafort worked as his campaign chairman in the 2016 race and was widely credited with blocking a delegate convention fight that could have threatened Mr. Trump's nomination.

Steve Schmidt, who worked in Republican President George W. Bush's White House, said: "The unifying thread through all of this is the nonstop assault on objective truth with a specific political intent, which is to incite fervor among his supporters into a very difficult midterm election."

The White House defended the president's remarks.

"It's the style that elected him president and it's what the American people wanted," said Marc Short, the White House's legislative affairs director. "There's far more upside to it than there is consequence."



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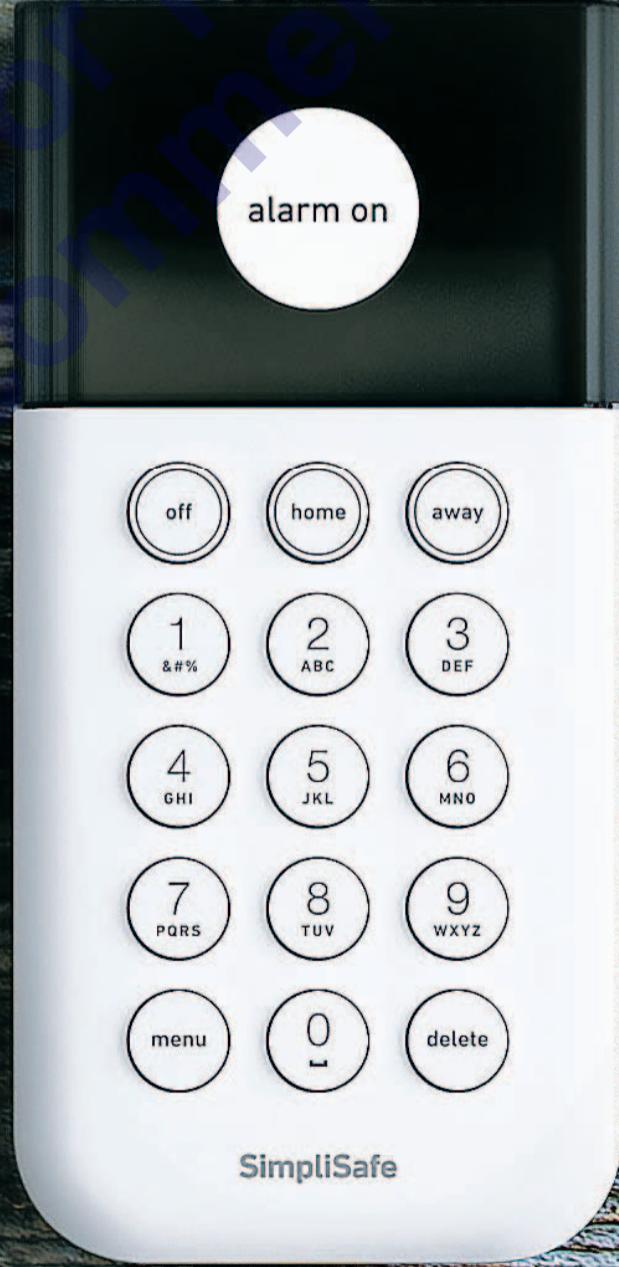


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U.S. NEWS



Micron's Manassas, Va., microprocessor plant is one of the area's largest employers. When it approached economic-development officials about a tax-incentive package for a \$1 billion expansion, it got the cold shoulder, according to a person involved in the discussions.

Amazon Bid's Hidden Costs

BY SHAYNDI RAICE
AND LAURA STEVENS

When semiconductor-maker **Micron Technology** Inc. approached economic-development officials in Virginia about a tax-incentive package for a \$1 billion expansion of its Manassas site, it got the cold shoulder.

The state was too busy working to win its bid for **Amazon.com** Inc.'s second headquarters project, according to a person involved in the discussions. Now, the company is negotiating with officials in New York about taking the project—and the 500 new employees it would require—there, said the person.

Economic development officials in Virginia and New York declined to comment on Micron. Both New York City and Northern Virginia are among the finalists for the Amazon project.

Boise, Idaho-based Micron's predicament underscores the time, money and potential lost opportunities that are at stake as finalist cities and states compete ferociously to win Amazon's \$5 billion project.

The Seattle-based online-retail giant announced in Sep-

tember that it was accepting proposals from cities looking to host its second headquarters, dubbed HQ2. With the public process came eye-popping tax incentives. New Jersey and Newark offered \$7 billion in tax breaks, while Maryland proposed \$5 billion.

In addition to those financial incentives, cities and states

that some site-selection experts say puts too much pressure on cities to compete.

"Amazon expected too much from too many communities and drove a process that was unusually expensive, unusually large, and put communities behind the 8-ball unnecessarily," said Jeff Finkle, chief executive of the International Economic Development Council, whose members include thousands of economic-development organizations.

After receiving 238 applications, Amazon in January announced 20 finalists for the HQ2 project. Executives completed visits to all 20 cities this spring. Recently, the company sent a letter to the finalist cities saying they are still working on picking a winner, according to people familiar with the matter.

Christopher Steele, chief operating officer of the Boston-based Investment Consulting Associates, faced frustrations similar to Micron's when economic-development officials in different cities told him they were too busy with Amazon to focus on some of his clients. He wouldn't mention specific proj-

ects but said one of the cities he had trouble with is a finalist.

"You start to think about the lost time and what is the opportunity cost," he said.

Amazon declined to comment for this article. The company has said in the past that many of those who didn't make the shortlist will be considered for additional projects. And some cities have said they've already benefited from the process, even if they don't win.

With 1,800 employees, Micron's Manassas, Va., microprocessor plant is one of the area's largest employers. The plant is expanding to meet increased demand, said a person familiar with the matter.

Stephen Moret, CEO of the Virginia Economic Development Partnership, declined to comment on the specific negotiations with Micron. In an email, he said the group heavily relied on consultants to aid it in its Amazon proposal. "Consequently, we don't think there has been an opportunity cost to our HQ2 efforts, other than the financial investment we made in third-party support," he wrote.

—Keiko Morris contributed to this article.

Consumers held more favor-

'You start to think about the lost time and what is the opportunity cost.'

have spent hundreds of thousands of dollars on site-selection consultants, quirky stunts and highly produced videos and graphics to win Amazon's attention. Economic-development agencies can be privately or publicly funded, or some combination of the two.

The time, money and projects that had to be set aside to focus on HQ2 proposals are the result of a highly unusual and public bidding process

U.S. WATCH

ECONOMY

Industrial Production Declined in May

Industrial production ended three straight months of growth in May with an unexpected decline because, in part, of a fire at a Ford Motor Co. supplier.

Industrial output, a measure of everything produced by the nation's factories, mines and utilities, slipped 0.1% in May from April in seasonally adjusted terms, the Federal Reserve said on Friday.

Compared with May 2017, overall industrial production was up 3.5%.

"Looking at these data on a smoothed basis provides a picture consistent with all the other evidence depicting a stronger manufacturing sector," said Joshua Shapiro, chief U.S. economist at MFR Inc., in a note to clients.

Mining output rose 1.8% in May, the fourth straight month of gains, as oil and gas drilling rose to meet a jump in prices earlier this year.

Utilities production likewise rose 1.1% on sharply higher electricity generation. Last month was the warmest May on record, according to the National Oceanic and Atmospheric Administration, with above-average temperatures in all 48 contiguous states. That likely lifted electricity demand as consumers turned up the air conditioning.

—Paul Kiernan

CONSUMERS

Confidence Rises, Along With Caution

U.S. household confidence rose in the beginning of June as Americans felt better about their current economic situations, but expectations for the future dropped, possibly because of concerns about tariffs and rising gas prices.

The University of Michigan Friday said its consumer-sentiment index was 99.3 in June, up from a 98.0 final reading for May.

Sentiment about current economic conditions rose solidly in the beginning of June, while economic expectations dropped.

Consumers held more favor-

KENTUCKY

Rand Paul Neighbor Gets 30 Days in Jail

U.S. Sen. Rand Paul's neighbor was sentenced Friday to 30 days in prison for tackling the lawmaker while he was out doing yard work at his Kentucky home.

Mr. Paul, who suffered broken ribs, had hoped for a harsher penalty. He said in a statement that the 21 months in prison sought by prosecutors "would have been the appropriate punishment."

Rene Boucher, 60, pleaded guilty in March to assaulting a member of Congress in the Nov. 3 attack. Mr. Boucher said he was triggered by Mr. Paul repeatedly stacking debris near their property line in Bowling Green and "lost his temper."

U.S. District Judge Marianne Battani, a special judge called in from Michigan, said she dismissed the attack to be a "dispute between neighbors" and an "isolated incident," not motivated by politics.

Mr. Boucher's attorney, Matt Baker, said his client, a retired physician, was irritated by the debris and removed the waste on his own three times.

—Associated Press

Apple Goes Slower on New Screen

Continued from Page One

X's relatively high price is the OLED screen. Samsung Display Co. is the main supplier of that screen, and its OLED output doesn't yet match that of the more widely available LCDs.

LG Display Co. is also likely to supply some OLED displays for this fall's iPhone models, but it also is struggling with yields, said people at phone suppliers.

The OLED displays used in iPhones cost about \$100 while LCDs cost about \$40, estimates analyst Hiroshi Hayase at research firm IHS Markit.

Apple's iPhone lineup this fall includes two OLED models and one LCD model, people familiar with the plan have said. Jason Hong, an analyst at IHS, said he expects all three to share the iPhone X's look so that even consumers upgrading from one LCD phone to another get a new feel.

Industry executives with di-

rect knowledge of production plans said Apple initially wanted roughly equal production of the two screen types. Now, they say, Apple plans to make more of the LCD model, anticipating that consumers would lean toward the cheaper model.

OLED screens usually offer greater contrast than LCDs because they don't need a backlight, an advantage when watching movies.

Selling more of the lower-

cost LCD models could make it harder for Apple to achieve higher average iPhone selling prices next year—a metric investors watch closely.

Average iPhone prices have risen 13% in the company's current fiscal year, helping lift revenue even as the number of units sold has stayed flat. Analysts currently expect average selling prices to be flat next year.

The Cupertino, Calif., company reported last month that its revenue from iPhones increased 14% to \$38 billion in its March-ended fiscal second quarter.

People involved in the iPhone's supply chain said they expect Apple to include at least one LCD model in its 2019 plans—rather than shifting to an OLED-only lineup—because Apple wants consumers to have a more affordable option.

Display Supply Chain Consultants co-founder Yoshiro Tamura said Apple will likely wait until at least 2020 to go all OLED, because it needs more supplier choice to keep a check on costs. In addition to Samsung and LG, Japan Display Inc. is working on OLED technology, though it has yet to produce large quantities.

Research firms have repeatedly cut forecasts for OLED shipments because of changing views on Apple's plans. However, Mr. Tamura, the consultant, said he still expects OLED use to grow, if at a slower pace than once forecast, because the displays give smartphone manufacturers more freedom in design.

—Tripp Mickle contributed to this article.



Apple's various iPhone models include the X, released last year with costlier OLED screens.

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WORLD NEWS

Head of Pakistani Taliban Killed by U.S.

Fazlullah's group and its splinters behind shooting of Malala and assault on school

ISLAMABAD—The head of the Pakistani Taliban militant group, hiding in Afghanistan for years, was killed in a U.S. airstrike, Afghan officials said Friday, removing a major source of tension between Pakistan, Afghanistan and the U.S.

By Saeed Shah in Islamabad and Ehsanullah Amiri in Kabul

Better relations and cooperation between the three countries could aid the Afghan peace process, analysts said, but also turn attention to what actions Pakistan is taking against militants on its own soil. The Taliban earlier this month announced an unprecedented, but temporary, ceasefire, amid hopes that peace talks can at least begin.

Afghan President Ashraf Ghani said Friday that he telephoned the Pakistani prime minister and the chief of army staff to confirm the killing of Mullah Fazlullah, saying his

death was the result of "tireless" intelligence-gathering effort by the Afghan security agencies.

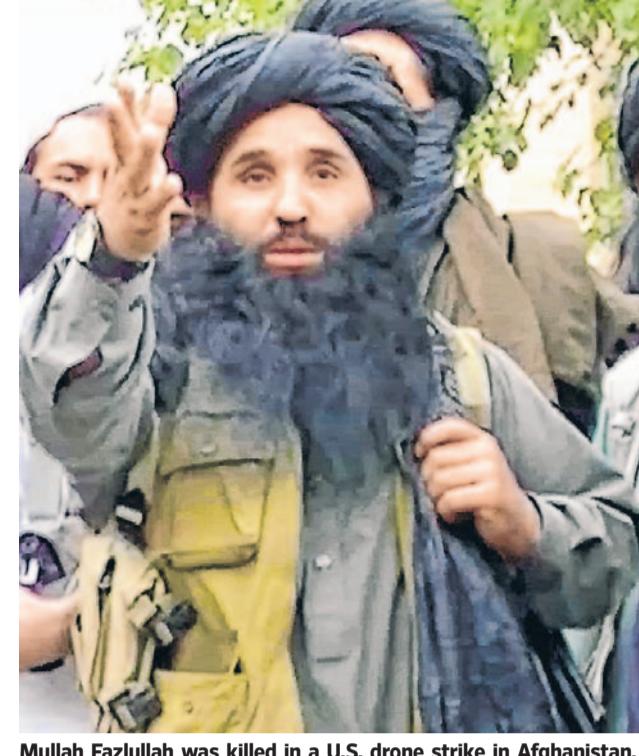
"I urged the PM and COAS to take practical steps to bring Afghan Taliban residing in Pakistan to the negotiation table," said Mr. Ghani, on Twitter.

Mr. Fazlullah's Tehreek-e-Taliban Pakistan, or TTP, and its offshoots have been responsible for some of the bloodiest and highest-profile terrorist attacks in Pakistan, including the 2012 shooting of schoolgirl Malala Yousafzai and the 2014 assault on a school in Peshawar that killed more than 130 children at the Army Public School.

Afghan Defense Ministry spokesman Mohammad Radmanish said the militant was killed in a U.S. drone strike Thursday night in the Marawara district of the eastern province of Kunar, close to the Pakistan border.

"Killing of TTP commander is a positive development," said Pakistan's army chief Gen. Qamar Bajwa, in a statement. "It gives relief to scores of Pakistani families who fell victims to TTP terror including the APS massacre."

Up to now, both Pakistan



Mullah Fazlullah was killed in a U.S. drone strike in Afghanistan.

and Afghanistan had accused the other of harboring their terrorist enemies.

The death of Mr. Fazlullah follows the visit of Gen. Bajwa to Kabul this week, for talks with Mr. Ghani.

Gen. Bajwa repeated Paki-

stan's longstanding call for action against Mr. Fazlullah and his group at the meeting, according to Pakistani officials.

Much of the Pakistani Taliban, including Mr. Fazlullah, are believed by Islamabad to have been based in Afghanistan

since Pakistan started concerted military operations against them in 2009.

A spokesman for U.S. forces in Afghanistan Thursday announced the killing of an unnamed leader of a designated terrorist organization in a strike in Kunar.

Afghan and U.S. officials have long sought Pakistani action against the Afghan Taliban and the allied Haqqani network, which are based in Pakistan, according to Kabul and Washington—to bring them to the negotiating table or fight them. That demand could be made more forcefully now.

"By eliminating Mullah Fazlullah, Afghanistan proved once again as it did with taking out many other TTP leaders in the past that it does not distinguish between terrorists that target Afghanistan or Pakistan," said Kabul's ambassador to Islamabad, Omar Zakhilwal, on Twitter. "I hope we can now expect the same—not only in words but in proofs."

Pakistan insists that its counterterrorism operations target all groups without discrimination and that no organized militant presence remains in the country. But Kabul and Washington had accused the Pakistani army of

using the Taliban as its proxy in Afghanistan, a charge Islamabad denied.

Intiaz Gul, head of the Center for Research and Security Studies, an independent think tank in Islamabad, said that in place of what he called "bullying" by the U.S. against Pakistan, step-by-step cooperation now seemed to be emerging between Pakistan, Afghanistan and the U.S.

On June 6, U.S. Secretary of State Mike Pompeo had called Gen. Bajwa and "discussed ways to advance U.S.-Pakistani bilateral relations, the need for political reconciliation in Afghanistan and the importance of targeting all militant and terrorist groups in South Asia without distinction," according to a statement from the State Department.

Mr. Fazlullah was the third chief of the Pakistani Taliban, an umbrella group for militant organizations formed in 2007 and originally based inside Pakistan.

The Pakistani Taliban had provided help for the 2010 failed bombing attempt of Times Square in New York. It also aided the suicide bomber who blew himself up at a Central Intelligence Agency outpost in Afghanistan in 2009.

Saudi Coalition Enters a Key Airport in Yemen

Yemeni troops backed by a Saudi-led coalition entered the airport of Yemen's most important port city late Friday, dealing

Nations and aid groups of the potential for a humanitarian disaster.

United Arab Emirates, a close Saudi ally that is leading the offensive, in a statement early Saturday said coalition forces "gained fire control" over the airport, and claimed the Houthi's defenses were collapsing. In an earlier statement, carried in its official news agency, the U.A.E. had said allied forces "took full control" of the airport.

The U.N. special envoy for Yemen, Martin Griffiths, is heading to Sana'a, the country's rebel-held capital, on Saturday to try to broker a deal between the

Houthi's and the U.A.E. to keep the vital port open and prevent the fighting from escalating further, U.N. and U.S. officials said.

"This is the last chance," said one top U.N. official.

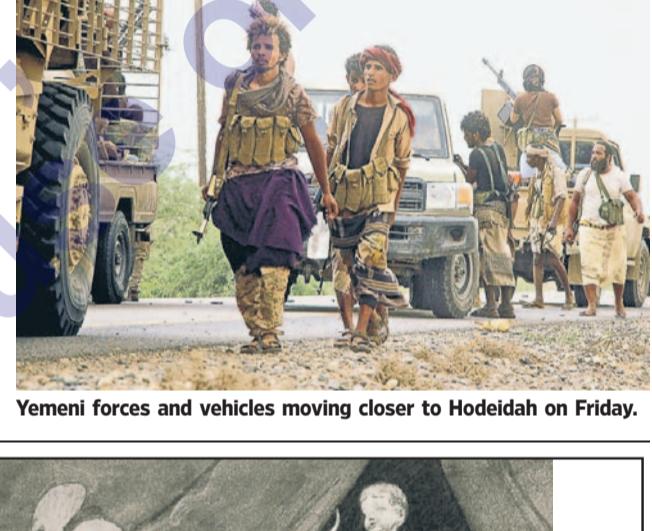
U.S. and U.A.E. officials have privately expressed doubts about the U.N. envoy's ability to secure a deal, but they haven't closed the door on the possibility.

The military offensive on the Red Sea city is aimed at breaking the stalemate in the war and pushing the Houthis toward peace talks.

Yemen's conflict began when the Houthis, who hail from the

mountainous regions of northern Yemen, pushed southward and expelled President Abed Rabbo Mansour Hadi from the capital. Alarmed at the rapid gains, Saudi Arabia, the U.A.E. and other backers of Mr. Hadi assembled a coalition and entered the war three years ago.

The U.S. provides modest backing to the Arab coalition by carrying out midair refueling of its warplanes and helping fine-tune its targeting list. But Washington expressed reservations about the Hodeidah operation and rejected a request to assist by providing drone surveillance, minesweepers and intelligence.



Yemeni forces and vehicles moving closer to Hodeidah on Friday.



German Chancellor Angela Merkel faces a rebellion within her coalition over immigration policy.

Demand for Tighter Border Threatens German Coalition

BY BOJAN PANCEVSKI

BERLIN—German Chancellor Angela Merkel's ruling conservatives are holding last-ditch talks this weekend to defuse an escalating dispute over immigration and avert a breakup of her government.

Horst Seehofer, who is Ms. Merkel's interior minister and a party leader in her fragile coalition, has threatened to ignore a veto by the chancellor and forge ahead next week with a plan to turn away some migrants at the German border.

Doing so would effectively hand the chancellor an ultimatum: Fire Mr. Seehofer, which would fracture the coalition and prompt new elections just under 100 days after the government was sworn into office; or give in to his demands and see her authority further diminished.

Signalling the level of concern in Ms. Merkel's circle, a conservative cabinet minister told The Wall Street Journal on Friday that such an unprecedented show of defiance by a member of a government would likely lead to the collapse of Ms. Merkel's alliance.

Mr. Seehofer and his party said he would start implementing his controversial plan on Monday, even without approval from the chancellor.

The row is pitting Ms. Merkel's Christian Democratic Union against the Christian Social Union, its sister party in the southern state of Bavaria, which Mr. Seehofer leads. The two have long shared a parliamentary group, acting as a sin-

The Christian Social Union has grown increasingly estranged from Ms. Merkel.

gle party on the national stage. They rule together in a fragile alliance of staunch conservatives, centrists and left-leaning Social Democrats, all with diverging views on immigration.

But Mr. Seehofer's CSU has grown increasingly estranged from Ms. Merkel since her decision to open Germany to hundreds of thousands of asylum seekers in the summer of 2015.

The influx has since abated but the political tension it triggered has refused to go away.

The anti-immigration Alternative for Germany, which was created in 2013 and polled in the low single digits for years, is now the biggest opposition party in parliament. An Infratest Dimap poll published on Thursday gave AfD 15% of voter support, 2½ points above its September election result.

The sudden escalation in Berlin came as a surprise this week.

At issue is a single measure that would give German border police authority to turn back anyone entering the country illegally if they have no identity documents or are found to have previously requested asylum in a different EU country.

Ms. Merkel and her supporters argue that the initiative would alienate Germany's neighbors just as she is trying to engineer a pan-European approach to asylum and refugees.

Mr. Seehofer argues that the move is compliant with international law and would only prevent people with no prospect of obtaining asylum from entering Germany.



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WORLD NEWS

China Tells U.S. Firms to Brace Themselves

Multinationals with footprint on Chinese mainland may be hardest hit by tariffs

By LINGLING WEI
AND YOKO KUBOTA

BEIJING—When a group of American executives and other global corporate chieftains met with Chinese Vice President Wang Qishan in late March, they received a stern message about the simmering U.S.-China trade conflict: If tensions escalate, buckle up.

"The message was pretty clear," said a person who attended. "A lot of companies would become victims in a U.S.-China trade war."

That is what American multinationals are now bracing for, after the Trump administration said it would move ahead with 25% tariffs on \$50 billion in Chinese goods. Beijing said in response to the U.S. move Friday that it would retaliate in "equal scale and equal strength."

While a battle between the world's two largest economies would inflict pain on businesses and consumers in both countries, in the crosshairs, in particular, are multinationals with a footprint in the mainland.

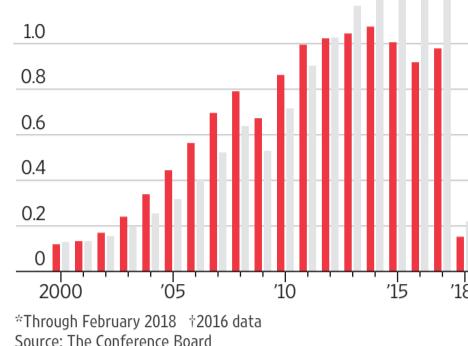
A sophisticated global sup-

In the Crosshairs

U.S. tariffs will take a toll on foreign-invested companies in China, which produce 43% of the country's exports and represent a significant share of exporters of information and communications technology, a sector targeted by the U.S.

■ Foreign-invested firms ■ Domestic firms

China's merchandise exports, by type of firm



*Through February 2018 †2016 data

Source: The Conference Board

Share of China's export value, by type of firm[†]

Firm Type	Share (%)	Value (\$B)
Computers	93%	7
Electronic components	85	15
Electronic devices	80	20
AV equipment	77	23
Communication equipment	66	34
Radio, TV equipment	54	46

THE WALL STREET JOURNAL.

ply chain means many foreign companies nowadays assemble their products in China with parts bought elsewhere, and then sell to the U.S. and other markets. That leaves them vulnerable to any new U.S. sanctions as well as pressure and other retaliation from Beijing.

Foreign-invested companies, including companies from Hong Kong and Taiwan, produce 43% of China's exports, according to an analysis by the Conference Board, a New York think tank. The manufacturers among them notably make up 77% of China's exports of infor-

mation and communications technology—a sector highlighted by the Trump administration for new tariffs.

At the March gathering, people who attended said, Mr. Wang told the business leaders—which included senior executives from **International Business Machines** Corp., chip maker **Qualcomm** Inc. and private-equity firm Blackstone Group—that they should try harder to lobby the Trump administration against launching a trade offensive.

The U.S. said on Friday the trade levies are designed to

hit products linked to Chinese strategic plans to dominate new high-technology industries, and released a list that covers 1,102 categories of goods.

Shortly afterward, China's State Council said it would levy penalties of the same rate on U.S. goods of the same value.

While multinationals assess the potential impact from the escalation of trade tensions, makers of consumer electronics have been canvassing suppliers and, in the case of at least two personal-computer makers, inquiring about shifting some of

production in China to the U.S.

Foxconn Technology Group of Taiwan, the world's largest contract manufacturer of electronics and known for assembling **Apple** Inc.'s smartphones in China, conducted a review of its supply chain, said a person familiar with the matter. The review, which assessed the proficiency of Chinese suppliers, could be used to assess the impact of potential tariffs, the person said. It isn't clear if Foxconn is taking any action following the review; the company didn't respond to a request for comment.

The new U.S. tariffs exempt commonly purchased consumer goods, according to the U.S. trade representative. Semiconductors—the guts of smartphones and many connected devices—were put on the target list, drawing protest from the Semiconductor Industry Association. The Washington-based trade group said most semiconductors exported from China are designed and made in the U.S.

Boeing Co. is likely to feel the pain from both sides, though it stands to get hurt more by potential Chinese retaliation. Boeing, the largest U.S. exporter, delivered 202 aircraft to China last year—more than a quarter of its total global sales. Past rounds of political tensions with the U.S.

have seen China switch its purchases to **Airbus** SE. Chinese state media have warned to expect the same this time, though China's retaliatory list didn't include U.S.-made commercial planes.

Boeing also buys some parts for its 737 and 787 jetliners from Chinese suppliers, mainly the state-run Aviation Industry Corp. of China. The latest U.S. tariffs include some China-made aerospace products, potentially jacking up the costs of those components for Boeing. But they constitute a small part of Boeing planes' total value, according to aviation analysts.

Already, some U.S. companies are facing increased regulatory scrutiny in China, according to Jacob Parker, vice president of China operations at the U.S.-China Business Council. For instance, he said, it takes longer for their products to clear Chinese customs; in other instances, Chinese regulators are putting advertisement slogans by U.S. firms under review. Some automobiles and farm products such as pork from the U.S. have piled up at ports.

"Maintaining a low profile in the China market and ensuring that you're completely compliant are more important now than in the past," Mr. Parker said.

—Trefor Moss in Shanghai contributed to this article.

Tariffs Are Lobbed in Trade Fight

Continued from Page One

China's retaliatory list are agricultural, seafood and energy products. President Donald Trump said earlier Friday that the U.S. would respond with more tariffs if China retaliated.

Beijing is imposing the tariffs in two steps as Washington is doing—picking the same amounts and same dates. On July 6, China will levy duties on \$34 billion of U.S. products, covering 545 categories, ranging from soybeans, pork, chicken and seafood to sport-utility vehicles and electric vehicles. The farm goods were chosen to hit U.S. states that supported Mr. Trump, according to people with knowledge of Beijing's plan.

Then China plans to implement tariffs on an additional \$16 billion of U.S. goods, the State Council said. The start date for tariffs on those products, including chemicals, coal, crude oil and medical devices, will be announced later, it said. Commercial jets, airplane engines and other aviation equipment were left off the list.

Mr. Trump, in a statement earlier on Friday, said any Chinese retaliation would be met with new tariffs. He has already threatened additional tariffs on \$100 billion in Chinese imports, but the U.S. hasn't yet detailed which products would be hit.

The trade war was started many years ago" by China and



After U.S. tariffs were unveiled, China said it will levy duties on U.S. products such as soybeans, above, in shipping containers in Illinois.

others, Mr. Trump said at the White House on Friday. He said the U.S. economy is already humming and "after we do our trade deals, wait 'til you see our numbers."

The U.S. tariffs on Chinese goods come after others the Trump administration imposed on metals imports from allies in Europe, Mexico, Canada and Japan. This puts Washington at the center of a mounting trade confrontation, as Mr. Trump tries to put into effect his "America First" trade policy.

Captured in the middle are a

number of big U.S. companies, which complain that the tariffs penalize them for their globe-spanning supply chains. The U.S. added semiconductors to its tariff list, for instance. Chips are often designed and produced in the U.S., sent to China for packaging or testing and then returned to the U.S. The chips would now be subject to tariffs on the return trip.

"Tariffs on semiconductors would harm, not help, U.S. semiconductor companies, their workers, and American consumers," said a spokesman

for the Semiconductor Industry Association.

Administration officials said the goal of the tariff fight is to protect high-tech U.S. companies from pressure they face in China to transfer their technology to Chinese partners. Tariffs are necessary, the officials say, to force Beijing to change the way it does business.

If tariffs prompt American technology companies to move manufacturing out of China, that is also a plus, U.S. officials say. Some of that production may return to the U.S. Even if

it doesn't, they argue, the U.S. would benefit if companies move assembly work to other low-wage nations because that would make it harder for Beijing to capture U.S. technology.

"We're going to stop, we hope, their transfer of technology—their forced transfer of technology," U.S. Trade Representative Robert Lighthizer said on Fox Business Network.

On July 6, the U.S. will levy tariffs on \$34 billion worth of Chinese imports, covering 818 product categories. That is a pared-down version of a preliminary tariff list announced

Chip Makers Gird for Tariffs' Fallout

By JAY GREENE

The U.S. semiconductor industry bristled at President Donald Trump's plan to impose tariffs on about \$50 billion of Chinese goods, arguing they will hurt American business and make the country less competitive.

The rules, which take effect July 6, will place 25% tariffs on a variety of goods including semiconductors and related product imports, products brought into the U.S. that amounted to \$2.5 billion in 2017, according to the Semiconductor Industry Association, a U.S. trade group.

A second set of tariffs, which would take effect at a later date, includes additional semiconductors and related products—and that impact is more extensive, including a wider collection of components in chips than the original list, the group said. The trade group said it was still determining the financial impact.

China, in a retaliatory move, said it would impose tariffs of 25% on U.S. products including autos, agriculture and seafood.

Chip makers feel as if they

are in the middle of a "game of chicken," said Robert Maire, president of the consulting firm Semiconductor Advisors. They have viewed the escalating trade battle warily so far, and today's news likely hasn't changed that position, he said.

Many chip makers are loath to wade into the debate for fear of stoking tensions, which could hurt their stocks or rile the Trump administration, Mr. Maire said, but there is a built-in assumption the U.S. and China will work it out.

On Wall Street, the stocks of semiconductor companies saw only muted impact on the news, tracking the broader market.

The U.S. orders cut across an array of goods, trade-group representatives said, such as hard drives used in servers and storage devices, as well as monitoring and testing equipment used to develop new products.

In its order, the U.S. said its list "does not include goods commonly purchased by American consumers such as cellular telephones or televisions."

The Information Technology Industry Council, though, cautioned that the tariffs going

into effect July 6 include items such as light-emitting diodes and hard drives. That could end up boosting consumer prices for things like computers and mobile phones.

While the U.S. tariffs may impair Chinese companies that use semiconductors, among others, the fallout also will extend to U.S. businesses that participate in the complex sup-

ply chain of chip manufacturing, the Semiconductor Industry Association said.

That is because the vast majority of chips American companies import from China are designed in the U.S. The manufacturing of many components in those chips often starts in the U.S. as well, before they are shipped to China for assembly, testing and packaging.

The tariffs will force Ameri-

can companies to pay duties on their own products, some of which were initially built in the U.S., the trade group said, adding that the imposition "fails to address the serious IP and industrial policy issues in China."

While the trade group didn't cite specific Chinese transgressions, U.S. Trade Representative Robert Lighthizer called out "China's theft of our intellectual property, the forced transfer of American technology, and its cyberattacks on our computer networks" in announcing the order.

The tariffs, meanwhile, throw further doubt on the fate of Qualcomm Inc.'s long-running \$44 billion acquisition of Dutch automotive chip specialist NXP Semiconductors NV, another sign of how U.S. efforts to tackle trade complaints with China can risk blowback for U.S. companies.

The NXP deal has awaited Chinese regulators' approval, but that approval has been in limbo as the U.S. and China engaged in a skirmish over trade as well as Washington's ban on Chinese telecom ZTE Corp. buying components from American suppliers.

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WORLD WATCH

KASHMIR

Group Calls for Probe Into Killing of Editor

The Committee to Protect Journalists has urged Indian authorities to investigate the killing of a prominent journalist in Indian-controlled Kashmir, as politicians, rebel groups and separatist leaders condemned the murder of the leading editor.

Indian authorities must ensure a "thorough and credible" probe of the shooting death of Shujaat Bukhari and bring the killers to justice, the CPJ said.

The media watchdog, however, questioned whether the government would conduct an adequate probe.

Mr. Bukhari was killed along with his two police guards by unidentified gunmen on Thursday evening as he left his office in Srinagar. Mr. Bukhari was a group editor for three daily newspapers and a weekly.

Pro-India politicians, separatist leaders, security officials, lawmakers and journalists were among the thousands who participated in Mr. Bukhari's burial on Friday.

—Associated Press

LONDON

Hawking's Ashes in Westminster Abbey

The ashes of Stephen Hawking were buried Friday in a corner of Westminster Abbey that honors some of Britain's greatest scientists, between the graves of Charles Darwin and Isaac Newton.

More than 1,000 people at-

tended a service in the ancient abbey for the physicist, who died in March at age 76 after decades of living with motor neuron disease.

Dr. Hawking conducted groundbreaking research into black holes and the origins of the universe, and gained global fame as a popularizer and communicator of science.

After the service, Dr. Hawking's words, set to music by Greek composer Vangelis, were being beamed into space from a European Space Agency satellite dish in Spain. Dr. Hawking's daughter, Lucy, said the music would be aimed at "the nearest black hole, 1A 0620-00," more than 3,000 light years from Earth.

—Associated Press

GREECE

Macedonia Accord Stirs Heated Debate

Greek lawmakers debated a no-confidence motion against the government Friday over its tentative agreement to end a decades-old dispute with neighboring Macedonia over that country's name.

Prime Minister Alexis Tsipras' left-led government was expected to easily survive the vote.

Outside parliament in central Athens, a few hundred people protested the deal, which would rename Greece's small northern neighbor North Macedonia in exchange for Greece's dropping its objection to Macedonia joining NATO and the European Union.

A preliminary agreement will be signed Sunday by the two countries' foreign ministers.

—Associated Press



Disputes simmered between the U.S. and other nations at the recent G-7 meetings. 'The mood really changed after the G-7,' a EU official said.

G-7 Tensions Cloud Trade Outlook

The U.S.'s closest allies and its largest economic rival have found an unexpected adversary on trade: the U.S.

As China prepares to retaliate over a fresh round of U.S. tariffs, America is increasingly isolated from its closest allies,

*By Emre Peker,
Paul Vieira
and Valentina Pop*

who have rolled out their own responses to U.S. steel and aluminum tariffs.

Tensions not only over trade, but also immigration, terrorism, the environment and other issues simmered through two days of the Group of Seven meetings last weekend, according to people who were present.

European diplomats said their leaders were dismayed that they couldn't move U.S. President Donald Trump on basic issues, such as the economics of U.S. trade deficits.

"The mood really changed after the G-7," a European Union official said.

Mr. Trump, in a press conference after the weekend meetings, said talks in the village of La Malbaie, Quebec, were very friendly until Canadian Prime Minister Justin Trudeau held a press conference Saturday and warned that

Canada wouldn't be pushed around by the U.S., prompting him to pull his support from a final G-7 communiqué.

Mr. Trump argues the U.S. has a \$100 billion deficit with Canada while Canada says the U.S. has a surplus. German Chancellor Angela Merkel suggested establishing what would essentially be a fact-finding panel so that Western leaders could at least agree on the basic realities, according to another European official.

Mr. Trump was unmoved, insisting the U.S. was treated unfairly, officials who were present said. French President Emmanuel Macron countered that the playing field might be uneven on either side of the Atlantic in individual markets.

The EU's top executive, European Commission President Jean-Claude Juncker, argued the U.S. should look at the broader trade relationship instead of focusing on line items, stressing that European companies were investing billions in the U.S. and underwriting thousands of jobs, according to a European diplomat at the gathering. He also made a personal appeal by recounting how his father was liberated by U.S. troops from a Russian prison-camp at the end of World War II after being forced into the German Army

by the Nazis.

A senior EU official said the U.S. president called Mr. Juncker a "brutal killer" several times, referring to Brussels' billions of dollars in anti-trust and tax fines against American tech companies and the fact that Washington can't engage Berlin and Paris directly for trade deals, which

two."

The U.S. president jarred some with blunt observations. At one point, he brought up migration as a big problem for Europe and then told Mr. Abe, "Shinzo, you don't have this problem, but I can send you 25 million Mexicans and you'll be out of office very soon," according to the senior EU official who was in the room. A sense of irritation with Mr. Trump could be felt, "but everyone tried to be rational and calm," the person said.

The EU official said at another point, in a discussion over Iran and terrorism, Mr. Trump verbally jabbed at Mr. Macron, "You must know about this, Emmanuel, because all the terrorists are in Paris," the senior official said.

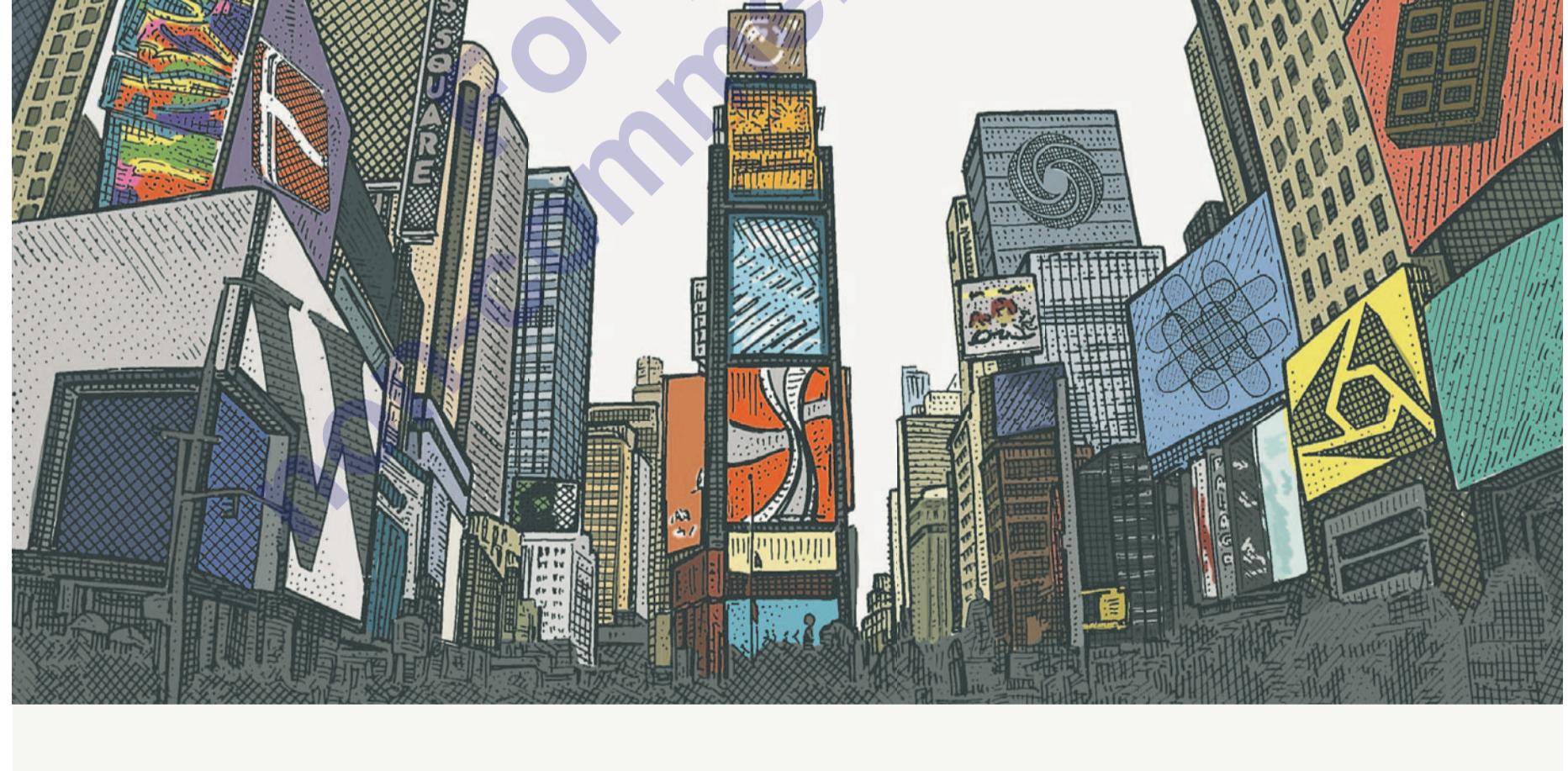
The White House and Elysee Palace didn't respond to a request for comment.

Canada, the EU and China are all looking to hit politically sensitive sectors in the U.S. as they punch back against the aggressive U.S. stance—with their own tariffs on frozen pizza from Wisconsin, orange juice from Florida, ketchup from Ohio, and chocolate from Pennsylvania, all swing states politically.

—Vivian Salama and Kim Mackrael contributed to this article.

ANGELOS TZORTZINIS/AGENCE FRANCE PRESSE/GETTY IMAGES

A Greek Orthodox priest took part in a demonstration in Athens Friday against the agreement to resolve a row with Macedonia.

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WORLD NEWS

Looming Election Is Vital for Zimbabwe

Foreign governments have made a credible vote a condition for reassessing sanctions

HARARE, Zimbabwe—The man who deposed longtime President Robert Mugabe is literally wearing his campaign promises on his sleeve six weeks before a historic election: Fight corruption, develop the economy, re-engage with the rest of the world and create jobs.

*By Dan Keeler
And Gabriele Steinhauser*

Emmerson Mnangagwa's colorful blazer resembles a model worn by Mr. Mugabe, the man he served for 37 years before ousting him in a military intervention in November.

The question is whether Zimbabweans believe Mr. Mnangagwa's message of change. After more than a decade and a half of broad sanctions, he has pledged to stem a crippling economic crisis by inviting foreign investors and restarting aid talks with international financial institutions. "We don't believe we're an island anymore," he said. "We should be part of the global community."

The success of the July 30 vote will dictate the post-Mugabe economic project and Zimbabwe's efforts to end its status as an international pariah. Foreign governments, including the U.S. and the European Union, have made a credible and peaceful election a condition for reassessing sanctions, support programs and debt relief. Most private investors looking at Zimbabwe's platinum, diamond and lithium reserves and infrastructure projects expect the government to sort out its finances before they commit money.

"We want our elections to be free, fair, transparent and credible," said Mr. Mnangagwa, repeating what has become a mantra for his ZANU-PF party.

The 75-year-old has been accused of having a hand in ma-



Zimbabweans will vote for a new president in race where for the first time in four decades Robert Mugabe isn't a candidate. President Emmerson Mnangagwa, top right, says he wants it to be free, fair and transparent. His face is plastered on posters and billboards..



CYNTHIA MATONHODE FOR THE WALL STREET JOURNAL (3)

for him, compared with 31% for Mr. Chamisa, but 26% either declined to reveal their pick or said they hadn't decided. Six out of 10 Zimbabweans feel that their country is going in the wrong direction, the poll found.

In the mornings, people line up at banks, hoping to withdraw increasingly rare U.S. dollars or government-printed bond notes.

Mr. Mnangagwa said he needs time to remake a state and party machinery hampered by bureaucracy and corruption and plans to shuffle his cabinet if he wins. "It's not an event, it's a process to change from one entrenched system to a new administration," he said.

The challenges are enormous. To qualify for aid from the International Monetary Fund, the African Development Bank or the World Bank, Zimbabwe has to pay off more than \$2.3 billion in overdue loans and unpaid interest. It will also have to cut back a deficit that touched 14% of gross domestic product last year. And it will have to launch a new currency.

Mr. Mnangagwa gave few details on how he plans to resolve these issues. The central bank's governor, John Mangudya, said the government might borrow money from commercial banks to pay off some arrears and unlock assistance from development banks for the rest.

Another option is to request debt relief. "Maybe, after the elections are free, fair and credible...we can ask them, look, we owe the World Bank, can you assist us?" Mr. Mangudya said.



nipulating presidential polls in 2008, when the opposition Movement of Democratic Change won the first round but lost following a violent runoff

campaign. He has denied rigging that vote and other disputed elections.

Zimbabweans are seeing some changes. But many say

they will vote for Mr. Mnangagwa's rival, the MDC's Nelson Chamisa. Last week, thousands joined an opposition march through the capital, without in-

terruption from security forces or ZANU-PF youth.

Other things have remained the same. State media still laud the government and ridicule the 40-year-old Mr. Chamisa, a lawmaker and former information minister who took the helm of the MDC in February. Election watchdogs warn of the risk of vote-buying and other, softer manipulation of the polls. The government in May authorized wage increases for civil servants of up to 17%, bloating a public payroll that already eats up 90% of state revenue.

Mr. Mnangagwa said it would be up to international observers to judge the vote. "You don't write an examination and mark it for yourself," he said.

He also insisted he would respect the election result and rejected threats from members of his own cabinet that the military could intervene again.

A recent poll showed 42% of voters would cast their ballot

from PAGE ONE

Big SUVs, Small Spaces

Continued from Page One
to grow, and so do the headaches involved with trying to park them.

Many downtown garages and parking lots sprouted in the late '70s and '80s when

sales of smaller cars were on the rise. The standard parking spot in the U.S.—about 8 feet to 9 feet wide and nearly 18 feet deep—has budged little since.

Compact-car spaces, generally 7 feet to 8 feet wide and 15.5 feet deep, are becoming more commonplace in some congested cities, as builders try to squeeze in more parking.

All the while, vehicles themselves are inflating in size with many models getting

wider, longer and taller with each new generation.

"You've got two trends moving in opposite directions," said Trent Lethco, a consultant with engineering firm Arup who works with cities and planners on parking and other transportation issues.

Amanda Collins, a Michigan-native who lives in New York City, said she once had to climb in through the trunk of her Jeep Wrangler to get to the driver's seat because her

SUV was so snugly boxed-in.

"I was so close to the wall on the right side. It was 1 or 2 inches," recalled Ms. Collins, 25, who at the time was parking her Wrangler in a garage in Birmingham, Mich. "Then, on the left side, someone parked 2 inches away from me."

She said she ended up leaving a note on the other vehicle—a Jeep Grand Cherokee, a larger SUV—chiding the driver for parking in a spot that "you knew was too small."

SUVs began to surge in popularity in the late 1990s, and sales of the rugged, people haulers held strong through the early to mid-2000s. When the economy collapsed later in the decade and gasoline prices shot up to more than \$4 gallon, many buyers ditched their SUVs for smaller, more fuel-efficient cars. Now, the pendulum is swinging back in the other direction.

Ford Motor Co., which recently announced it was killing off several slow-selling car models, expects nearly 90% of its North American sales will come from SUVs and trucks by 2020.

Auto makers say new parking-assistance technologies, such as back-up cameras and warning systems that can detect a potential collision, are

helping drivers of heftier vehicles better navigate tight spaces.

Marcel Ralbovsky, an F-150 pickup truck owner living in Las Vegas, isn't taking any chances. He said he keeps a white message board in his garage with "77 inches" written in big numbers on it. That is the height of his truck.

"It is a constant reminder to read the signs if I should happen to take the truck to the strip," he said.

Mr. Ralbovsky once drove a

Drivers tie up traffic trying to muscle trucks and SUVs into too-small spots.

Ford Expedition SUV to Seattle and had to park out in the "boonies" because the vehicle wouldn't fit in the hotel's underground garage. Now, when he drives to the coast, he does so in his smaller Ford Edge crossover.

Drivers of more diminutive rides are equally frustrated by the parking pinch. Taller trucks and SUVs block views, park at weird angles and make it difficult to get in and out. Dents and dings are frequent

bothers, these drivers say.

In Detroit, where large trucks and SUVs dominate the roads, jostling for parking is a morning ritual in downtown garages where spaces are narrow and the turning radius tight.

"You don't need to have a Hummer to be affected by this," said Michael Davis, 47, who owns a compact Mazda 3 hatchback.

Often, he'll see drivers seizing up traffic trying to muscle trucks and SUVs into too-small spots—a process that can take multiple attempts. "It literally becomes a line of 20 cars," Mr. Davis said.

Alondon Richard, 25, who parks his Chevy Malibu sedan in the same garage, said the spots are so slim and the cars so tightly packed that disembarking is a "kind of limbo."

He must carefully crack his car door the right amount and then squeeze out from behind it without bumping into the vehicle jammed next to his car.

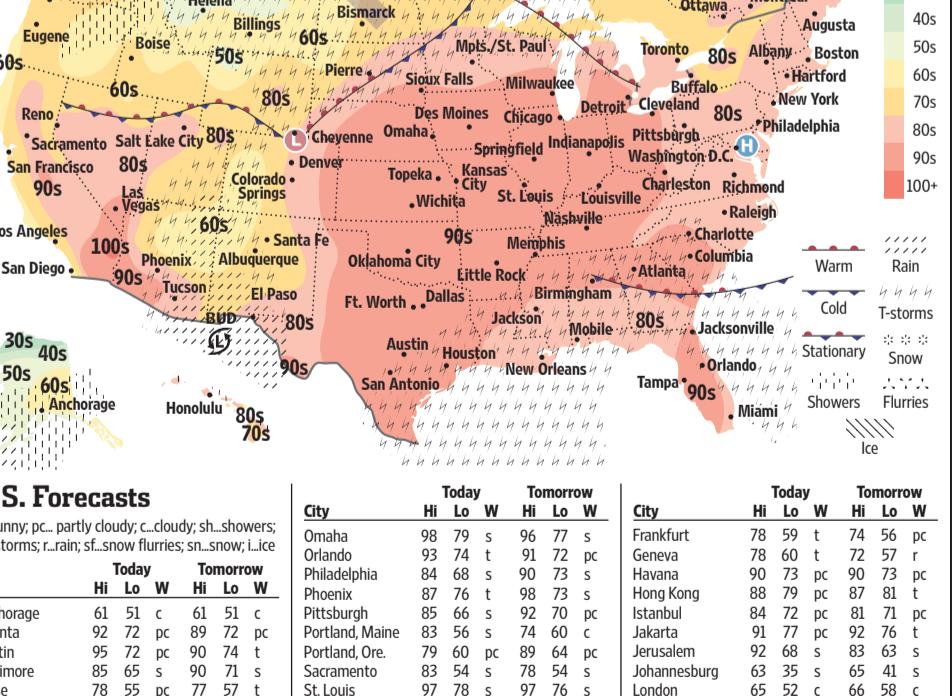
"It's stressful," said Mr. Richard, who is 6 feet tall. "The other car is dirty and it gets on your clothes."

About a month ago, he returned to his car to see an inch-long gash in the fender. "After a long day of work, it's like someone hit me," he said, "and now, I have to deal with this, too."



A big vehicle crams into a tiny space in a garage in Detroit. Such tight squeezes frustrate drivers.

Weather



U.S. Forecasts

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

t=tstorms; r=rain; sf=snow flurries; sn=snow; Li=light

Today Hi Lo W

Tomorrow Hi Lo W

City

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OBITUARIES

WILTON LOONEY
1919 – 2018Eighty Years With Firm
Began at Age of 19

If you wanted a loyal employee, Wilton Looney was hard to beat.

He grew up on what he described as a one-mule cotton farm in Georgia and never went to college. At age 19, he joined Genuine Parts Co., an Atlanta-based auto-parts distributor. The company's founder, Carlyle Fraser, saw potential.

When Mr. Looney joined the Army during World War II, Mr. Fraser advised him to take advantage of every learning opportunity. There were plenty of those as Maj. Looney repaired and maintained trucks on sniper-infested jungle roads built to supply China via Burma.

He returned to Genuine after the war, became president in 1955

and chief executive officer in 1961. Genuine expanded across the U.S. After retiring, he attended board meetings as a director emeritus until the past year, extending his career there to 80 years.

Mr. Looney avoided debt and profit forecasts but made sure the dividend rose annually. "It's like a drug habit," Mr. Looney told a reporter in 1985. "People start to expect it."

The war was his university. He was once asked where he would be if he had been able to go to college. "I figure I'd just be four years behind in my career," he said.

Mr. Looney died June 1 in Atlanta. He was 99.

—James R. Hagerty

GENA TURGEL
1923 – 2018Polish Jew Found Love
In Ruins of the Camps

Shortly after British Army Sgt. Norman Turgel helped liberate the Bergen-Belsen concentration camp in April 1945, he met a blonde working in the prison hospital. He thought she might be a Nazi SS agent. No, she said, "I'm Polish and Jewish."

It was the beginning of an unlikely romance.

The Jewish soldier married the young woman, Gena Goldfinger, six months later. She wore a dress made with silk from a parachute. They settled in London and had three children. He worked in the fur trade. She told her story in schools and a 1987 memoir, "I Light a Candle."

It was a tale of unimaginable horror: women stripped and beaten, a 14-year-old boy hung for

singing, people forced to dig their own graves, the "walking skeletons" she saw while being herded from one camp to another. She remembered meeting Anne Frank as the then-unknown diarist was dying at Bergen-Belsen.

"My testimony bears witness to the murder of six million others," she told the Times of London in 2014. "They were real people: mothers, fathers, children, doctors, teachers. They used to laugh like we laugh and cry like we cry, but now they scream in silence."

Ms. Turgel died June 7. She was 95.

Mr. Turgel died in 1995. Mrs. Turgel's survivors include her three children, eight grandchildren and 15 great-grandchildren.

—James R. Hagerty

GEORGE N. LEIGHTON
1912 – 2018Seventh-Grade Dropout
Became Federal Judge

BY JAMES R. HAGERTY

George N. Leighton was 14 or 15 when he decided to become a lawyer. "The idea was so bizarre that I didn't tell anyone about it," he recalled later.

He had never met a lawyer. He didn't know what they did. That wasn't surprising for a young man who dropped out of school in seventh grade to work on an oil tanker.

Through years of manual labor, he kept his goal alive by reading books and taking correspondence courses in math and history. In his early 20s, he won \$200 in an essay-writing contest, enough money to enroll at Howard University, the historically black institution in Washington, which admitted him provisionally despite his lack of a high school diploma. He graduated magna cum laude at Howard and applied to Harvard Law School, where he earned a degree in 1946 after serving as a logistics officer in the U.S. Army during World War II.

Mr. Leighton, who died June 6 at age 105, had a celebrated career as a civil-rights lawyer, Illinois state judge and U.S. District Court judge. In his final years, he lived in a Veterans Affairs center in the Boston area. Although he was more of a chess player, Judge Leighton cheerfully played cards there with the Vietnam vets.

Starting his career in Chicago in 1946, Mr. Leighton worked for a more senior lawyer who offered him no fixed salary and, initially, not even a desk. He managed to earn enough in his first year to buy a home.

When an African-American bus driver named Harvey E. Clark Jr. rented an apartment in the Chicago suburb of Cicero in 1951, Mr. Leighton was his lawyer. A howling white mob prevented Mr. Clark and his family from moving in. Their furniture was tossed out



the window and burned. Authorities called in the National Guard to quell the ensuing riot.

A Cook County grand jury indicted Mr. Leighton and others for conspiracy to incite the riot. Thurgood Marshall, later a U.S. Supreme Court Justice, represented Mr. Leighton, and the charges were soon dropped.

"All that did, it made me well-known," Mr. Leighton recalled in a 2012 documentary. It also influenced him in his later work. "When I became a judge and a defendant told me, 'Judge, I'm not guilty, I didn't do it,' I listened to him," he said in another interview, "because I knew you can be indicted even though you're innocent. I was!"

George Neves Leitao was born Oct. 22, 1912, in New Bedford, Mass. His parents, immigrants from the Cape Verde islands off the west coast of Africa, worked in cranberry bogs, as did young George. When he was in elementary school, a teacher found his family name, Leitao, difficult to spell and pronounce. She decreed that he should be known as George Leighton. He submitted. During World War II, he served

in the 93rd Infantry Division, designated for "colored" soldiers, in the Pacific. Upon returning home, he quickly completed his legal course work at Harvard and passed the bar exam.

After struggling to find legal work in Massachusetts, he moved to Chicago. He became known for helping clients obtain their voting, housing and other civil rights.

Still, he was unpredictable. In 1963, he represented a reputed mobster, Sam Giancana, arguing that the FBI's constant surveillance of him was akin to imprisonment. "I never had a client that was so mild-mannered and respectful," Mr. Leighton said later. Mr. Giancana gave him a gold watch.

In 1964, he got a call from Chicago Mayor Richard J. Daley, who suggested he run for election to the Circuit Court of Cook County. Encouragement from Mayor Daley "was the equivalent of being elected by a landslide," he said later. "And I was indeed elected by a landslide."

He moved up to the Appellate Court of Illinois and then in 1976 was appointed by President Gerald Ford as a U.S. District Court judge, a post he held for 11 years before returning to private practice.

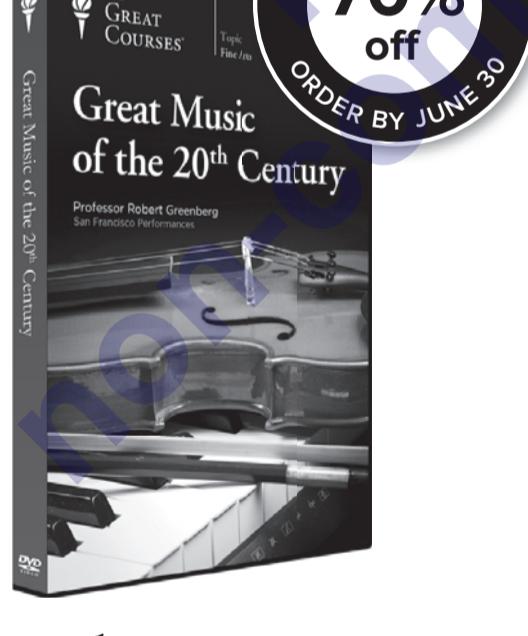
He is survived by two daughters, five grandchildren and eight great-grandchildren. His wife of nearly 50 years, Virginia, died in 1992.

Until age 99, he continued to represent clients in court for the Chicago firm of Neal & Leroy. Langdon Neal, a managing member of the firm, recalled finding Mr. Leighton face down on the floor in his office early one morning. Mr. Neal's alarm quickly dissipated when he realized his 90-something colleague was doing push-ups.

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IN DEPTH

Trump, Cohen Had Rocky Past

Continued from Page One
some of his meaner tweets.

At the same time, Mr. Trump throughout held Mr. Cohen at arm's length. Interviews with two dozen friends and acquaintances of the two men and others familiar with their relationship suggest Mr. Trump appreciated the unwavering loyalty. But he also came to doubt Mr. Cohen's professional abilities and judgment.

From this improbable relationship comes an extraordinary test of how far Mr. Cohen's loyalty will stretch, and whether Mr. Trump's treatment of Mr. Cohen over the years will come back to bite him, jeopardizing them both in the process.

Federal authorities seized millions of files from Mr. Cohen during an April raid. They're investigating potential campaign-finance violations and bank fraud surrounding, among other deals, Mr. Cohen's October 2016 payment to Stephanie Clifford, the former adult-film star called Stormy Daniels, to keep her from discussing an alleged sexual encounter with Mr. Trump, according to people familiar with the matter.

Some allies of Mr. Trump have expressed concerns that Mr. Cohen, who is shopping for a new legal team, will cooperate with investigators—a decision that one person close to Mr. Cohen said he hadn't yet made. The outcome is likely to determine how the final chapter of the 12-year-long relationship between the two men is written.

Mr. Cohen didn't respond to a detailed request for comment, except to write back: "Your entire set of facts, as put forth below, lack any accuracy and demonstrate you are just another member of the fake news propaganda machine."

The White House didn't reply to requests for comment. Mr. Trump told reporters on Friday: "I always liked Michael and he's a good person," adding that Mr. Cohen is no longer his lawyer and that they hadn't spoken "in a long time." Asked whether he's worried Mr. Cohen would cooperate with authorities, Mr. Trump said: "No, I'm not worried because I did nothing wrong."

Buying an apartment

The Trump-Cohen relationship began with real estate. Mr. Cohen bought an apartment in Trump World Tower, a 72-floor skyscraper near the United Nations, for a little more than \$1 million in 2001, public property filings show. It was his first purchase in one of the glitzy Trump buildings and one of many by Mr. Cohen and relatives. His wife's parents bought four other units at the same building.

Three years later, Mr. Cohen met Donald Trump Jr., Mr. Trump's eldest son, as he sought to buy into the mogul's newest building, Trump Park Avenue.

Messrs. Cohen and Trump Jr. hashed out the details at Geisha, a restaurant on Manhattan's Upper East Side, said Greg Ehrlich, a friend at the time. Mr. Cohen agreed to buy and combine multiple units for just under \$5 million. He and his wife closed on the apartment at 502 Park Avenue on Feb. 3, 2005. Donald Trump Jr. didn't respond to a request for comment.

Mr. Cohen's relationship with the elder Trump blossomed the next year, as he rallied to the developer's side in a dispute with a condo board at Trump World Tower.

The row was over an assessment on condo owners that amounted to tens of thousands of dollars per unit. In 2003, the building's board, then controlled by Mr. Trump, agreed to raise condo fees to pay the developer \$30 million. The sum was compensation for legal fees and other expenses Mr. Trump incurred in two lawsuits against the city, including one that won the building a \$94 million tax abatement.

Other condo owners bristled at the hefty fees, a former owner recalled. They gained a foothold on the board and moved to review and potentially undo the assessment.

Mr. Trump sued the owners reviewing the assessment, accusing them of squandering condo resources. He recruited Mr. Cohen and others on his side to run for the seven-member condo board, culminating in a March 2006 vote in a packed church basement next door, cur-



Donald Trump tested the waters in New Hampshire for a possible presidential run in 2011 with Michael Cohen by his side.

cording to several people who worked at the Trump Organization or were outside counsel for the company.

Pushing lower fees

In 2011, he interceded after a Virginia lawyer, David Hopper, refused a request from Eric Trump, one of Mr. Trump's sons, to reduce fees he was charging the Trump Organization by 70% for representation in a case involving a Trump family winery.

Mr. Hopper's firm had said it would withdraw from the case, according to legal filings.

Later, Mr. Hopper got a call from Mr. Cohen, whom he'd never heard from before, a person familiar with the matter said. Mr. Cohen, friendly at first, asked the firm not to withdraw while still accepting the lower fees, according to a legal filing by Mr. Hopper. When Mr. Hopper refused, Mr. Cohen warned him that the firm should expect very bad publicity unless it reconsidered, according to the filing.

The Trump Organization denied in court filings Mr. Cohen had said this. Later that day, then-Trump General Counsel Jason Greenblatt told Virginia Lawyers' Weekly that Mr. Hopper's work was "shoddy" and at times had to be redone. Mr. Hopper sued his onetime client in federal court alleging defamation and breach of contract. The parties settled, drafting a statement that the Trump Organization "appreciated" Mr. Hopper's services.

Other days, Mr. Cohen spent time in Mr. Trump's office helping his boss compose nasty tweets about talk show host Rosie O'Donnell, with whom Mr. Trump was engaged in a Twitter war, Mr. Cohen later told a colleague. Mr. Trump's tweets included calling Ms. O'Donnell "an ass" and "a true loser."

Mr. Cohen later told a colleague those were his "glory days" because he felt particularly close to Mr. Trump.

Mr. Cohen has credited himself as an originator of Mr. Trump's run for president. In an interview last year, he said he had shown Mr. Trump a magazine article in October 2010 referencing a poll about the idea of a Trump presidency.

Mr. Cohen and several New York lobbyists set up a website, ShouldTrumpRun.com. He visited Iowa a few months later to explore a campaign.

The effort seemed to help reinvigorate Mr. Cohen's standing with his boss. "He found his sweet spot again," said one former associate. In early 2011, Mr. Trump tweeted: "The people at shouldtrumprun.com have got it right!"

Mr. Trump didn't run, but the seeds were sown for the announcement of his candidacy in June 2015. Mr. Cohen didn't officially join the campaign.

Instead, he stayed in his job, launching another failed attempt at a Trump-branded overseas tower, in Moscow. That deal later came under investigation by Special Counsel Robert Mueller and in congressional committees examining whether Trump associates colluded with Russia's efforts to interfere in the 2016 campaign. Mr. Trump has denied collusion, and Moscow has denied election meddling.

Mr. Cohen got Mr. Trump's signature on a nonbinding letter of intent in October 2015, going outside the chain of command in the legal department, according to a former colleague of Mr. Cohen.

The deal fell through, despite Mr. Cohen's last-ditch effort in January 2016 to salvage it with an email to Russian President Vladimir Putin's press secretary, according to documents submitted to Congress. Mr. Cohen said he didn't recall receiving a response, and the Kremlin spokesman said he didn't show the email to Mr. Putin.

As the 2016 presidential campaign heated up, Mr. Cohen acted as a surrogate for Mr. Trump on television and handled problems, including making a \$130,000 hush payment to Ms. Clifford the month before the election after she and her manager had again shopped the story of an alleged affair with Mr. Trump to news outlets.

Two months after Mr. Trump was elected, Mr. Cohen announced he was leaving the Trump Organization to serve as the president's personal attorney.

Last fall, Mr. Cohen sold his Trump World Tower apartment, netting a \$2 million profit. He remained on the condo board for a time and ran for re-election this month. But questions arose about his eligibility for the position, given that he no longer owned an apartment there. A Trump Organization spokeswoman said Mr. Cohen recently resigned.

Gag Order Sought Against Avenatti

LOS ANGELES—Michael Cohen asked a judge to prevent the lawyer for adult-film actress Stephanie Clifford from speaking with the media or the public about a case filed here.

In a motion filed late Thursday, Mr. Cohen made the request in regard to Ms. Clifford's lawyer Michael Avenatti, saying his actions have threatened to turn "what should be a solemn federal court proceeding into a media circus."

Ms. Clifford, professionally known as Stormy Daniels, is suing Mr. Cohen and Mr. Trump in Los Angeles federal court to

try to unwind a 2016 agreement barring her from discussing an alleged past sexual encounter with the now-president. Mr. Cohen and White House officials have said there was no such encounter.

Mr. Cohen, who is under criminal investigation in New York, said in his filing that Mr. Avenatti's frequent television appearances threaten to undermine Mr. Cohen's access to a fair trial. He also cited messages Mr. Avenatti has posted on Twitter about the case.

In response to a request for comment, Mr. Avenatti referred to his Twitter account, where he said, "The motion for a gag order is a complete joke and baseless."

—Sara Randazzo

rent and former owners recalled.

Mr. Trump jabbed at his opponents, including board member Stephen Wolf, who had been chief executive of US Airways Group Inc. before the airline filed for bankruptcy. "What does he know? He ran his airline into the ground," Mr. Trump said from the podium with Mr. Wolf nearby, according to several attendees. Mr. Wolf declined to comment.

Mr. Cohen, who sat with Mr. Trump at the meeting, stood to make a speech in support of quashing the board's uprising, current and former owners said. "What are we doing as a group? What are we trying to accomplish?" Mr. Cohen asked, recalled Keith Kantrowitz, who attended and still lives there.

Mr. Trump's slate of candidates, including Mr. Cohen, won seats on the board and preserved the assessment. Mr. Trump dismissed his lawsuit against the board members, requiring two of them to resign as a condition of a confidential settlement, a person familiar with the deal said.

Mr. Cohen and his wife by then had spent about \$6.8 million to buy units in three Trump buildings. In February 2007, Mr. Cohen publicly promoted Mr. Trump, telling a New York Post reporter that "Trump properties are solid investments" for him and his relatives. Mr. Trump replied the compliment.

"Michael Cohen has a great insight into the real-estate market," he said. "He has invested in my buildings because he likes to make money—and he does."

Three months later, Mr. Cohen went to work at the Trump Organization, according to his LinkedIn profile.

Eyes and ears'

Top executives were told that Mr. Cohen, as an involved investor in his buildings, would be Mr. Trump's "eyes and ears" and represent his interests to condo owners, a person familiar with the matter said. He was given an office and an executive vice president title, but the precise nature of his job wasn't clear to others in the organization, including other lawyers.

Almost immediately, Mr. Trump tapped Mr. Cohen as his point man to buy an unfinished golf course development called Running Horse in Fresno, Calif., that was enmeshed in bankruptcy proceedings.

Lawyers for the developer who controlled the project recalled Mr. Cohen trying to coax them into a deal on unfavorable terms. "I would have guessed he had been Trump's consigliere for 30 years," said Harry Pascuzzi, one of the lawyers.

When his entreaties didn't

work, Mr. Pascuzzi said, Mr. Cohen told him Mr. Trump wanted to offer him a job as West Coast counsel. Mr. Pascuzzi, wanting to avoid a potential conflict of interest, told Mr. Cohen he'd accept the offer after the negotiations. "No, it's got to be right now," he said Mr. Cohen replied, withdrawing the offer.

Mr. Cohen aggressively promoted Mr. Trump's message with radio appearances in Fresno and visited the area with Mr. Trump. They told the media, local politicians and residents that they could turn Fresno around, while threatening to walk away and vilifying the developer and his lawyers for refusing their offers.

"No one in the world other than Mr. Trump could make this project a success," Mr. Cohen said publicly.

He was "a little heavy handed," said Riley Walter, a bankruptcy lawyer who worked with the developer. "It's not the way we do [deals] here in the Central Valley of California. You

can't do that."

He helped negotiate several high-profile Trump deals, including a 2008 branding pact between Mr. Trump and Affili-

tion Entertainment, a clothing line that branched into fight promotion. Thomas Atencio, Affiliation's former vice president, recalled having lunch with Mr. Cohen, who acted as Mr. Trump's lawyer, a few times during the negotiations.

It didn't take long for Mr. Trump to grow skeptical of Mr. Cohen's legal skills, people close to the company said. He doled out projects he had previously assigned to Mr. Cohen to others, the people said.

At one meeting, Mr. Pascuzzi said, Mr. Cohen participated by speakerphone from New York when he and Mr. Trump's California lawyers decided to break off the negotiations for a day.

Mr. Cohen blew up. "He wanted it done right then and have us concede everything we were disputing," Mr. Pascuzzi recalled. The lawyers ignored him and walked out of the room while Mr. Cohen ranted on the speakerphone.

They eventually struck an agreement, but Mr. Trump backed out, saying the local redevelopment zone wasn't big enough to make the deal worthwhile, Mr. Pascuzzi said.

Back at the Trump Organization, Mr. Cohen appeared "starstruck" around Mr. Trump, so intent on pleasing him that colleagues questioned his judgment, some of them said. He was secretive about the work he was doing, they said, keeping others in the legal department in the dark about his projects and, unlike most of his col-

Cohen was 'a little heavy handed... You don't have to use veiled threats.'

leagues, locking the door to his office at Trump Tower.

Some colleagues were puzzled by Mr. Cohen's unending—and largely unrequited—affection for Mr. Trump. Mr. Cohen said Mr. Trump's 1987 book, "The Art of the Deal," was the only one he had ever read twice.

He helped negotiate several high-profile Trump deals, including a 2008 branding pact between Mr. Trump and Affili-

ation Entertainment, a clothing line that branched into fight promotion. Thomas Atencio, Affiliation's former vice president, recalled having lunch with Mr. Cohen, who acted as Mr. Trump's lawyer, a few times during the negotiations.

Not realizing the magazine had already gone to press, Mr. Cohen warned Bauer's general counsel again in an email that unless he removed the "unsubstantiated" story, Mr. Trump "shall avail himself of every available remedy," warning: "Guide yourself accordingly."

Mr. Trump didn't sue.

One of Mr. Cohen's roles was to tell outside lawyers Mr. Trump wasn't going to pay them the amount they were seeking for billed services, ac-

Cohen's Connections

In a lengthy relationship, Michael Cohen has bought apartments in Donald Trump's properties, negotiated deals for the Trump Organization and protected Trump from an allegation of a sexual encounter with a former adult-film actress.

Trump Properties

- Cohen buys a Trump World Tower apartment for roughly \$1 million and a unit in Trump Palace for \$820,000.
- Cohen buys an apartment at Trump Park Avenue for just under \$5 million.
- Cohen supports Trump in a condo board dispute at Trump World Tower.
- Cohen is quoted in the New York Post calling Trump properties "solid investments."
- Cohen sells his Trump World Tower apartment for \$3.3 million.
- Cohen's future on the Trump World Tower condo board is uncertain.

Trump Organization

- Cohen starts working for the Trump Organization.
- Cohen helps negotiate a deal between Trump and Affiliation Entertainment.
- Trump has aides try to convince Cohen to resign. Cohen stays, with a steep pay cut.
- Cohen visits Iowa to explore the idea of a Trump presidency.
- Cohen gets Trump to sign a letter of intent for a Trump-branded tower in Moscow. The deal does not pan out.
- Trump is elected. Cohen returns to private practice, but remains Trump's personal lawyer.

Stephanie Clifford

- Cohen kills a magazine story about the alleged sexual encounter by threatening to sue Bauer Publishing.
- Cohen pays Clifford \$130,000 on Trump's behalf.

Sources: Staff reports; Getty Images (Trump Tower, Stephanie Clifford); Zuma Press (Trump World Tower);

Joel Eastwood/THE WALL STREET JOURNAL.

Matthew Cavanaugh/Getty Images; Seth Wenig/Associated Press

OPINION

Jordan Peterson and Conservatism's Rebirth

By Yoram Hazony

Jordan Peterson doesn't seem to think of himself as a conservative. Yet there he is, standing in the space once inhabited by conservative thinkers such as G.K. Chesterton, C.S. Lewis, Russell Kirk, William F. Buckley Jr. and Irving Kristol. Addressing a public that seems incapable of discussing anything but freedom, Mr. Peterson presents himself unmistakably as a philosophical advocate of order. His bestselling book, "12 Rules for Life: An Antidote to Chaos," makes sense of ideas like the "hierarchy of place, position and authority," as well as people's most basic attachments to "tribe, religion, hearth, home and country" and "the flag of the nation." The startling success of his elevated arguments for the importance of order has made him the most significant conservative thinker to appear in the English-speaking world in a generation.

Mr. Peterson, 56, is a University of Toronto professor and a clinical psychologist. Over the past two years he has rocketed to fame, especially online and in contentious TV interviews. To his detractors, he might as well be Donald Trump. He has been criticized for the supposed banality of his theories, for his rambling and provocative rhetoric, and for his association with online self-help products. He has suffered, too, the familiar accusations of sexism and racism.

The psychologist and YouTube star has brought the concepts of order and tradition back to our intellectual discourse.

From what I have seen, these charges are baseless. But even if Mr. Peterson is imperfect, that shouldn't distract from the important argument he has advanced—or from its implications for a possible revival in conservative thought. The place to begin, as his publishing house will no doubt be pleased to hear, is with "12 Rules for Life," which is a worthy and worthwhile introduction to his philosophy.

Departing from the prevailing Marxist and liberal doctrines, Mr. Peterson relentlessly maintains that the hierarchical structure of society is hard-wired into human nature and therefore inevitable: "The dominance hierarchy, however social or cultural it might appear, has been around for some half a billion years. It's permanent." Moreover, young men and women (but especially men) tend to be healthy and productive only when they have found their place working their way up a hierarchy they respect. When they fail to do so, they become rudderless and sick, worthless to those around them, sometimes aimlessly violent.

In viewing political and social hierarchies as inevitable, Mr. Peterson may seem to be defending whoever happens to be powerful.

But he's doing nothing of the kind. He rejects the Marxist claim that traditional hierarchies are only about the self-interested pursuit of power. Human beings like having power, Mr. Peterson acknowledges. Yet the desire for it also drives them to develop the kinds of abilities their societies value. In a well-ordered society, high status often is a reward conferred for doing things that actually need to be done and done well: defending the state, producing things people need, enlarging the sphere of knowledge.

Mr. Peterson does not deny the Marxist charge that society oppresses individuals. "Culture is an oppressive structure," he writes. "It's always been that way. It's a fundamental, universal existential reality." But he breaks with prevailing political thought when he argues that the suffering involved in conforming to tradition may be worth it. When a father disciplines his son, he interferes with the boy's freedom, painfully forcing him into accepted patterns of behavior and thought. "But if the father does not take such action," Mr. Peterson says, "he merely lets his son remain Peter Pan, the eternal Boy, King of the Lost Boys, Ruler of the non-existent Neverland."

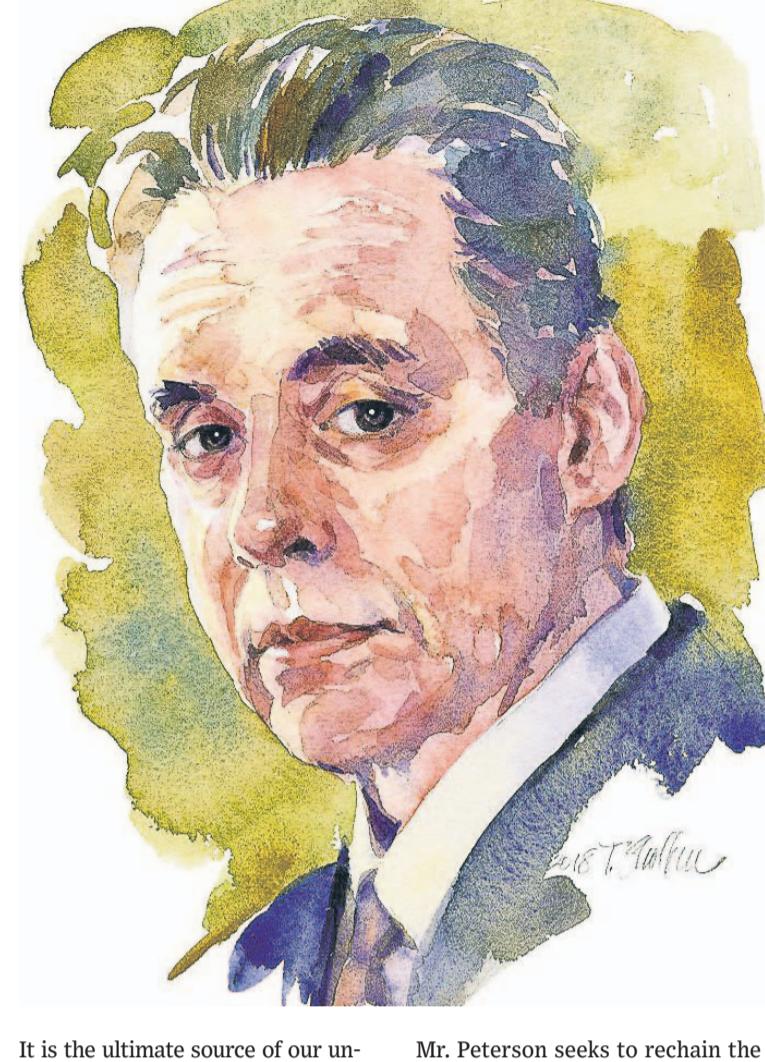
Similarly, Mr. Peterson insists it is "necessary and desirable for religions to have a dogmatic element." This provides a stable worldview that allows a young person to become "a properly disciplined person" and "a well-forged tool."

Yet this is not, for Mr. Peterson, the highest human aspiration. It is merely the first necessary step along a path toward maturity, toward an ever more refined uniqueness and individuality. The individuality he describes emerges over decades from an original personality forged through painful discipline. The alternative, he writes, is to remain "an adult two-year-old" who goes to pieces in the face of any adversity and for whom "softness and harmlessness become the only consciously acceptable virtues."

Like other conservative thinkers before him, Mr. Peterson's interest in tradition flows from an appreciation of the weakness of the individual's capacity for reason. We all think we understand a great deal, he tells his readers, but this is an illusion. What we perceive instead is a "radical, functional, unconscious simplification of the world—and it's almost impossible for us not to mistake it for the world itself."

Given the unreliability of our own thinking, Mr. Peterson recommends beginning with tried and tested ideas: "It is reasonable to do what other people have always done, unless we have a very good reason not to." Maturity demands that we set out to "rediscover the values of our culture—veiled from us by our ignorance, hidden in the dusty treasure-trove of the past—rescue them, and integrate them into our own lives."

In Western countries, that effort at rediscovery leads to one place. "The Bible," Mr. Peterson writes, "is, for better or worse, the foundational document of Western civilization."



TERRY SHOFFNER

It is the ultimate source of our understanding of good and evil. Its appearance uprooted the ancient view that the powerful had the right simply to take ownership of the weak, a change that was "nothing short of a miracle." The Bible challenged, and eventually defeated, a world in which the murder of human beings for entertainment, infanticide, slavery and prostitution were simply the way things had to be.

As many readers have pointed out, Nietzsche's critique of Enlightenment philosophy—he once called Kant "that catastrophic spider"—is everywhere in Mr. Peterson's thought, even in his writing style. It is felt in his calls to "step forward to take your place in the dominance hierarchy," and to "dare to be dangerous." It is felt in risqué pronouncements such as this: "Men have to toughen up. Men demand it, and women want it."

A famous passage from Nietzsche describes the destruction of the belief in God as the greatest cataclysm mankind has ever faced: "What were we doing when we unchained this earth from its sun? Whither is it moving now? Whither are we moving? Away from all suns? Are we not plunging continually? Backward, sideward, forward, in all directions? Is there still any up or down? Are we not straying as through an infinite nothing?"

Mr. Peterson chronicles the misery of individuals now drifting through this "infinite nothing."

But he rejects Nietzsche's atheism, along with the conclusion that we can make our own values. In telling readers to return to the Bible,

Mr. Peterson seeks to rechain the earth to its sun. That seems impossible. Yet a vast audience has demonstrated a willingness, at least, to try.

For Mr. Peterson, the death of God was followed inevitably by a quick descent into hell. During the "terrible twentieth century," as he calls it, "we discovered something worse, much worse, than the aristocracy and corrupt religious beliefs that communism and fascism sought so rationally to supplant." The Holocaust and the gulag, he argues, are sufficient to define evil for us, and "the good is whatever stops such things from happening."

That is perfectly good Old Testament-style reasoning. Mr. Peterson adds Christian tropes such as the need for an "act of faith," an "irrational commitment to the essential goodness" of things, a recognition that although "life is suffering," sacrificing ourselves, as if on the cross, is pleasing to God.

Mr. Peterson's intellectual framework has its weaknesses. He invokes recent social science (and its jargon) with a confidence that is at times naive. His often brilliant "12 Rules for Life" is littered with Heideggerian rubbish about "the betterment of Being," in places where a thinker of Mr. Peterson's abilities should have seen the need for a more disciplined effort to understand God. He lacks Nietzsche's alertness to the ways in which the great religious traditions contradict one another, leading their adherents toward very different lives.

Thus while Mr. Peterson is quite a good reader of the Bible, it is at times maddening to watch him import alien ideas into scripture—for instance, that the chaos preceding

the creation was "female"—so as to fill out a supposed archetypal symmetry.

Nonetheless, what Mr. Peterson has achieved is impressive. In his writings and public appearances, he has made a formidable case that order—and not just freedom—is a fundamental human need, one now foolishly neglected. He is compelling in arguing that the order today's deconstructed society so desperately lacks can be reintroduced, even now, through a renewed engagement with the Bible and inherited religious tradition.

Before Mr. Peterson, there was no solid evidence that a broad public would ever again be interested in an argument for political order. For more than a generation, Western political discourse has been roughly divided into two camps. Marxists are sharply aware of the status hierarchies that make up society, but they are ideologically committed to overthrowing them. Liberals (both the progressive and classical varieties) tend to be altogether oblivious to the hierarchical and tribal character of political life. They know they're supposed to praise "civil society," but the Enlightenment concepts they use to think about the individual and the state prevent them from recognizing the basic structures of the political order, what purposes they serve, and how they must be maintained.

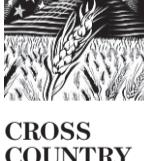
In short, modern political discourse is noteworthy for the gaping hollow where there ought to be conservatives—institutions and public figures with something important to teach about political order and how to build it up for everyone's benefit. Into this opening Mr. Peterson has ventured.

Perhaps without fully intending to do so, he has given the dynamic duo of Marxism and liberalism a hard shove, while shining a light on the devastation these utopian theories are wreaking in Western countries. He has demarcated a large area in which only conservative political and social thought can help. His efforts have provided reason to believe that a significant demand for conservative ideas still lives under the frozen wastes of our intellectual landscape.

If so, then Mr. Peterson's appearance may be the harbinger of a broader rebirth. His book is a natural complement to important recent works such as Ryszard Legutko's "The Demon in Democracy," Patrick Deneen's "Why Liberalism Failed" and Amy Chua's "Political Tribes." Representing divergent political perspectives, these works nevertheless share Mr. Peterson's project of getting past the Marxist and liberal frameworks and confronting our trained incapacity to see human beings and human societies for what they really are. As the long-awaited revival of conservative political thought finally gets under way, there may be much more of this to come.

Mr. Hazony is author of "The Virtue of Nationalism," forthcoming Sept. 4 from Basic.

Here's a Tip: Waiters and Bartenders Like How They're Paid



CROSS COUNTRY
By Michael Saltzman

The District of Columbia is one of the most liberal places in the country. But its elected officials—all Democrats or left-of-center independents—have lined up against a ballot measure that would raise the base wage for workers who rely on tips by 200%. Mayor Muriel Bowser, D.C. Council Chairman Phil Mendelson and most members of the council are opposed to the measure, known as Initiative 77. Even Attorney General Karl Racine, who became a hero of the "resistance" when he sued President Trump for allegedly violating the Constitution's Emoluments Clause, has come out against the initiative.

While Democrats usually support increasing the minimum wage, these politicians are hearing from Washington's waiters and bartenders, who've said the "raise" offered by Initiative 77 would actually reduce their earnings.

Ms. Bowser signed legislation in 2016 raising the District's minimum wage to \$15 an hour by 2020. The D.C. Council unanimously supported the increase, but also preserved an hourly "tipped wage" of \$5 for servers and bartenders. Forty-three states and the District of Columbia permit restaurants to pay a lower base wage to tipped employees, provided tips bring their incomes up to at least the regular minimum wage.

Tipped employees—who can earn

far more than \$15 an hour in total pay—were the driving force behind preserving the tipped wage. They cautioned the council that eliminating it could lead employers to lay off workers due to higher labor costs.

That logic convinced the D.C. Council to preserve the tipped wage, but it wasn't acceptable to labor groups that would prefer to see cash tips eliminated altogether in favor of flat minimum wages. The New York-based nonprofit Restaurant Opportunities Centers United and its 501(c)4 arm, ROC Action, funded the signature drive to put Initiative 77 on next

D.C. restaurant workers oppose a job-killing ballot measure. Surprisingly, local politicians agree.

week's ballot. The group views the elimination of the tipped wage in Washington and elsewhere as a first step "in getting to no tips." As Diana Ramirez, director of ROC-DC, explained, "You can't do payroll deductions"—that is, unions can't dip into cash pay to collect dues.

The activists pushing for a flat wage have a big problem: Most tipped employees aren't interested in a no-tipping future. A 2016 survey of several hundred tipped workers by industry publication Upserve found that 97% preferred the current system to a salaried alternative. New York restaurateur Danny Meyer learned this

lesson the hard way after he embraced a "gratuity-included" model at well-known establishments like Union Square Cafe and Gramercy Tavern. In an interview earlier this year, he acknowledged losing as much as 40% of his veteran staff because of a sharp drop in their overall pay.

Not surprisingly, ROC has struggled to find tipped employees in Washington who embrace its cause. A pro-Initiative 77 website features only three video testimonials from employees who want the change.

Meanwhile, tipped restaurant employees who are against the measure have made their voices heard. The Washington Post identified them as the "loudest opposition" to the initiative's passage. Hundreds of restaurant workers packed a May meeting with elected officials to voice opposition. One councilman observed:

"There's not a restaurant I go to where . . . all the waiters don't surround me and say, 'Please don't let this go into effect.'

Local restaurants have helped support a "save our tips" campaign to amplify the employees' concerns, but "save our jobs" might be a more appropriate tagline. Recent evidence from the Bay Area suggests that each dollar increase in the minimum wage in a market without a tipped wage causes a 14% increase in closures for median-rated restaurants. These aren't struggling eateries on the edge of going bust. In Washington, that median rating—3.5 stars on Yelp—includes some of the most popular local restaurants.

National Democrats will be closely

watching next week's vote, but they could end up taking away the wrong message. Elimination of tipped wages is part of the Democratic platform. Sen. Bernie Sanders's proposed Raise the Wage Act, which would boost the federal minimum base wage for tipped workers by 600%, has strong Democratic support in both chambers of Congress.

A mandated pay hike of this magnitude may be a winner in progressive fantasy land, where no economic policy decision ever causes a business to shut its doors or lay off workers. In the real world, however, most bars

and restaurants operate on extremely thin margins. Servers and bartenders know this and are eager to keep their jobs and income. Thousands rallied recently in New York and Michigan against similar efforts that would put their tips at risk.

In a federal fight over the tipped wage, the party of "working people" may find itself the subject of a revolt from those it claims to help.

Mr. Saltzman is managing director at the Employment Policies Institute, which receives some financial support from restaurants.

Notable & Quotable: Adhocracy

Justice Department official George Toscas, quoted in the inspector general's report on the Federal Bureau of Investigation's probe of Hillary Clinton's email server, released June 14:

One of the things that I tell people all the time, after having been in the Department for almost 24 years now, is I stress to people and people who work at all levels, the institution has principles and there's always an urge when something important or different pops up to say, we should do it differently or those principles or those protocols you know we should—we might want to deviate because this is so different. But the comfort that we get as people, as lawyers, as representatives, as employees and as an institution, the comfort we get from those institutional policies,

protocols, has, is an unbelievable thing through whatever storm, you know whatever storm hits us, when you are within the norm of the way the institution behaves, you can weather any of it because you stand on the principle.

And once you deviate, even in a minor way, and you're always going to want to deviate. It's always going to be something important and some big deal that makes you think, oh let's do this a little differently. But once you do that, you have removed yourself from the comfort of saying this institution has a way of doing things and then every decision is another ad hoc decision that may be informed by our policy and our protocol and principles, but it's never going to be squarely within them.

OPINION

REVIEW & OUTLOOK

Trump's China Impulses

Trade wars are good, and easy to win," Donald Trump tweeted in March, and he likes them so much he has decided to open a third tariff front—this time against China, following his steel and aluminum tariffs against our allies, and his solar-panel and washing machine levies against the world. Don't you just love the smell of price increases in the morning?

Mr. Trump slapped 25% tariffs on \$50 billion of imports from China chosen by U.S. Trade Rep Robert Lighthizer. A trade lawyer for Big Steel by training, Mr. Lighthizer will from his political chair in Washington now pass what could be a profit or loss judgment on thousands of American companies and workers.

The tariff list includes "new pneumatic tires," parts for internal combustion aircraft engines, "dryers for wood," and hundreds of other products. Don't worry if you suddenly find that price increases or supply shortages are hurting business. You can always petition the Commerce Department for relief, when the bureaucrats get around to reading it.

Then there are the American products that China has targeted for retaliatory tariffs of 25%. These include soybeans, corn, sorghum, frozen boneless beef, dried cranberries, SUVs, liquefied propane, and hundreds more. The U.S. companies and their workers who produce all this are the drive-by victims as Mr. Trump and his trade warriors try to do—what exactly?

It isn't clear what Mr. Trump and the U.S. want from China beyond a reduction in the \$375 billion bilateral trade deficit. Economists understand this is a silly measure of a trading relationship, but Mr. Trump views it like a football score. Surplus you win; deficit you're a loser. Yet the Chinese recently offered to reduce that deficit by buying some \$70 billion more goods from the U.S., only to have Mr. Trump say it wasn't enough.

The U.S. says the new tariffs are a response to Chinese intellectual property theft and "other unfair trade practices," and these are important to address. But the U.S. tariff threat isn't making China budge, and they are hurting Americans in the bargain.

* * *

A trade strategy is also hard to discern given Mr. Trump's recent decision to let Chinese telecom firm ZTE off with probation for repeatedly violating U.S. sanctions. ZTE was caught in April for selling equipment with U.S. components to Iran and North Korea. After the first offense in 2016, the Obama Administration blocked the company from buying U.S. components, which make up about 60% of its equip-

ment. ZTE escaped this death penalty by paying a \$1.2 billion fine and agreeing to punish the responsible employees.

ZTE didn't punish the employees, lied to the U.S. and set up shell companies to evade sanctions. Commerce in April again prohibited the company from buying U.S. components for seven years,

which shut down its manufacturing plants. But in May President Trump tweeted that he was working with Chinese President Xi Jingping to get the company "back into business, fast. Too many jobs in China lost. Commerce Department has been instructed to get it done!"

Commerce Secretary Wilbur Ross followed orders this month and lifted the ban on U.S. sales to ZTE. In return, the company has agreed to pay a \$1 billion fine, give U.S. compliance monitors access to its facilities and replace its management and board. But ZTE officials can always find ways to exclude U.S. agents.

One surmise is that Mr. Trump's ZTE rescue is a favor to Mr. Xi so Beijing regulators approve Qualcomm's acquisition of the Dutch NXP Semiconductors. The U.S. chip firm is struggling amid patent disputes and the semiconductor deal is critical to diversifying and growing its business. Qualcomm also stood to lose half a billion in revenues from sales to ZTE, which would have been painful but not fatal.

But going easy on a repeat sanctions violator sends a terrible signal to other violators and encourages countries to take U.S. companies captive to protect their cheaters. ZTE is also competing with U.S. telecom companies in 5G, which the Trump Administration considers a national security priority.

All of this has caught the attention of Senators from both parties who have added a provision to the defense authorization bill to block Mr. Trump's ZTE deal. The White House opposes the provision but it is gaining momentum in the House too. This is what comes of impulsive trade policy that seems unmoored to any legal or economic principles.

If Mr. Trump really wants to confront unfair China trade policies, he'll form a united front with our allies in Europe, North America and East Asia. The alliance would then take on China's worst practices together, which would be a far bigger political challenge to a Chinese economy that depends on exports for growth and job creation.

The U.S. economy is humming amid tax reform and deregulation, and that growth momentum is so far overwhelming the damage from Mr. Trump's incipient tariff wars. He'd better hope they are as easy to win as he claims.

The Senate in Repose

Majority Leader Mitch McConnell has canceled the Senate's August recess, but a fair question is why? What's the point of staying in Washington unless the GOP wants to accomplish something?

Those questions arise with the news that the Senate won't take up a \$15 billion spending rescissions bill that the House passed last week. Under the Budget and Impoundment Control Act of 1974, Congress can claw back spending with a simple majority vote, and in May the Trump White House sent a modest package of such rescissions to Capitol Hill.

The White House even tried to make it politically easier by limiting the package to money that *isn't even due to be spent*. About half of the \$15 billion sits in an unused fund related to the Children's Health Insurance Program, while another \$4.7 billion has been appropriated for an Energy Department loan program that hasn't made an outlay since 2011. Yet Congressional spenders would rather

keep that money to be available to spend on something else, though overall federal spending is rising at a 4% rate this fiscal year.

We're told that Senate Appropriations Chairman Richard Shelby, along with Alaska's Lisa Murkowski and Maine's Susan Collins, is even opposed to moving the House bill through committee. Their resistance means the Senate would lack the 51 votes necessary to pass the bill, even if conservatives used a discharge petition to force it to the floor. Congress has 45 days to act on a rescissions package once a President submits it, so the rescission opportunity expires on June 22.

Democrats are predictably distorting the facts of these spending non-cuts. But if Republicans can't even make the case for eliminating zombie funds, voters have reason to conclude they aren't serious about spending restraint. As for that August recess, is there something Republicans would like to do if given two more years of Senate control? Americans would like to hear about it.

More Misery in Missouri

Indulging protesters can be expensive, as the University of Missouri is discovering three years after students successfully demanded the resignation of the president and chancellor. Last week the school said it will have to eliminate 185 positions on top of 308 cut last year.

Apparently fewer parents want to send their kids to a school where activism eclipses academics. Between the fall 2015 and 2017 semesters, freshman enrollment dropped by 35%. Lost tuition accounts for \$29 million of the university's current \$49 million budget shortfall.

In response, Mizzou has had to lay off employees, decline to renew expiring faculty contracts, and leave positions unfilled after retirements. The university is also cutting back on travel and phasing out low-demand courses, among other austerity measures.

Mizzou claims more aggressive recruitment from neighboring states' schools has contributed to the enrollment decline. And it says growing maintenance, research and personnel costs have contributed to the budget strain. But "we know the perception of Mizzou was a key factor in the difficulties we had over the past two years," adds spokesman Christian Basi.

Much of the public outcry concerned free

speech, and Missouri has tried to improve on that score. Since 2015, all campuses in the Missouri university system have adopted the Chicago Principles, which guarantee "the broadest possible latitude to speak, write, listen, challenge and learn."

But other speech policies at Mizzou remain ambiguous, earning it a mediocre yellow rating from the Foundation for Individual Rights in Education that tracks free-speech on campus.

In May 2017, the university signed a \$1.3 million contract for three years of outside PR help. This year it has spent \$1.8 million on ads to recruit and enroll new students. The school has added \$8 million to its scholarship budget and will decrease the cost of student meals and housing next year.

But as of the first week in June only 4,577 incoming freshmen had paid tuition deposits. That's about 500 more than the same week last year, but about 500 fewer than in June 2015, before the protests. Mizzou now graduates more students than it takes in, so the total number of students is still shrinking.

Missouri is learning the hard way that most students and parents believe a university should be a place for open inquiry run by administrators who will insist on it.

REVIEW & OUTLOOK

ZTE gets a pass but U.S. consumers will pay for new tariffs.

OPINION

LETTERS TO THE EDITOR

Zero-Fee Index Fund? Brokers Must Eat Too

Profs. William A. Birdthistle and Daniel J. Hemel are both lawyers. Their op-ed ("Next Stop for Mutual Fund Fees: Zero," op-ed, June 11) ignores a few basic economic facts.

All mutual funds have expenses. Consider the Vanguard 500 Index Fund, designed to mirror the S&P 500 market index. According to the current prospectus, even that fund has 3% turnover per year. That generates trading costs, but the authors caught a break: trading costs are not included when calculating expense ratios.

What are the sources of this fund's 0.04% expense ratio? Like many funds, Vanguard has created two classes: investor shares and Admiral shares. For most funds, maintaining a minimum \$10,000 balance qualifies for Admiral status. The Vanguard 500 fund's admiral shares charges a management fee of 0.03% and other expenses of 0.01%. The source of these expenses is mainly overhead and personnel costs.

Whether the authors like it or not, these portfolios must be monitored and adjusted when the underlying in-

dex is changed. While this could be automated, computer algorithms cannot bear responsibility. That can only be assigned to individuals. When making changes to a \$96 billion portfolio, I'd rather have a human involved. And, of course, those expenses have to cover the rent and utilities.

EM. PROF. TONY LIMA
CSU East Bay
Hayward, Calif.

If I could redirect the article, it would be entitled: "Next Stop for Attorney's Fees: Zero." It is amazing to me that the world is so preoccupied with reducing the livelihood of those in the financial-advice business to mere tenths of a percent when our fellow professionals in the field of law are allowed to gouge their clients with fees that range between 20% to 50% of their case awards. I won't even mention the hourly rates that many attorneys are allowed to charge, but you get my point. Seems like a much more obvious area ripe for disruption to me.

LARRY COUNEN
Carmel, Ind.

When Rights Conflict: Property vs. Tenants

As one of the attorneys representing tenants in eviction proceedings in California, we are alarmed and dismayed by Rikka Fountain's "The Hostile Occupation of Carlos Lopez's House" (Cross Country, June 2). My organization is part of a statewide effort to increase access to legal help for low-income people in civil cases where basic human rights are at stake.

Those Shriver tenants we represent bear no resemblance to the "squatter" described in the piece. They are elderly long-term tenants being evicted from rent-stabilized homes because a new owner wants to charge higher rents. They are families living in squalor because a landlord has failed to make even basic repairs. They are disabled tenants being evicted over a \$3 discrepancy in rent because the owner is looking for a way to get them to leave their apartment in a gentrifying area.

The Palmdale case profiled in the piece is not a Shriver case. Shriver is focused on evictions filed in the down-

town Los Angeles courthouse. Before the Shriver law, 96% of landlords at the courthouse were represented, but only 4% of tenants had lawyers. Left on their own in a system that heavily favors landlords, most lost their homes. Some became homeless.

There are almost 50,000 eviction cases filed each year in Los Angeles County alone. No one in Los Angeles—with its growing affordable housing crisis—seriously doubts that poor people being forced out of their housing without other alternatives often end up living on our streets. Housing is one of the critical social-justice issues of our time. San Francisco and New York City recently instituted a right to legal counsel for low-income tenants in danger of losing their homes. I hope Los Angeles will follow soon.

NEAL DUDOVITZ
Executive Director
Neighborhood Legal Services of
Los Angeles County
Los Angeles

It's Past Time for Real College Board Reform

Paul S. Levy is correct in concluding that nothing will change in American universities until trustees and overseers resign and donors "close their wallets" ("University Boardrooms Need Reform," op-ed, June 11). Unfortunately, this is unlikely to occur. Colleges simply don't pay a price for their sustained attacks on student rights and academic freedom, and there is no cost to them for their insistence on intellectual homogeneity in our nation's universities.

Some of this can be attributed to the unwillingness of trustees and others to "rock the boat," but that doesn't tell us why individuals donate millions to feed insatiable bureaucracies that implement policies that they, the donors, find abhorrent.

The University of Pennsylvania will most likely succeed in its \$4.1 billion fundraising campaign, and many of the dollars will come from individuals who strongly disagree with the university's values that are well illustrated by its treatment of Prof. Amy

Wax. I'll leave it to behavioral economists to tell us why this occurs.

HOWARD LANDIS
Naples, Fla.

I am pained to single out my alma mater the University Of Pennsylvania for criticism along with Mr. Levy. Unfortunately, these gratuitous actions are emblematic of the prevailing march of progressive conformity in our nation's universities.

It was revealing that Penn President Amy Gutmann felt justified or compelled to declare the school a "sanctuary campus." This was followed by the shameful Amy Wax affair that condoned conformity and punished objectivity in the Penn Law School of all places, as covered in the op-ed.

After Ben Franklin's founding efforts and 278 years, a Penn graduate was finally elected U.S. president. At the university level and among its various publications Donald Trump has become an Orwellian "nonperson." The theme seems to be "he is not one of us so we don't recognize him."

I am dismayed that our finest institutions of learning sully their superior educational achievements with this stilted political groupthink.

LIONEL GILIOTTI
Dunedin, Fla.

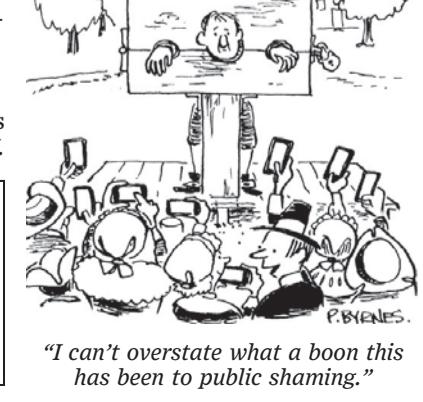
Fearful Symmetry Observed

Is it just me, or did Lawrence H. Climo's list of why Democrats don't like President Trump read more like a list of why conservatives disliked President Obama (Letters, June 4)?

ROBB MARSHALL
Santee, Calif.

Pepper ... And Salt

THE WALL STREET JOURNAL



"I can't overstate what a boon this has been to public shaming."

OPINION

Is It 'Human Error' When a Robot Fouls Up?

By Abigail Shrier

When my family landed in Israel a few weeks ago, we headed straight to our kids' favorite Jerusalem vacation destination: kosher McDonald's. Since we observe Jewish dietary laws, eating at McDonald's in the U.S. is strictly off-limits. But in Israel our kids have the chance to enjoy an iconic part of the American experience, to march up to the counter and order a Big Mac just like the people do in all those sunny commercials.

"Go ahead," I said, nudging them toward the register. "Order in Hebrew," I whispered, desperate to see our private-school tuition put to good use. A stocky Russian Israeli, with a trademark McDonald's visor crushing straw-colored hair, waited behind the counter. He pointed to a nearby digital kiosk. "You must order at the computer," he said.

From McDonald's kiosks to 'smart' cities, mankind is succumbing to high-tech Stockholm syndrome.

We trudged over to a screen. I fumbled with the icons, full of irritation, while the kids changed their minds about their orders, until we ended up with nothing we really wanted in our digital basket. Sensing my frustration, the employee came over and handled the order for us. "It's not hard," he said, not unkindly.

He meant something like: You'll get the hang of it, eventually. Apparently so. Last week McDonald's announced it would roll out similar ordering kiosks all across America, "upgrading" 1,000 stores each quarter. Other restaurants likely won't be far behind.

My pathetic efforts to work the self-serve kiosk are what technologists

refer to as "the human factor," by which they mean stupid things people do. We make mistakes, require sleep, become emotional, engender guilt and obligation, engage in small talk, demand raises, answer back.

But don't computers make mistakes? Last month, Amazon Echo, the AI-enhanced speaker that answers requests like a plastic genie, misconstrued one family's private talk as a prompt. It recorded their conversation and sent it to a friend.

"That's because some human programmed it to get triggered by a specific word," one software CEO in Los Angeles explained to me. "But the appeal of the algorithm is it really just does what it's supposed to do." When a person makes a mistake, it's "human error"; when a machine does, by definition that's "human error," too. Is it any wonder we have such a low opinion of us?

Every technologist I've talked to in recent weeks shares, more or less, this view: Robots are better at doing things. This accounts for their enthusiasm for autonomous vehicles. It explains their love of cryptocurrencies, which are untethered to any central bank and virtually unregulable, as well as their related love of blockchain, a distributed ledger designed to exist free from the burden of having to trust any human being to keep it.

As if succumbing to a technological Stockholm syndrome, even non-futurists have begun apologizing for the sin of humanity, accepting the superiority of their new robotic overlords, planning their own obsolescence. School time is squandered for activism, as if it no longer matters what children learn, as if the only thing they'll have left to offer the world is a vote. Society is newly eager to legalize marijuana, as if sober labor is already of diminished worth. Nearly half of Americans now support a universal basic income, a plan by which government would keep citizens fed like pets, rewarded merely for being alive. News reports



CHAD CROWE

talk of "smart" cities, cars, classrooms. Everything seems smart to us, except us.

Perhaps the greatest philosopher of the 20th century, Ludwig Wittgenstein, argued in his canonical work, "Philosophical Investigations," that complaints about the imprecision of language actually presuppose an accepted standard for judging it. In his day, that unnamed standard was symbolic logic, which virtually all philosophers regarded as a perfected form of thought and reasoning. The mistake they'd made, according to Wittgenstein, was to assume that symbolic logic was the correct standard for judging human language. In fact, he argued, language is exactly as precise as people need it to be. Philosophers were creating the problem.

The same might be said of "human error," which presupposes its own standard of judgment: error-free robots. True, people make imperfect cashiers, drivers and administrators. We mistype orders; we run red lights.

We also show up late to work because a child is sick, because we forgot to set an alarm, because we stayed up partying the night before. Each of these reflects a choice we might make: To put our children ahead of

our jobs. To forgive ourselves a character flaw. To indulge in vices perhaps we shouldn't. Every one is part of the sojourning glory of being human, with all the exasperating effects and limitations. But this is a feature, not a flaw. No human taint inheres in the occasional failure of judgment. We remake our lives each day, acting on values, priorities and fondest wishes—and then upset it all tomorrow by changing our minds.

The past decade has brought remarkable change. The internet soaks us daily with unimaginable floods of information. I no longer worry about navigating the streets of unfamiliar cities, and I can rely on Google to translate foreign text. Automated bill payment feels like a dream. Online shopping is nothing short of a miracle; even the thought of scraping hangers across a rack now makes me reach for an aspirin.

But I've also learned to scan my own airplane ticket and check out my own groceries. I've been harassed by numberless robocalls. Now I've rung up myself at kosher McDonald's. Most of these tasks I've dispatched poorly—and always with pique. None have I enjoyed. Worse, I've watched elderly and disabled people struggle

to manage them, in the absence of sympathetic human help.

This isn't a "fault" of the robots, exactly, but it also isn't a "fault" of humans to want a little empathy. Whenever I stumble at these tasks, as I did most recently at the "smart" border control in Toronto's Pearson Airport, some employee on the verge of being supplanted by an AI-enhanced screen hustles over to tell me I'm "doing it wrong." As if I were the airport's idiotic new hire instead of its customer.

Kiosks will be great at fast-food restaurants, the L.A. software exec assured me, because "you can just click on the things that you want, and you get your order, and from a manager's standpoint, that's so much easier than a human being that sometimes doesn't show up, sometimes shows up late, sometimes has attitude, now has a much higher minimum salary."

He's probably right. Not everyone heads to McDonald's for the repartee. But Americans didn't used to see everything from the perspective of managers, to say nothing of the tech barons whose devices now herd, tag, censor and track people like packages. We once saw things from the perspective of the consumer. Businesses insisted that "the customer is always right." Antitrust laws blocked monopolies for the "benefit of consumers."

Aristotle called man a "social animal," and the titans of Facebook, Instagram and Twitter have capitalized on that trait. But we're subjective creatures, too. We like to know that the people on the other side have some idea of the situation we're in, and that they might, knowing this, offer the smile or suggestion we were hoping for. We're really good at that.

Ms. Shrier is writer living in Los Angeles.

Peggy Noonan is on leave and will return in the fall.

People Aren't Rational, and That's Why We Need Free Trade

By Richard B. McKenzie

By imposing heavy tariffs on steel, aluminum, and household appliances, President Trump is rejecting the consensus of economists on the benefits of trade. This general view, which dates back to Adam Smith and David Ricardo, is straightforward: If countries import goods that can be made more cheaply abroad than at home, and produce goods that can be made more cheaply at home than abroad, then all trading nations will end up with more income and wealth than if they tried to produce everything themselves.

It's not only about comparative advantage. Consider the insights of behavioral economics.

As powerful as this notion of comparative advantage is, it *understates* the benefits from trade and the damage done by tariffs. That's because the process of trade itself may enhance human rationality.

Classical economists assume that all market participants exercise perfect decision-making prowess, finely weighing costs against benefits, discounting for time and risk, and improving production efficiency. In this model, there can be no economic gains from better decision-making. Perfect decisions simply can't be beat.

In the past half-century, however, behavioral economists and psychologists have shown that people's decision-making abilities are far from perfect. We are subject to hundreds of biases and fall prey to any number of fallacies—weighing sunk costs, ignoring opportunity costs, discounting future gains and losses

with large errors—that economics professors preach against in their intro courses. The behavioral enthusiast Dan Ariely has described human decision making as "predictably irrational."

One reason is that the human brain itself must contend with the limited resources contained in its three pounds of gelatinous mass. It also faces enormous demands on its highly evolved yet flawed processes. It must respond by economizing on its scarce resources.

Just to survive flight-or-fight situations, for example, the brain could not have evolved to develop perfectly rational decisions. Such decisions would require so much time that our ancestors would have been eaten long before they reached their logically flawless conclusions. By adopting imperfect heuristics that lead to some decision mistakes, the brain can free up mental resources for deployment in a broader range of decisions as well as other physiological duties. In other words, many of behaviorists' claimed irrationalities have rational foundations, from the brain's perspective.

This is where markets come in. While some behaviorists support government "nudges" to improve human decision making, politicians and bureaucrats often are no better at making rational decisions than ordinary citizens. Markets are a more effective mechanism for rewarding rational thinking. Persistently irrational decision makers in a competitive marketplace can be expected to misjudge costs and overlook profitable trading opportunities—and, consequently, lose access to resources. They can also be pressed to move from highly competitive markets to low-pressure venues (for example, university and government bureaucracies), leaving markets to more (though not perfectly) rational decision makers.

The more rational decision makers can, by their market decisions, show their irrational counterparts how they can be more prosperous by altering their working heuristics. This means competitive processes can make remaining participants more inclined to consider opportunity costs, ignore sunk costs, and discount future opportunities more accurately.

Behavioral economists have often disregarded the role of markets in enhancing collective rationality. Market pressures can make people more rational than behaviorists have found in their research, which is often conducted on undergraduate volunteers

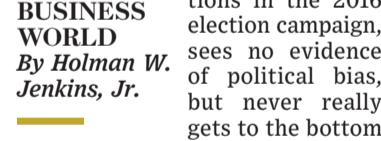
who are given little time to evaluate options and no time to take advantage of their cohorts' errant decisions. When economic decisions must be made under the daily, disciplining grind of the marketplace, the prevalence of unexploited profitable opportunities and wayward decisions can be expected to diminish.

Open trade can lead to more-efficient allocation of people's internal mental resources as they devise more-rational heuristics—that is, approaches that are efficient and profitable in the global marketplace. And these trade-induced heuristics can have benefits throughout the domestic economy.

Trade restrictions intentionally curb these competitive pressures. As a result, citizens of protectionist nations don't merely lose out on the benefits of comparative advantage; they also lose out on trade-induced improved thinking. That is hardly the way to make America great again.

Mr. McKenzie is a professor emeritus at the University of California, Irvine's Merage Business School and author of "A Brain-Focused Foundation for Economic Science." This column has been adapted from an article in the Summer issue of Regulation, published by the Cato Institute.

Open Up the Horowitz Secret Appendix



Inspector General Michael Horowitz's report points to multiple irregularities in FBI chief James Comey's actions in the 2016 election campaign,

sees no evidence of political bias, but never really gets to the bottom

of why Mr. Comey played the role he did.

Mr. Comey may have been worried that a Justice Department decision not to prosecute Mrs. Clinton would lack credibility, but it was in no sense his obligation to solve this problem. It simply was not the FBI chief's job to relieve the Obama administration of the need to sell its decision to the electorate. This is why we have elected officials. It's what political accountability is all about.

This is where Russia enters in. It is highly absurd at this point to keep this information secret, as Mr. Horowitz does in a classified appendix.

We already know from press reporting last year that the FBI was in possession of some kind of Russian intercept of a purported Democratic email that referred to an alleged conversation between Clinton aide Amanda Renteria and Obama Attorney General Loretta Lynch.

Mr. Horowitz says Mr. Comey did not find the information credible, didn't investigate it, and didn't tell his Justice Department superiors about it.

Except that as recently as a few weeks ago in a TV interview Mr. Comey indicated the information might not be false. Hmm.

One more thing we learn: The same classified source reported an allegation that Mr. Comey himself would seek to delay the Hillary investigation to aid Republicans.

So the information wasn't credible, wasn't investigated, and wasn't shared with his superiors. We also don't know which agency it came from or what discussions about its

relevance took place. And yet it was hugely consequential. Mr. Comey himself tells us in his memoir that this classified information was pivotal to his decision to intervene. He feared it would leak and be used to discredit any DOJ decision to clear Mrs. Clinton.

Let's pause here. Readers may have noticed a slight elision in my May 30 column on these matters. Mr. Comey's second intervention, the one reopening the Hillary investigation shortly before the election, was one intervention that was not based on Russian intelligence.

The public needs to know the history of the Russian info that had a big effect on Mr. Comey's decisions.

It was also the one intervention decidedly not urged on Mr. Comey or favored by his Obama administration colleagues.

But consider: Mr. Comey by this point could not have failed to notice that all the FBI's interventions were tending to benefit Mrs. Clinton. He could not have failed to notice that the intelligence basis for his actions (e.g., the Steele dossier) was disconcertingly thin.

He would have been lacking shrewdness not to wonder if Obama spy masters were playing him for a sap. When the Anthony Weiner laptop surfaced, he would have had every reason to be eager to re-establish his bona fides with his GOP congressional overseers as somebody who in retrospect would be seen to have played an evenhanded role in the election.

Voilà. Yet this line of inquiry has not been so much neglected as dropped by the media. Virtually no press accounts this week even mention Mr. Horowitz's classified appendix.

This is not exactly surprising. Democrats and Mr. Trump's press critics

ecstatically embraced the Russian interference theme but, unfortunately for them, the Russian interference theme also gives coherence and motive to the story they wish to ignore. This story concerns a consistent pattern of meddling in the race by our own intelligence agencies, using Russian intelligence as an excuse.

Indeed, it becomes clearer than ever, especially from the poorly self-serving babblings of former Obama Director of National Intelligence James Clapper: The now-defunct theory that Mr. Trump was Russia's cat's-paw had been widely adopted at the highest echelons of the Obama administration. It inspired many of the administration's actions.

It almost goes without saying that Russia at first would have looked on Mr. Trump's candidacy as the U.S. establishment did, as a joke, discrediting our democracy.

That Russian trolls were keen to promote the Trump phenomenon seemed obvious to this columnist from August 2015, as I've pointed out.

But this does not delegitimize Mr. Trump or the message his voters were trying to send by electing him. The Kremlin was no less blinkered and smug than our own establishment, a la Mr. Comey, in its understanding of the Trump phenomenon and contempt for democratic outcomes.

Mr. Comey's actions unfurl more as a comedy of arrogance rather than a conspiracy, though conspiratorial elements certainly came to be involved, especially in promoting leakage of the Steele dossier and various innuendo against the incoming Trump administration.

Not for the first time, we wonder how the Trump presidency might have been different, and how much opportunity the country might not now be squandering, if Democrats had decided to understand his election as an interesting, antipartisan, possibly providential anomaly rather than inventing conspiracy theories about it.

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SPORTS

WORLD CUP

RONALDO NETS THREE IN DRAW

BY JONATHAN CLEGG

Sochi, Russia

EVER SINCE the World Cup draw was made in December, Friday's matchup between Spain and Portugal had been circled as the most enticing of the tournament's opening round.

The actual game didn't disappoint. In a breathless, back-and-forth encounter, Spain scored three times and fought back from two first-half deficits to take the lead. But they had no answer for Cristiano Ronaldo. The Portuguese forward hit a stunning hat-trick, including a free kick to tie the game up, in a 3-3 draw.

Striker Diego Costa scored twice for Spain, including a marauding run and finish to tie the game up after Ronaldo had put Portugal ahead with a third-minute penalty. And the Spanish finally clawed their way in front when Nacho, the fullback, slammed home a 58th-minute bullet from the right edge of the penalty area.

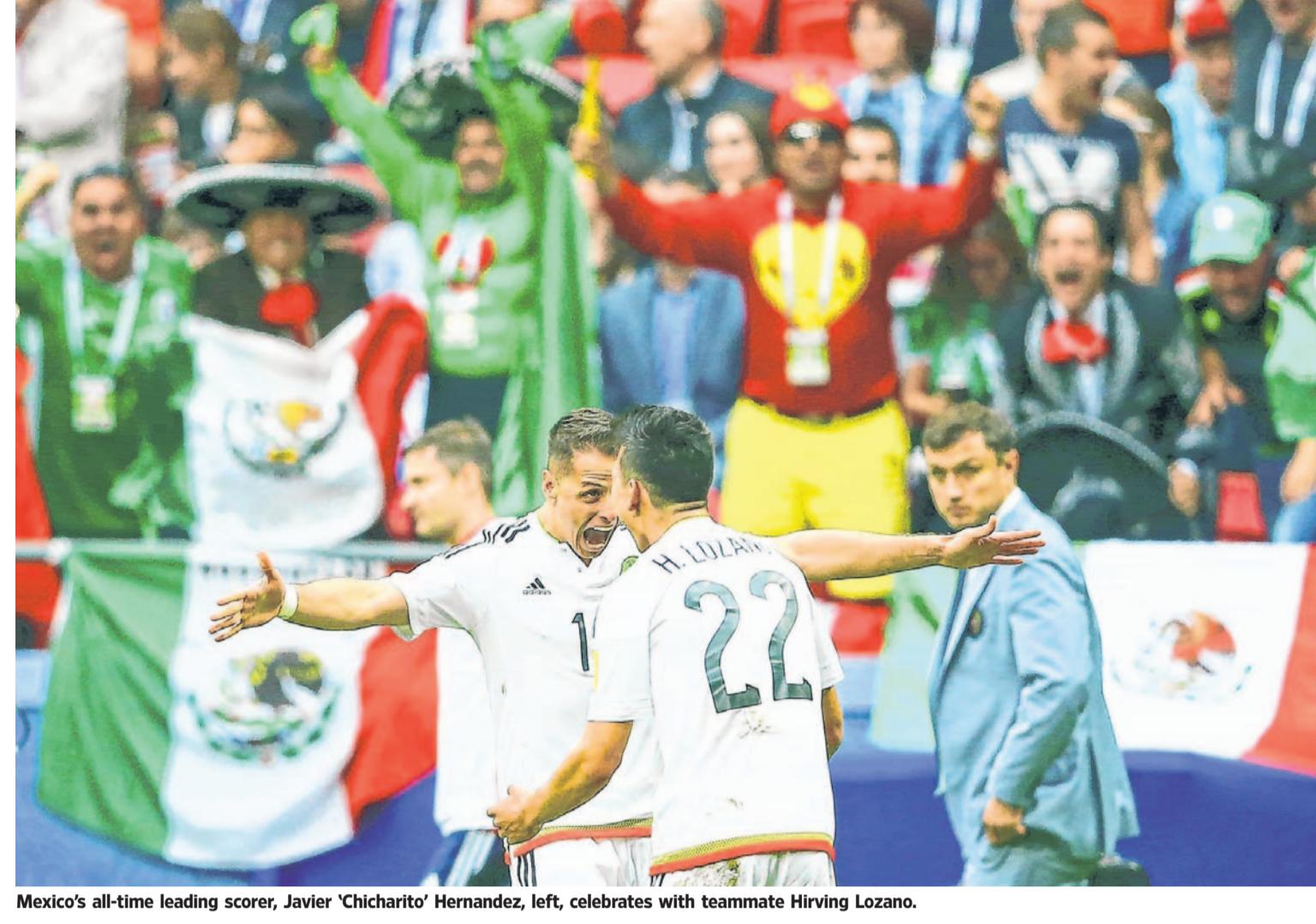
But Spain remained vulnerable to Portugal's clinical counter attacks and four minutes from time, and when the lead slipped away four minutes from time, it left Fernando Hierro and the Spanish team facing more questions about the wisdom of sacking their coach on the eve of the tournament.

When Spain fired its manager, Julen Lopetegui, just 24 hours before the start of the 2018 World Cup and appointed Hierro as his successor, a former national-team captain with no top-flight coaching experience to speak of, it marked the launch of an audacious and possibly ill-advised experiment.

"There is very little time to prepare... so we must respect the work that has been done over the last two years," Hierro had said on the eve of Spain's tournament opener.

Four minutes from time, Spain's Gerard Pique brought down Ronaldo at the end of another Portugal breakaway. Ronaldo picked himself up, dusted himself off, and sized up the opportunity. When his swerving shot hit the net, Ronaldo stretched out his arms and tore away to the corner of the field.

Hierro hid his head in his hands and slowly trudged back to the dugout. Even he knew that it was all a head coach could do.



Mexico's all-time leading scorer, Javier 'Chicharito' Hernandez, left, celebrates with teammate Hirving Lozano.

HEULER ANDREY/FOTOFEST/ARENA/ZUMA PRESS

WORLD CUP

Lofty Goals for Golden Generation

Mexico won gold at the 2012 Games but have yet to completely fulfill expectations in the Cup

BY ANDREW BEATON

Moscow

SIX YEARS AGO, Mexico delivered a message: The world can't ignore us on the pitch anymore.

The Mexicans didn't just win the gold medal at the 2012 Olympics. They did so by beating Brazil—one of the sport's preeminent powers, boasting budding superstars like Neymar—2-1 in the final. Many hailed it as the greatest ever soccer achievement in Mexico's history.

But what made it so momentous was that it was as much prophecy as victory. Because Olympic men's soccer rules limit the teams to mostly younger players, it was a sign that the country's best soccer days were still on the horizon.

Yet as Mexico prepares for its opening World Cup match Sunday against Germany here, the glory days haven't exactly materialized. The team lost in the Round of 16 in 2014—the same place it exited the prior five World Cups. Instead of producing all-time great moments, Mexico experienced an all-time faceplant: In the 2016 Copa America Centenario, it lost to Chile 7-0 in the quarterfinal.

The 2018 World Cup may be the last chance for Mexico to fulfill that promise. The once-young and developing team is one of the oldest and most experienced at this World Cup. There are six

players left over from that Olympic team. The team's all-time leading scorer, Javier "Chicharito" Hernandez, is now 30 years old.

"They've been taking some heat from the press back in Mexico, from the fans," said Moises Munoz, a former goalkeeper with the Mexican national team and analyst for Fox Sports. "Their mentality has been strong throughout."

The reasons for that heat are vast. Most broadly, there is the lingering itch for the team to advance past the Round of 16 for the first time since 1986. Mexico has never gone past the quarterfinals—and the two times it did that, it hosted the tournament.

More recently, there has been simmering confusion and angst. For one, nobody seems to have any idea what this team will even look like. That even extends to the manager, Juan Carlos Osorio. He has reshuffled his lineup so regularly that even the players have said that they need some semblance of consistency.

And, in the last week, El Tri supporters grew upset when pictures of the team partying made headlines. That produced a headache in which players were forced to defend their actions—Hernandez said they were celebrating his birthday—in the days leading up to the team's first game in Russia.

Despite this mounting pressure and criticism, the bigger picture has given more reasons for optimism than doom and gloom.

Goalkeeper Guillermo Ochoa, who spends most of his club time in obscurity at Belgium's Standard Liege, is still with the team. He has never had to buy a drink for himself in Mexico since a heroic performance at the 2014 World Cup where he held Brazil scoreless in a draw and made an instant-classic save against a Neymar header.

On the attack, Chicharito leads what figures to be one of the more dynamic groups in the entire tournament. And it's not only aging veterans: 22-year-old Hirving Lozano is the type of rising star that gives the team hope for the future.

And this Mexican team looked as sharp as ever in qualifying. It won the Hex, the final stage of CONCACAF qualifying, for the first time since 1998. Its only loss in 10 games there came after the country had secured that first-place spot.

That event also solidified something else: Mexico's preeminence in North America. Mexico beat the United States and then forced a draw—part of the sequence of events that left the Americans stunned.

But that also crystallizes why Mexico is at an inflection point. Its fiercest rival didn't even make the World Cup. Manhandling the likes of Honduras and Trinidad and Tobago made Mexico lord of a decidedly unimpressive fiefdom.

It did nothing to establish the international credibility that the country hopes to achieve.

Mexico will get a crack at just that in its opening game. El Tri begins its action against Germany in what could be a bellwether for how it fares in group play. Simply drawing the Germans would put the Mexicans in strong position to make it out of the group.

The problem: Mexico also plays in perhaps the toughest group of the tournament. Group F also includes Sweden and South Korea. There isn't a freebie in the group.

Which is why continuing its tradition of only making it to the Round of 16 would be an impressive feat on its own—but still a disappointment in the ether of lofty hopes that fans have had for this group for years.

—Joshua Robinson contributed to this article.

TV Schedule

Saturday, June 16

(All times Eastern)
6 a.m.: France vs. Australia (FS1)
9 a.m.: Argentina vs. Iceland (FOX)
12 p.m.: Peru vs. Denmark (FS1)
3 p.m.: Croatia vs. Nigeria (FS1)

Sunday, June 17

8 a.m.: Costa Rica vs. Serbia (FOX)
11 a.m.: Germany vs. Mexico (FS1)
2 p.m.: Brazil vs. Switzerland (FS1)

MLB

SHARP ATTENDANCE DROP CONCERNS BASEBALL

BY JARED DIAMOND

WITH THE REGULAR SEASON approaching the halfway point, it seems safe to say that this is baseball in 2018: lots of home runs, even more strikeouts—and, relatively speaking, not a lot of people in the stands to see them.

League-wide attendance entering Friday of 27,328 per game is down 6.6% from this date last year and 8.6% overall, according to Stats LLC. The sport hasn't seen an attendance drop of more than 6.7% in a single season since 1995, when the average crowd fell nearly 20% following the player strike that canceled the 1994 World Series. MLB attendance has remained consistent throughout this decade, never changing more than 1.9% in either direction.

While unwelcome to MLB commissioner Rob Manfred, small decreases in attendance aren't unusual or cause for alarm. Crowds sank 0.7% last year and 0.8% the year before that. But this season has been more than a minor dip, raising legitimate questions about what is happening.

The simplest answer, and the one Manfred would prefer, is the weather. And undoubtedly, it has been a factor. Rain and unseasonably cold temperatures plagued an unusual number of markets throughout April and May, causing 36 postponements already in 2018. There were 25 weather

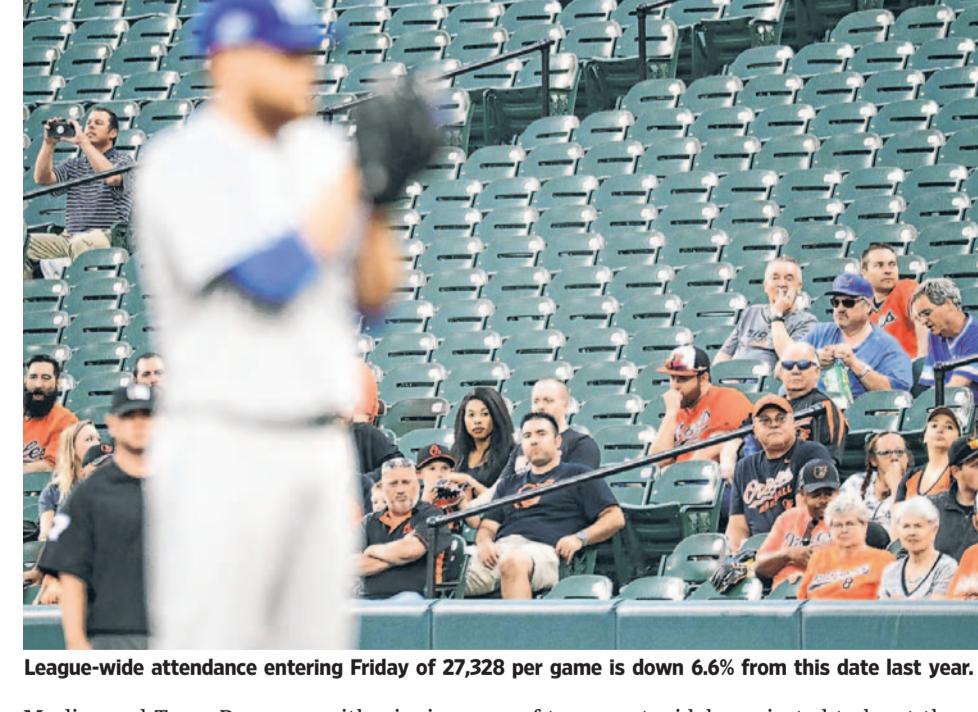
postponements total in 2016. Attendance always climbs in the summer, when schools are closed and the thermometer is friendlier, and Manfred said he thinks "weather's a big part" of the drop so far.

Weather, however, can't explain the issues everywhere. Through this time last year, Blue Jays attendance is down 29% in Toronto at the Rogers Centre, a stadium with a retractable roof. It's down 3% at Seattle's Safeco Field, even with the Mariners sporting one of baseball's best records. Crowds are also down 10.9% in Oakland, 6.7% in San Francisco and 4.2% in Tampa Bay, markets where weather is almost never a factor.

That might be why Manfred admitted that the league is "concerned that there's something to it more than weather."

"We're hoping that we rebound here in the second half of the season," said Manfred, speaking at the conclusion of baseball's quarterly owners meetings Thursday on an 80-degree, sun-soaked afternoon at MLB headquarters in New York. "We're having a great season in terms of races and competitive teams, and we're hoping with weather like we have in New York today we make some of that ground up."

Fans in quite a few markets might disagree with Manfred's definition of "competitive." There are currently six teams—the Baltimore Orioles, Kansas City Royals, Chicago White Sox, Cincinnati Reds, Miami



League-wide attendance entering Friday of 27,328 per game is down 6.6% from this date last year.

Marlins and Texas Rangers—with winning percentages below .400, or the same number of sub-.400 teams there were from 2014 through 2017 combined. Conversely, four teams—the New York Yankees, Boston Red Sox, Houston Astros and Mariners—are on pace to win 100 games, which would also be a major-league record.

Manfred pushed back against the idea that the attendance decline is because of the game's competitive landscape, saying,

"Based on half a season, I just don't buy it."

He also pointed out, correctly, that a couple

of teams not widely projected to be at the top of the standings, like the Mariners and Atlanta Braves, have exceeded expectations.

"We've had tremendous competitive balance over the last two decades," Manfred said. "I think that at the end of the season people will agree we had a very competitive year."

Manfred also said MLB is considering ways to produce a more "fan-friendly" schedule in 2019, which could feature two-game weekend series between rivals, among other changes.

ROB CARR/GETTY IMAGES



Hot Wheels

Investors are racing to get into the electric scooter business **B4**

EXCHANGE

THE WALL STREET JOURNAL.

Bad Decisions

The Intelligent Investor: Why we overpay for stocks **B8**



BUSINESS | FINANCE | TECHNOLOGY | MANAGEMENT

DJIA 25090.48 ▼ 84.83 0.3%

NASDAQ 7746.38 ▼ 0.2%

STOXX 600 389.13 ▼ 1.0%

10-YR. TREAS. ▲ 6/32, yield 2.926%

OIL \$65.06 ▼ \$1.83

GOLD \$1,274.60 ▼ \$29.40

Euro \$1.1609 YEN 110.65

SATURDAY/SUNDAY, JUNE 16-17, 2018 • B1



UPS: ILLUSTRATION BY ALVARO DOMINGUEZ; SCOOTER: DAVID PAUL MORRIS/BLOOMBERG NEWS

UPS is Running Late

As the package giant tries to satisfy today's online shopping habits, it is scrambling to update a network that is stuck in the past; playing catch-up with FedEx and Amazon

By PAUL ZIOBRO

MESQUITE, Texas—In the sticky Southern heat, hundreds of workers streamed in for the 11 a.m. shift last month at **United Parcel Service Inc.**'s local packing facility, one of dozens nationwide that help it move millions of parcels daily.

In a windowless room, a 30-year-old analog control panel about the size of a chest freezer monitors operations, with rows

of green and red lights indicating when something goes awry in the building's web of conveyor belts.

"Thirty years ago, this was top-notch," UPS plant engineering manager Dean Britt said of the control panel. Today, the panel's computing capabilities "can probably fit on your phone," he said, "and not even a good phone."

The site, and other similar UPS facilities, haven't automated much over decades—despite a rush of new warehouse technology in many industries. Today, the company is paying a price.

As UPS tries to satisfy America's 21st-century shopping-and-shipping mania, parts of its network are stuck in the 20th century. The company still relies on some outdated equipment and manual processes of the type rival FedEx Corp. discarded or that newer entrants, including Amazon.com Inc., never had.

UPS says about half its packages are processed through automated facilities today. At FedEx, 96% of ground packages move through automated sites. UPS workers are unionized; FedEx's ground-operations workers aren't.

Now, the century-old delivery giant is playing catch-up. As part

of that effort it plans capital spending of more than \$20 billion over the next three years.

Much of that will go toward opening new automated facilities, UPS says, and technology upgrades to route packages around bottlenecks. It is a bigger annual expense, adjusted for inflation, than when UPS broadened from a ground operation and built up its cargo airline in the 1980s.

UPS says it plans to process all packages, aside from some larger ones or those that travel a short distance, through automated hubs by 2022. "We definitely need to do these kinds of things to remain competitive," says UPS's chief information officer, Juan Perez.

The reason for the intensive push is the way in which UPS's business has been flipped on its head. The bulk of its shipments once went to corporations or retailers. Now, its brown-clad U.S. drivers deliver more than half of its packages to homes, thanks to e-commerce. Drop-offs at suburban homes generally aren't as profitable as delivering large orders to an office or shop, UPS says.

UPS embraced e-commerce

Please turn to the next page

CAPTAIN CLASS | SAM WALKER

The Occasional Brilliance Of Being a Bad Sport

The subject of this column isn't talent, vision, grit, emotional intelligence, radical candor or any other leadership skill that people aspire to possess. It's about the art of behaving badly.

The World Cup, which opened Thursday in Russia, may be the finest laboratory on Earth for studying leadership's dark side. With a projected audience of 3.2 billion, this tournament will force its 32 team captains to strike a balance between the overwhelming pressure to win and the moral imperative to play fair.

It's glorious when these goals

align, but the heaviest burden of leadership comes when they don't—when the captain has to choose one or the other.

Last month, while captaining his club team, Real Madrid, Sergio Ramos (who will also lead Spain at the World Cup) made just such a decision. With the Champions League final knotted in a scoreless tie, the 32-year-old defender pinned the arm of Liverpool's top scorer, Mohamed Salah, in the crook of his own, then drove his body to the turf. Mr. Salah left the match with a shoulder injury.

Across the globe, people responded to Real Madrid's 3-1 victory with explosive outrage, ac-

cusing Mr. Ramos of hurting the Egyptian on purpose. His status as captain for both club and country made the optics exponentially worse.

Within days, 500,000 people had signed a petition calling Mr. Ramos "an awful example to future generations" and urging the

Exceptional leaders care about the team, not whether you hate them.

sport's governing bodies to punish him retroactively.

Mr. Ramos got a boo from the crowd in Spain's first match in Russia on Friday, a 3-3 tie with Portugal. Some people will never forgive him for the Salah tackle. The more provocative question is

whether he'd even hesitate to do it again.

When England's upper classes brought organized sports to prominence, they yoked them to a behavioral code that's come to be known as "sportsmanship." To this day, we teach our children that it's not whether you win or lose—it's how you play the game.

Violations of this code, which are common at the World Cup, can provoke outsize anger. Many French fans will never forgive their former captain, Zinedine Zidane, for head-butting an Italian player in a fit of pique during the final minutes of the 2006 final. His subsequent ejection effectively destroyed his team's chances of winning. (Mr. Zidane, incidentally, was Mr. Ramos's manager during the Champions League final.)

Leaders in business and other

Please turn to page B7

Merrill Considers Reinstating Commissions

Firm had pushed for fee-based model in response to the fiduciary rule

By LISA BEILFUSS

Merrill Lynch is considering a reversal of its ban on commissions in retirement accounts the firm manages, marking a potentially significant retreat for a leading advocate of fee-based accounts.

The brokerage arm of Bank of America Corp. banned commissions for retirement accounts in anticipation of the Labor Department's "fiduciary rule," which went into effect in April 2016. The regulation was meant to protect retirement savers from conflicted financial advice from brokers seeking commission income.

But the rule was thrown out by a U.S. appeals court in March. And the Securities and Exchange Commission is working on its own version of a best-interest rule that would apply to brokers.

That has led Merrill to review its policy, setting the stage for a potential about-face on aggressive changes it had said were in the best interest of clients.

"While we'll remain a standard-bearer on [the fee] front, we'd be remiss if we didn't consider additional flexibility and choice we can provide to clients," said Andy Sieg, head of Merrill Lynch wealth management.

Some financial firms fought the regulation and held off on making big changes because of it, but Merrill in 2016 launched a media campaign

Please turn to page B12

Oprah Joins Apple's Video Push

Pursuit of talent heats up as TV viewing fragments

By JOE FLINT AND TRIPP MICKLE

Apple Inc. has formed a production partnership with Oprah Winfrey to make programs for its planned subscription-video service, part of the company's aggressive push into the content business as competition for Hollywood talent escalates.

Apple has joined an arms race for top producers and actors by tech giants and traditional media companies alike. All parties are trying to recruit the most valuable talent they can to help programming stand out in a fragmented TV landscape where consumers' choices are growing.

Neither Apple nor Ms. Winfrey offered any specifics about the content she would make. In a statement Friday, Apple said Ms. Winfrey would "create original programs that embrace her incomparable ability to connect with audiences around the world."

Apple wasn't the only suitor for Ms. Winfrey. Last year Amazon.com Inc. also had talks with her about making content for its Amazon Prime service, a person familiar with the matter said.

Although Apple has very deep

Please turn to the next page

◆ The next MacBook might have a phone inside..... B4



STEPHEN LOCK/ZUMA PRESS

Oprah Winfrey will create content.

THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

USG CORP.

USG 3.9% Warren Buffett last year called his nearly two-decade investment in building-materials maker USG "disappointing," and in recent months his Berkshire Hathaway Inc.

strayed from its usual playbook, urging USG to consider a sale. The effort paid off Monday, when USG said it had agreed to be acquired by Gebr. Knauf KG for \$7 billion. In May, shareholders including Berkshire voted against the election of four directors to USG's board after it spurned Knauf's first two approaches—the first time Mr. Buffett could recall his conglomerate opposing a company's slate of nominees, he said.

BOSTON SCIENTIFIC CORP.

BSX -6.2% Boston Scientific shares took a wild ride over the past week, first soaring on a Journal report Monday that medical-device maker Stryker Corp. had made a takeover approach, and then tumbling back to where they started when Stryker said Wednesday it wasn't currently in merger talks. A deal would create a company with more than \$20 billion in annual sales, offering a range of medical devices from knee and hip replacements to heart valves and endoscopes. But for now it appears the two companies aren't on the verge of being stitched together.

MEDIA STOCK PERFORMANCE THIS WEEK

Source: FactSet

15%

10

5

-5

Mon.

Tues.

Wed.

Thurs.

Fri.

AT&T

Comcast

Disney

Time Warner

Traded through Thursday

Fox

Netflix

T

-6.2%

AT&T INC.

PLAY

17%

763

-42%

ZTE CORP.

Chinese telecommunications firm ZTE saw \$2.7 billion of market value erased on Wednesday, as the Hong Kong-listed stock plummeted 42% in its first day of trading since the middle of April. ZTE shares, trading under the ticker 763, were initially halted after the U.S. Commerce Department banned American companies from doing business with the firm for violating the terms of U.S. sanctions against Iran and North Korea. Last week, President Donald Trump extended an olive branch, though investors are wary of the company's future viability.

-Laine Higgins

Apple

Recruits

Oprah

Continued from the prior page

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The old media companies have vowed to fight back. Last week, Time Warner Inc.'s Warner Bros. announced a \$300 million deal to keep prolific TV producer Greg Berlanti from jumping ship.

AT&T Inc. now owns HBO and Warner Bros., after closing its acquisition of Time Warner. "I have no trepidation about making sure we maintain those relationships with the very top talent going forward," John Stankey, the AT&T executive charged with overseeing Time Warner assets, said in an interview Friday.

Apple doesn't have a launch date for its planned direct-to-consumer video service, but people familiar with the company's plans say it is expected to debut next year.

Ms. Winfrey is the latest big fish Apple has landed. In recent months, it has struck deals with actor and producer Reese Witherspoon, comedy star Kristen Wiig and directors J.J. Abrams and M. Night Shyamalan.

Though Apple hasn't outlined its distribution plans for the programming or said what it may charge, the company is expected to create a subscription offering that bundles access to the programming with iCloud storage and potentially other services like magazine subscriptions, people familiar with the plans said.

Apple doesn't have a

launch date for its

direct-to-consumer

video service.

The video push comes as Apple

faces a slowdown in sales of iPhones,

which account for two-thirds of total revenue.

It is looking to its services business—which includes App Store sales, mobile payments and its music-subscription business—for growth.

The Oprah partnership comes a

year after Apple poached two Holly-

wood executives from Sony Corp. to

lead the video effort: Jamie Erlicht

and Zack Van Amburg, who oversaw

Sony Pictures Television produc-

tions such as "Breaking Bad" and "The

Crown."

Since retiring from her daytime

talk show in 2011, Ms. Winfrey has in-

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but is still heavily involved in the net-

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agreement with the network and Dis-

covery runs through 2025.

—Ben Fritz

contributed to this article.

B2 | Saturday/Sunday, June 16 - 17, 2018

THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

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Apple

Rec

BUSINESS NEWS

AT&T Primed to Spend Big on Content

By JOE FLINT
AND DREW FITZGERALD

AT&T Inc., now the owner of Time Warner Inc.'s operations, will be aggressive when it comes to acquiring content and building new ways to reach viewers, said John Stankey, the executive tasked with overseeing the newly purchased entertainment assets.

"Everybody agrees that the right thing for our business is to step up investment in content and distribution platforms," he said in an interview on Friday, one day after AT&T closed on the \$81 billion purchase.

In his new role as head of AT&T's media businesses, Mr. Stankey has oversight of Warner Bros., HBO and Turner, the unit that houses cable networks CNN, TBS, TNT and others. The unit will be called WarnerMedia, a nod to the legacy and strong brand of Warner Bros.

Mr. Stankey, an AT&T veteran, said the company will have the stomach for the sort of big talent deals that Netflix Inc. and other streaming services have been doing with top producers. He praised a \$300 million deal Warner Bros. made this month with television producer Greg Berlanti to keep him at the studio.

Mr. Stankey said part of his job will be to make sure "I can facilitate the management team to go out and find others."

Launching more direct-to-consumer platforms along the lines of streaming service HBO Now will also be a priority for Mr. Stankey. "If you're going to be a modern media company, you're going to need a variety of offerings," he said.

During AT&T's successful legal battle with the government over the Time Warner deal, Mr. Stankey often talked about the data AT&T can glean from its customers and that



ANDREW HARRER/BLOOMBERG NEWS

John Stankey, who will oversee the newly acquired Time Warner assets, says the company will seek new ways to reach viewers.

can figure in to how it runs Time Warner. However, he said that doesn't mean analytics will drive content decisions. "Data doesn't replace the creative process by any stretch of the imagination," Mr. Stankey said.

Data and targeting is ex-

pected to factor in heavily in how AT&T sells advertising on its commercial outlets. Mr. Stankey predicts AT&T will have "higher paying ads that ultimately support" the cultivation of content.

HBO, Warner Bros. and the Turner properties will con-

tinue to be autonomous creatively, Mr. Stankey said. He does expect consolidation in some administrative areas with savings being pumped back into content.

The executive said he isn't anticipating making mini-episodes of existing shows such as HBO's "Game of Thrones" for mobile platforms—something AT&T Chief Executive Randall Stephenson once floated. But Mr. Stankey did say there are lots of opportunities to create "smaller more snackable sizes of content that can drive viewers into a show."

In a companywide memo Friday, the executive told WarnerMedia staff that the company has "a unique opportunity to truly lead in the transformation that's taking place across media and entertainment." He confirmed that Jeff Bewkes, the chief executive of Time Warner, will retire after a short transition pe-

riod. Other major departures include Turner Chief Executive John Martin and Olaf Olafson, executive vice president of international and corporate strategy at Time Warner.

Another change is that CNN Worldwide President Jeff Zucker will report directly to Mr. Stankey. He had previously reported to Mr. Martin. David Levy remains president of Turner with its other domestic operations reporting to him. Mr. Zucker recently signed a new deal with Turner that runs through 2020.

Mr. Stankey, a longtime telephone executive who recently ran DirecTV, said he has been watching more TV than ever. He said he is hooked on "Westworld," a gory HBO series about lifelike robots taking over a Western-themed resort.

"It took a couple episodes to get into it," he said, but the series is now "appointment viewing."

BUSINESS WATCH

HUAWEI TECHNOLOGIES

Australia May Bar Firm From 5G Bid

Australia is looking at barring Huawei Technologies Co. from taking part in the rollout of next-generation 5G telecommunications infrastructure, which would deal a blow to the Chinese company's global ambitions to be a leader in the technology.

Australia's security agencies are pushing for Huawei to be locked out of supplying equipment to the latest mobile communications networks because of cyberspying fears. While Australia isn't a big market, a ban would be significant as the most extensive effort by a U.S. ally to block Huawei from participating in 5G because of national security concerns. A decision is expected within weeks.

A spokesman for Huawei, which has long denied its products pose security threats, said, "We share Australia's concerns over cybersecurity and will work openly with authorities and carriers in Australia, as we do in other markets, to help address these issues."

—Rob Taylor

BOTTEGA VENETA

Fashion House Picks Creative Director

Bottega Veneta named British designer Daniel Lee as the brand's new creative director, choosing a relative unknown in the industry to revive the struggling Italian fashion house.

Mr. Lee, 32 years old, is the head of ready-to-wear design at Céline, the French luxury label owned by LVMH Moët Hennessy Louis Vuitton. With Mr. Lee on the team, Céline has been one of LVMH's fastest-growing fashion brands in recent years.

Mr. Lee's selection as the successor to Tomas Maier signals that Bottega's corporate parent, Kering SA, wants a fresh face to turn around the brand after several years of slumping sales. Mr. Maier, 61, stepped aside this week after 17 years at the Bottega.

—Matthew Dalton

GLENCORE

Despite Sanctions, Miner to Pay Gertler

Swiss mining giant Glencore PLC said it would resume multi-million-dollar payments to a former business partner sanctioned by the U.S. Treasury Department, setting up a test for whether Washington is willing to give Western firms more wiggle room in dealing with sanctioned counterparts.

Glencore stopped paying royalties to Israeli billionaire Dan Gertler in December after sanctions were imposed for alleged corruption in the Democratic Republic of Congo. On Friday, it said resuming the payments was the only viable option to avoid the risk of losing its assets. It said, though, it would make the payments in euros and ensure no American citizens had any role in the arrangement to comply with U.S. sanctions.

A Glencore spokesman said it has been in talks with U.S. officials about the matter.

A spokesperson for the U.S. State Department didn't respond to a request for comment.

—Scott Patterson



Sky operates as both a telecom carrier and a media company that produces its own entertainment, sports and news. It is a sponsor of British cycling's Team Sky.

Comcast Clears EU Hurdle for Bid for Sky

By STU WOO

European Union regulators on Friday said they won't object to cable giant Comcast Corp.'s \$29 billion bid for Sky PLC, clearing another hurdle in what is expected to be a bidding war for the British pay-TV giant with Walt Disney Co. and Rupert Murdoch's 21st Century Fox Inc.

The Sky battle—which has played out for months—more

recently has been relegated to a side skirmish in a much bigger standoff between Disney and Comcast. Each are trying to buy a big chunk of Fox assets. Disney and Fox agreed to a \$52 billion stock deal in December, but Comcast this week made an unsolicited \$65 billion cash offer for the same Fox assets.

Fox already owns 39% of Sky. For 18 months, it has been trying to buy the other 61% for

about \$16 billion. Disney has supported the effort since it agreed to buy most of Fox. In February, Comcast entered the fray by announcing its own bid for Sky.

Comcast has offered £12.50 per share (\$16.59), above Fox's £10.75.

Both Disney and Comcast have said they consider Sky one of Fox's most appealing assets. Both are seeking to expand their international foot-

print, and both like the London-based company's business model.

Operating in seven European countries, Sky is a telecommunications carrier that sells TV, internet and phone services. It is also a media company that produces its own entertainment, sports and news programming.

Sky's American counterparts are trying to emulate its example of a corporation that owns not

only the wires and airwaves but also the programming that flows through them.

European Union regulators on Friday said the Sky bid from Comcast, which has limited business across the Atlantic, didn't raise competition concerns in Europe.

The Murdoch family owns a 39% stake in both Fox and in News Corp., which publishes three U.K. newspapers as well as The Wall Street Journal.

Kellogg Recalls Cereal Tied to Illness

By ANNIE GASPARRO
AND JESSE NEWMAN

Kellogg Co. is recalling more than 11 million boxes of Honey Smacks cereal in what is the eighth multistate outbreak this year of food-borne illnesses caused by salmonella bacteria.

Food regulators said 73 people in 31 states have been infected by salmonella linked to Honey Smacks since March. Twenty-four of those people were hospitalized.

Officials told Kellogg on Tuesday that the outbreak had been traced to its cereal.

"We immediately reached out to the third-party manufacturer to begin an investigation, and worked with the FDA to address this issue," a Kellogg spokeswoman said.

An FDA spokesman said the agency is trying to pinpoint the source of the outbreak.

Kellogg issued the recall Thursday afternoon, and the Food and Drug Administration informed the public later that evening that Honey Smacks had been connected to a continuing salmonella outbreak.

The company said the recall won't affect its earnings or broader cereal sales.

The FDA is working to warn the public about food-safety risks more quickly after the U.S. Health and Human Services' Office of Inspector General last year criticized the recall process for being slow.

"Today's action is part of the commitment we made earlier this year to act quickly in response to identified risks and to notify consumers early in the course of our investiga-



The FDA warned the public that Honey Smacks cereal had been linked to a salmonella outbreak.

tions," FDA Commissioner Scott Gottlieb said Thursday.

The eight multistate, food-related salmonella outbreaks this year are more than in any other year since at least 2010.

Food regulators and health officials say outbreak detection has improved, thanks to technological advances and cooperation among local, state and federal officials that have made it easier to link illnesses and guide investigators to their source.

That has exposed food makers to the increased risk of brand damage and liability claims, said Sandra Eskin, director of food safety for The Pew Charitable Trusts.

The FDA on Friday advised

consumers to throw away any Honey Smacks cereal, regardless of package size or "best if used by" dates. That goes beyond earlier advice from Kellogg, and the FDA said more product could be contaminated than accounted for in the company's recall notice.

Kellogg said it won't use the manufacturer—which it declined to identify—that typically makes its Honey Smacks while it investigates. It is unclear whether the salmonella came from an ingredient supplier or at a cereal factory.

Salmonella causes fever, diarrhea, nausea, vomiting and abdominal pain. Most people recover without treatment, but the illness can be fatal in children, elderly people or those with weak immune systems.

Recalls for food-borne illnesses tied to cereals and granola are rare because the foods are baked, a process that typically kills pathogens. Two years ago, Kellogg recalled some Bare Naked granolas that used sunflower seeds from SunOpta, supplier linked to an outbreak of listeria. Other food makers that bought sunflower seeds from SunOpta recalled products as well.

General Mills in 2013 recalled a version of single-serve Cinnamon Toast Crunch because an ingredient supplier reported salmonella, but no illnesses were linked to the cereal in that case.

Despite falling revenue, ballooning debt and shrinking newsstand sales across its titles, AMI has been on an acquisition spree.

Enquirer Publisher Continues Buying Spree

By LUKAS I. ALPERT

American Media Inc., publisher of the National Enquirer, has further cemented its dominance of the celebrity magazine market by acquiring gossip titles In Touch, Life & Style and Closer from rival Bauer Media USA.

With the deal, AMI will own virtually all the tabloid weeklies sold on supermarket magazine racks excluding Meredith Corp.'s People magazine, which has the largest circulation of those publications.

In addition to the Enquirer, AMI already owns OK!, Star and the gossip site Radar Online. It acquired Us Weekly from Wenner Media for \$100 million last year.

As part of the deal with Bauer, AMI also acquired several teen-oriented magazines including J-14, Teen Boss and Girls' World. The price for the deal, which is expected to close on July 1, wasn't disclosed.

"Despite newsstand sales declining 20% annually, both Bauer and AMI have continued to invest in the marketplace and we believe there is still a terrific opportunity to grow newsstand revenue," AMI Chairman and Chief Executive David Pecker said.

Despite falling revenue, ballooning debt and shrinking newsstand sales across its titles, AMI has been on an acquisition spree.

TECHNOLOGY



Share scooters are spreading in San Francisco, above and other U.S. cities, driven by a wave of venture capital.

The Scooter Wars of Silicon Valley

Money is pouring in at a record pace; from kids' toy to unicorn in less than a year and a half.

By ELIOT BROWN

The hottest investment in Silicon Valley today looks like a kids' toy, has only been tested in a few cities and is unsafe to use in heavy rain.

Venture-capital investors are pouring money into shared electric scooters at an unprecedented rate in the already fast-moving tech hub. They're making a sizable bet that these motorized two-wheelers will reshape how millions of people travel around cities.

The headfirst dive into a business that didn't exist a year ago has rattled cities and comes with numerous risks and unknowns that make large-scale success anything but assured. The funding frenzy is reminiscent of the early days of ride-hailing, when Uber Technologies Inc. and Lyft Inc. slugged it out for capital, riders and drivers while battling local regulations.

This time, the money is speeding faster, even as local regulators are more aggressively imposing restrictions that limit growth.

Two companies, **Bird Rides** Inc. and Lime, have reached \$1 billion valuations less than a year and half after they were founded, raising \$400 million combined in recent weeks, according to people familiar with the matter. That makes them the fastest U.S. startups ever to reach that valuation, according to research firm PitchBook.

Both are in the process of raising additional funding. Bird is set to be valued at \$2 billion with this additional infusion, one of the people said.

Meanwhile, Uber and Lyft are each plotting an entrance into the scooter world, applying for permits last week to operate them in San Francisco.

Like children's Razor scooters, these vehicles have a platform attached to small wheels and a handlebar but are souped up with electric motors. Users locate and unlock scooters on an app, paying at least \$1. Riders can hum along at up to 15 miles an hour and drop them wherever they want for the next rider—until the battery runs out.

People have flocked to them in a handful of densely populated, warm-weather cities including San Francisco and San Diego. But it isn't clear whether they will work in colder, wetter climates and in more sprawling locales. Heavy rain makes for hazardous riding, as do steep downhills.

Meanwhile, numerous city governments have begun to limit the number of shared scooters to prevent well-funded scooter companies from flooding sidewalks like bike-share companies have done in China.

Even if those restrictions were lifted, it isn't clear how all of these companies will distinguish their scooters in a crowded market.

Despite the hurdles, the rush of scooter cash reflects the tremendous deluge of investor money that has pushed up Silicon Valley valuations lately.

Venture capitalists are driven by two main factors: strong demand and promising economics.

Even with little marketing, companies say thousands of people now regularly commute on the scooters.

Trips average a bit more than a mile.

"Consumers are saying this is what they want," said Mark Suster, a partner at Upfront Ventures who was an early investor in Venice, Ca-

\$2 Billion
The expected valuation of Bird Rides after the latest fundraising.

lif-based Bird. "I have never seen revenue grow faster in a consumer-product-oriented company."

Investors are banking on scooters becoming as popular in the U.S. as dockless share bikes are in China. But price wars there have caused heavy losses and oversupply of bikes. Bike-share giant Mobike was valued at \$2.7 billion in April despite reports of tens of millions of rides a day, while Bird's scooter count is in the thousands.

Ewyn Poon, co-founder of San Francisco-based Spin, said his company was originally focused on shared bikes, which brought in 50 cents to \$1 of revenue per bike per day in Seattle. Scooters, he said, generate about \$20 of revenue a day, averaging more than five trips.

Many scooters would generate more money if their batteries didn't run out by midday, he said. Spin has said it had a few hundred scooters in San Francisco before the city started implementing a permit program.

The companies tell investors they recoup the cost of the scooters, generally about \$350 to \$450, after about two months, or faster. The biggest daily costs are maintenance and charging—about \$10 to \$15 a day per scooter, according to investors who have seen the numbers. The companies pay a force of local residents to charge the scooters in their homes, and some company trucks pick up remaining scooters at night.

The craze kicked off in September when Bird—then valued at \$18 million, per PitchBook—scattered scooters around the streets of Santa Monica, announcing its presence to the city in a LinkedIn message to the mayor.

They became an instant hit, while also drawing the ire of residents and city officials upset with the clutter of scooters lying around, or riders on sidewalks.

But it wasn't until March, when thousands of scooters from Bird, Lime and Spin began appearing in the streets of San Francisco that venture capitalists began to swoon.

Backing Bird—incorporated in April 2017—is Sequoia Capital, which led a \$150 million investment at a more than \$1 billion valuation, up from \$300 million in March. Meanwhile Alphabet Inc., through its GV venture-capital arm, is leading a \$250 million investment into Lime, which started in January 2017, valuing it at about \$1.1 billion, a person familiar with the matter said. Uber Technologies, by contrast, took four years to cross the \$1 billion threshold, according to PitchBook.

Lime and Bird have told investors they aim to operate millions of scooters, hoping to replace many short trips by car and foot in cities around the world. Bird and Lime have followed Uber's playbook, stirring demand from consumers before regulators have a chance to draw up rules.

They also are planning rapid expansion internationally, where local rules thus far are more permissive, said Caen Conte, a vice president at Lime.

But U.S. cities are feeling emboldened to pre-empt the scooter craze after getting caught flat-footed like they did with ride and home sharing.

Cities including Nashville and Denver have started impounding scooters by the dozens. And officials in San Francisco, Los Angeles, Charlotte, N.C., and Washington, D.C., aim to limit the number of scooters and dockless bicycles, divvying up permits between multiple operators.

While transportation officials widely say they like scooters as a means to cut congestion, they want to maintain some control.

"If nothing else, we've learned from ride-sharing and home-sharing coming to Nashville, it's better to be strict on the front end," said Jeremy Erod, a member of Nashville's Metro Council who is pushing for a pilot program that initially limits the number of scooters to 250 for each company. "It's hard to claw them back," he said.

Another complication is that regulations like those in San Francisco put companies with vastly different sizes on the same footing, proposing to limit five companies to up to 250 scooters each. Bird said it had more than 1,000 scooters in San Francisco last month.

"Cities are taking a completely different approach with this than they did with cars," said Roger Lee, a partner at venture-capital firm Battery Ventures who has looked at scooter companies but hasn't invested.

"The city is determining the winners—and it won't be driven by traditional market forces," he said.

"It potentially nullifies the benefits of raising billions and billions of dollars."



San Francisco is looking to rein in the number of scooters in its streets.

KEYWORDS | CHRISTOPHER MIMS

The Next MacBook Might Have a Phone Inside

The chips in your iPhone keep getting better



Laptops, which haven't been exciting for years, are about to get interesting again.

Despite the rise of tablets and smartphones, laptops are still the way most people get work done. The difference between the mobile touchscreen devices and their bulkier clamshell counterparts isn't just their physical design: They actually use different sorts of processors.

While chip maker Intel Corp. has powered most computers you've ever used, that might not be the case much longer. Many manufacturers are already using mobile chips from smartphones in laptops running Google's Chrome OS, and are starting to put them in laptops running Microsoft Windows. Apple Inc. already designs its own chips, which are arguably the fastest mobile processors in the world—will it use them in its own MacBooks?

A shift in this direction would blur the line between laptops and mobile devices further, changing our expectations of computers large and small.

This doesn't mean that the form of the laptop—trackpad, keyboard, screen—must change. Apple has tried to convince consumers that the iPad is for work, but relatively flat iPad sales suggest few are using mobile devices as their primary means of productivity.

So imagine something that looks like a MacBook and works like a MacBook, but has the guts of an iPhone. In addition to things like facial recognition and AR capabilities, it could have longer battery life, built-in always-on connectivity to fast 5G networks, and more.

The ARM insurgency

Since the dawn of the smartphone, mobile processors based on designs licensed from ARM Holdings have been the mainstay of phones and tablets. Over time, ARM and its licensees, which include Qualcomm Inc., Samsung Electronics Co. and Apple, have worked to make these processors faster, without using more power.

Year after year, these chips have seen double-digit increases

TSMC is the world's largest contract maker of semiconductors, having accrued \$8.46 billion in revenue in the first quarter of 2018 alone. If it expects to ship millions of these chips soon, it's a safe bet that a big chunk of those will be Apple's next-generation A12 mobile processor.

The iPhone...Book?

A big reason for Apple and its competitors to consider switching to ARM-based laptops is that mobile processors are gaining capabilities that are less common in larger computers. Today, the depth sensor on the iPhone X enables face recognition, but it could someday play a key role in Apple's augmented-reality software. (Qualcomm has its own Snapdragon XRI platform for augmented reality.)

Apple is also pushing capabilities such as on-device artificial intelligence, which could enable better voice recognition and other capabilities, and the company aims to support only its own graphics software in the future. Because Apple's in-house chip designers only have one customer—Apple—they're able to tune its silicon to run all these things as fast as possible.

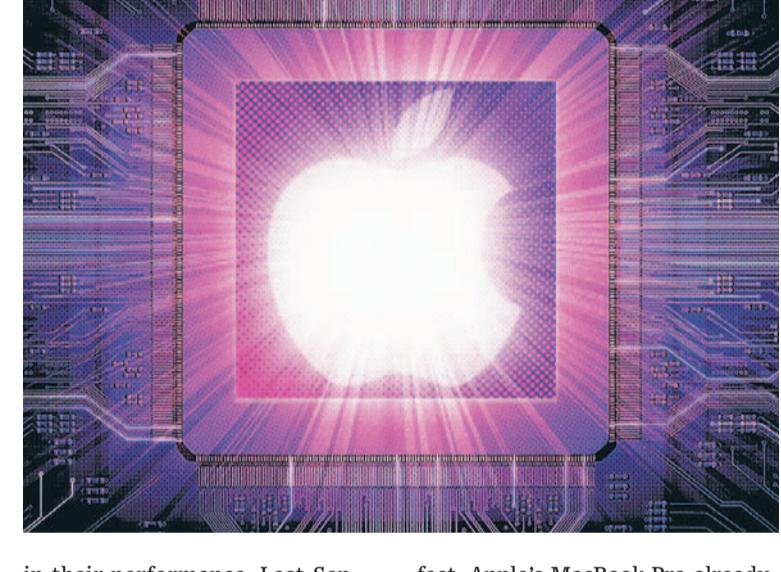
"You see Intel delaying new technologies anywhere from six to eight months, and that hurts Apple's roadmap," says Ben Bajarin, an analyst at market-research firm Creative Strategies. "Apple in particular doesn't want to have to be hamstrung."

By using its own silicon, Apple could potentially offer machines that do things other notebook manufacturers might not match for some time, he says.

The result would be an ARM-powered variation on the MacBook or MacBook Air, or something new that meets similar needs and runs Mac OS.

There is a limit to what ARM chips can pull off. Apple's MacBook Pro laptops are powered by Intel's Core i5 and i7 processors and—like Apple's desktop computers—will probably continue to be for a long time.

Workhorse computers need processors that are good at general computing tasks, more than the specialized, task-specific silicon that powers mobile devices. (In



in their performance. Last September, Apple declared that its A10X processor, which powers the iPad Pro tablet, was already faster than 80% of the Windows notebooks sold in the past year. The iPhone X's A11 Bionic is even faster.

ARM and its partners claim its processors for forthcoming Windows laptops are also comparable to lower-end Intel laptop chips.

Intel is contributing to this trend. The intervals between ever-faster Intel chip launches have gotten longer and longer, leaving its PC partners scratching their heads about how to excite customers to buy the latest and greatest models.

The size of the circuitry on a microchip, known as a process node, determines its power consumption, performance and cost. The smaller the transistors on the chip, the wider the variety of stuff you can put on it, such as wireless modems, GPS receivers, image processors and the like. Each new silicon breakthrough is named after the ever-smaller distance between certain chip components, measured in nanometers.

In its last earnings call, TSMC, the chip fabricator for Apple and AMD, said it's producing chips at the 7-nanometer level, and it expects 7nm chips to represent 20% of its revenue by the end of 2018.

fact, Apple's MacBook Pro already does have an ARM chip inside, a supplemental one specifically designed to handle security functions such as the Touch ID fingerprint reader.)

It's possible that Apple could allow its cheaper MacBook lines to stagnate, depriving them of the capabilities of spatial, visual and auditory capturing and processing that we now take for granted in mobile devices. If so, it might be to drive customers toward the iPad.

Apple could even give more powers to the iPhone—with a few software additions like a trackpad cursor and resizable windows, iOS could give the Mac OS a run for its money on big screens.

Even Intel seems aware of this eventuality. The company announced that its initial wave of 7nm chips will be available first to its data-center customers—who are driving its greatest revenue growth—not to the companies that build laptops and tablets. Intel is transforming "from a PC-centric company to a data-centric company," Intel finance chief Bob Swan recently told the Journal.

Apparently Intel is doing just fine selling the high-powered chips required to run the cloud software on which all these phones, tablets and laptops depend.

PERSONAL FINANCE

TAX REPORT | LAURA SAUNDERS

Your Home as ATM Loses Some Allure

The tax overhaul changes the rules on deductibility of home-equity borrowing. No more Caribbean trips.



For years, Americans could borrow against their homes to pay for a new car, college tuition, or even a trip to the Caribbean, and then deduct the interest on those loans.

No more.

Last year's tax overhaul prohibited interest deductions for home-equity loans and home-equity lines of credit, known as Helocs, unless the funds are used for certain types of home improvements. The change took effect for 2018 and will affect many people. As of March, there were 4.2 million home-equity loans with balances totaling \$127 billion, and 9.3 million Helocs with loan balances totaling \$419 billion, according to Equifax Inc.

As a result of the changes, Scott Davis, a retired engineer in Prescott, Ariz., will no longer get a write-off for the interest on a \$50,000 Heloc he took out in 2013 to help his son purchase a home. There's no deduction because the loan isn't for Mr. Davis's own home, says Jeffrey Porter, a certified public accountant in Huntington, W.Va.

"The new law puts his loan in the same category as one used to buy a car," he says.

The outlook is brighter for Kfir Lindheim, a trust-company officer living in San Anselmo, Calif. He wants to use a home-equity loan to pay for tens of thousands of dollars of work on a retaining wall for his home, and he has mortgages on both a first and second home.

Because Mr. Lindheim's borrowing is to improve his home and his total debt will be less than the new \$750,000 limit, Mr. Porter says he'll likely qualify for an interest deduction on his home-equity loan as well as the existing loans.

Are you confused? Many are. Here's a summary of new rules for

interest deductions on home-equity loans and Helocs.

What's prohibited

Prior law allowed homeowners to deduct interest on up to \$100,000 of home-equity debt used for any purpose.

The tax overhaul nixed this provision with no allowance for existing loans, unless they're used for home improvements. So a couple who used a Heloc to borrow \$50,000 to pay tuition and credit-card loans could deduct the interest for 2017 but not for 2018. This change applies through 2025, when current law expires.

What's allowed

Homeowners can still deduct interest on home-equity borrowings if they're used to "buy, build, or substantially improve" their homes.

This debt must be secured by the home it applies to, however. So a Heloc on a first home can't be used to buy or expand a second home.

What counts as a substantial improvement? There isn't specific guidance from the Internal Revenue Service. Tax specialists say these are typically investments that add value to a home, such as landscaping or remodeling, rather than repairs. The IRS does distinguish between investments and repairs in Publication 523, *Selling Your Home*.

The new limits

These can be especially confusing. The new law allows interest deductions on total debt up to \$750,000 for up to two homes. But there's a "grandfather" provision allowing deductions on debt of up to \$1 million for up to two homes, if the debt existed before the overhaul. Both limits include home-equity debt used to buy, build or improve a home.

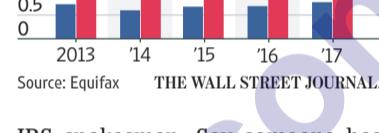
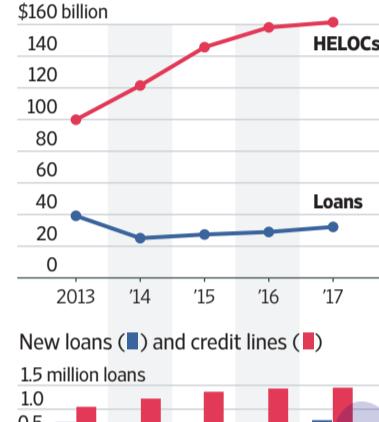
Here are examples vetted by an



BILL BRAGG

Home Sweet Cash

New home-equity loans and home-equity lines of credit



Source: Equifax THE WALL STREET JOURNAL.

IRS spokesman. Say someone has two homes, one with a mortgage of \$300,000 and another with a mortgage of \$150,000. If the owner takes

out \$100,000 of home-equity debt for each home and uses the funds to make improvements to that home, then interest on the total \$650,000 of debt could be deductible.

Another homeowner has a \$700,000 mortgage and borrows \$100,000 to make improvements. Because of the \$750,000 overall limit, the homeowner can only deduct the interest on \$50,000 of the home-equity debt.

A third homeowner has a mortgage of \$800,000 plus \$200,000 of home-equity debt used to make qualified improvements, and both debts existed before the tax overhaul. The interest on \$1 million remains deductible.

For more specifics, see IRS Release 2018-32.

The standard-deduction trap

Homeowners who can still deduct interest on home-equity debt may find the write-off doesn't reduce their tax bills.

That's because the tax overhaul expanded the "standard deduc-

tion"—the break filers get if they don't list deductions on Schedule A. This benefit is now \$12,000 for singles and \$24,000 for married couples, plus more if the filers are at least age 65.

Jon and Debra McCammon, a retired engineer and cost accountant, recently faced this issue when deciding whether to borrow about \$30,000 of home-equity debt to do landscaping and other improvements to their home in Surprise, Ariz.

The McCammons determined that this debt would likely qualify for an interest deduction, but then they realized they wouldn't use it. They've paid off their mortgage, and their total write-offs for state and local taxes, home-equity debt interest, charitable donations and the like won't exceed their 2018 standard deduction of \$25,300.

Still, they're going ahead with the loan and upgrades. Says Mrs. McCammon, "We're looking at our wants and needs, not just the tax deduction."

Goodnight, normal trading hours.

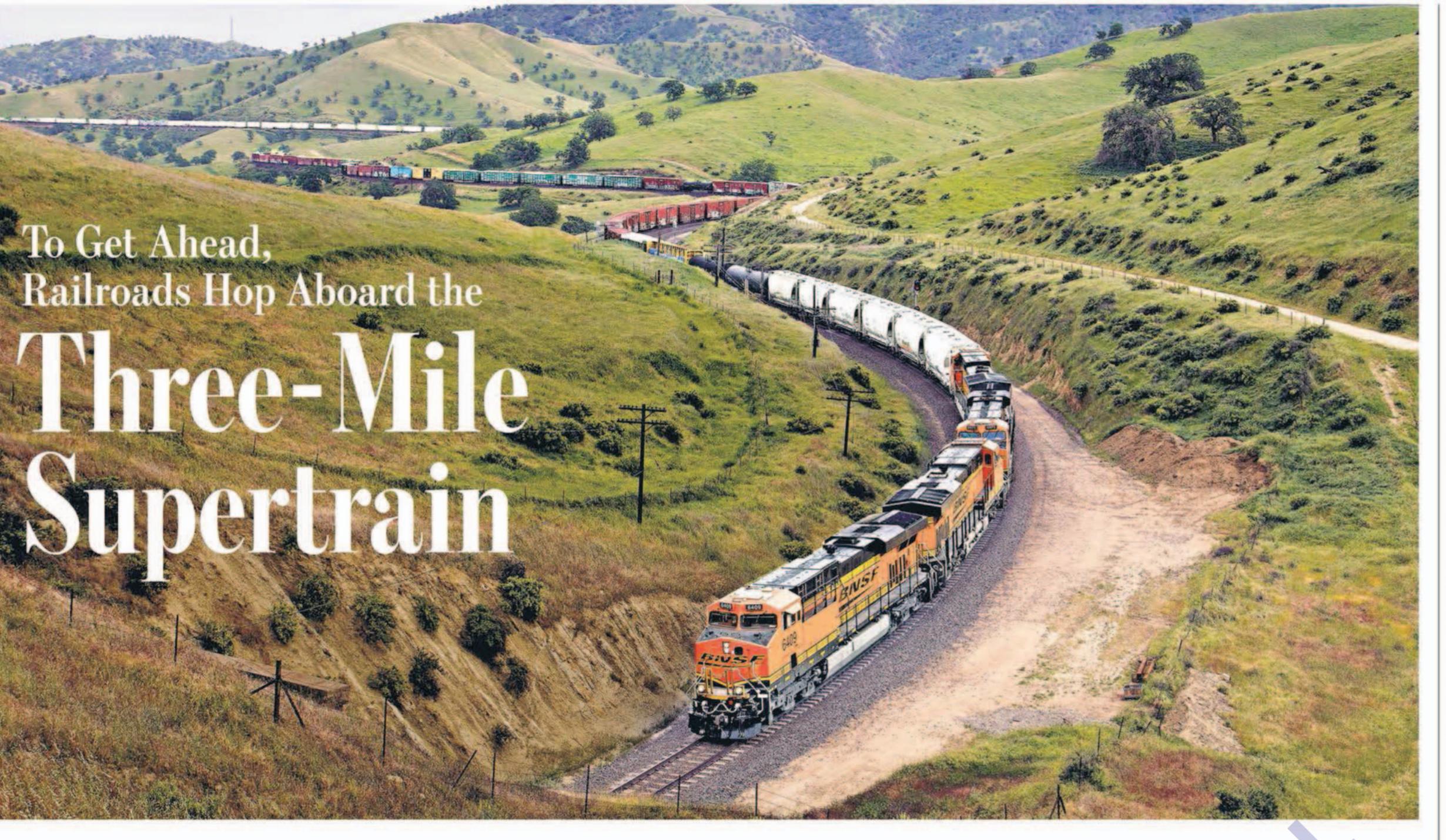
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To Get Ahead, Railroads Hop Aboard the Three-Mile Supertrain

sure from investors and competition from trucking drive railroads to add cars to prove efficiency. But some say the trend is misguided and, potentially, a safety hazard.

DANIEL MACHALABA

The freight train is now on track to stretch up to 3 miles long with 200 cars or more. And it's being powered, in part, by an unusual energy: the activist investor.

Companies have plenty of reason to keep adding train cars.

Trains save on fuel and costs, reducing the cost of rail transportation.

Longer trains also decrease the time of trains through communities and improve productivity, said

El Espinoza, spokeswoman for El Pacifico Corp. And fewer cars on the network frees up space for other traffic.

Record

—mile-long cargo trains are favoring as railroad

investors pursue greater

efficiency.

Cost to run cargo from Chicago to northern New Jersey in a double-stack train



Types of freight

Toothpaste, cameras, television sets, clothing, shoes, furniture, light bulbs, auto parts

Frequent routes

Los Angeles to Chicago; Toronto to Vancouver, B.C.; New York to Chicago; Chicago to Jacksonville, Fla.

and goods. Long trains take longer to assemble and disassemble in freight yards and can lead to delays on main lines.

"Every time I see one of these trains, I think this type of operation is destroying our ability to compete in the freight marketplace," said Edward Burkhardt, president of Rail World, a railroad consulting and investing company, and an advocate for short, fast trains.

Operating trains that are double the length of standard size trains involves mastering the distribution of weight and pulling force. The longest, heaviest trains may have four locomotives in front, two in the middle and two at the end.

Some critics say the railroads are moving in the wrong direction, given the demand for faster, more frequent deliveries of smaller batches of raw materials

"I used to think that 100 cars was a long train," said Norman Schmelz, mayor of Bergenfield, N.J., which is located on a busy CSX freight route. Now, he sees freight trains twice that size. "Waiting for them to pass seems an eternity," he said. "They go on forever."

A high-profile accident with a long train last year has caught the attention of regulators. The National Transportation Safety Board

is taking advantage of the nearly \$100 billion spent on rail infrastructure and equipment over the past several years. The spending included high-horsepower locomotives and upgraded track strong enough to withstand the extreme forces that can pull a long, heavy train off of the track on tight curves.

What's more, he said, railroads

are testing 16,000-foot-long trains on its Southern California-to-Chicago route.

Some railroads are adding re-

mately controlled diesel locomotives at the end or in the middle of superlong trains so that locomotives are both pulling and shoving at the same time. Distributing the locomotive power reduces the heavy loads on the couplers that can break a train in two, improves train handling by reducing slack action and makes brake applications quicker and smoother.

As a business strategy, superlong trains are in for the long haul. Cameron Scott, Union Pacific's chief operating officer, told investors late last month that the railroad is running 14,000- to 15,000-foot trains on a daily basis on a good portion of its double track railroad. "And we're doing it very safely," he said. "So from a safety perspective there is not an issue there."

At Berkshire Hathaway Inc.'s BNSF Railway, train length averages about 8,000 feet. BNSF spokeswoman Amy Casas said the railroad is testing cargo trains as long as 16,000 feet on its double track Southern Transcon route between Southern California and Chicago.

found them excessive.

Mr. Ramos's tackle met this standard, too. Taking Liverpools best player helped his team and the referees didn't sanction him for it.

The third test is a matter of timing. Did the potential reward outweigh the risk of failure?

The Benefits

Of Being A Bad Sport

Continued from page B1 competitive fields are sometimes felled by bad behavior, too. Last year, reports of aggressive tactics and a toxic workplace culture prompted Uber's board to oust Travis Kalanick, its hard-charging chief executive. A viral video that showed Mr. Kalanick engaged in a heated argument with a driver didn't help.

The tricky thing about aggressive leadership is that no right-minded person believes it's 100% negative. We wouldn't be talking about Uber if Mr. Kalanick hadn't thrown a few elbows while expanding into hundreds of new markets.

The real issue isn't the leader's instinct to do aggressive things; it's our confusion about when it's appropriate.

Before passing judgment on any example, there are four tests to apply. The first one is identifying the motive.

Starting in the 1960s, researchers began to separate aggression into different flavors. The most common variety is "hostile" aggression, which is driven by a desire to hurt or punish someone. This motive is entirely negative. A second flavor, however, involves an action that may look hostile, but is chiefly done to achieve a worthwhile goal. That's what researchers call "instrumental" aggression.

Studies performed on athletes have shown that when they take the field they enter a "game frame" where the rules of sport supersede the everyday rules of society. They might do things in competition they would never do anywhere else. Athletes understand what spectators, who live in the real world, often don't: The rules of sports aren't laws per se, but guidelines subject to interpretation by the officiating.

That's also true in the workplace, where behavioral norms will vary and the board or HR department has the final say.

Unlike Mr. Zidane's impulsive head-butt, there's no evidence that Mr. Ramos's tackle was a hostile act. Though Mr. Salah has yet to publicly forgive him, Mr. Ramos hovered over him afterward and says the two men have traded messages. Viewed this way—as strategic rather than malicious—his tackle seems to fit squarely in the "instrumental" category.

The second test is whether an ugly play actually helped the team win—and whether the leader got away with it.

The elite sports captains profiled in my recent book, "The Captain Class," uniformly described the nasty things they did in competition as coldblooded, calculated acts. Through experience, and by studying the referees, they hoped to commit "intelligent fouls" that fell just inside the line—even if the fans

The Benefits

Of Being A Bad Sport

Sergio Ramos's violent tackle of Mohamed Salah, above, left his team, Real Madrid, with a Champions League trophy, below, and forced Mr. Salah, Liverpool's top player, off the field with a shoulder injury, bottom.

pean titles.

The final test is whether

leader's aggressiveness stays

confined to the field—and a

Mr. Ramos sails through.

He might want to abandon his

dream of becoming a rapper

he's no troublemaker.

From the outside looking

in, Mr. Ramos's tackle may seem

more thoughtful than

Mr. Zidane's head-butt. The differ-

ence is the latter was disastrous,

pointless, hotblooded and th-

oughly hostile. The former

is the work of a committed lead-

er.

No matter what business

they're in, exceptional leaders

care more about the team's

success than how their individ-

ual contributions might be judged.

They don't consider rules

beyond the rules of the

game they're playing. They

understand that willingness to

test their limits can provide

competitive advantage. They

are exceptional because they do

care for you hate them.

What sets Sergio Ramos's

apart is that it was purpose-

calculated, intelligent,

selfless

well timed and not indica-

ting how he behaves in the

real world. It also worked.

This is all confusing.

These rules shouldn't apply

to amateur forms of competition

where the point is helping

or students, develop broad-

able teamwork skills.

But here's the inconveni-

ence truth about leaders: Some

agents come from a fundamen-

tal good place.

—Mr. Walker, a former

partner and editor at The Wall

Street Journal, is the author

of "The Captain Class: The Hig-

est Force That Creates the Wor-

ld's Greatest Teams" (Random

House).

do I need this artificial intelligence to

low me to be more human? How mu-

ch more human can I be?"

But the program has come in handy

coaching new agents, she says, espe-

cially those with little experience.

One of her

agents said the software noticed he

was speaking with enough energy, so it pr-

opeared with a message

pop up.

These

don't und-

stand even-

nuance of

what a pe-

ople

says—which, for now, might assuage pri-

concerns about companies listening in on

conversations and analyzing that data.

There

can be such richness in an int-

eraction moment to moment" in things like

and laughter, says Shrikanth Narayanan,

engineering professor at the University

Southern California in Los Angeles and

founder of Behavioral Signal Technolo-

gies Inc., another maker of call-center tools t

o analyze voice interactions.

He

says the industry needs to balanc-

questions of privacy and trust with the

fits of a machine that "can shed light on

things" humans may fail to pick up on w-

out a face-to-face interaction.

—Daniela Hernandez and Jennifer S.

FULL DISCLOSURE | JOHN D. STOLL

The Art of the Transformation

Companies like AT&T need to make deals in order to reinvent themselves



oper and an advertising giant. Netflix is a creator, curator and distributor of entertainment.

When AT&T chief Randall Stephenson took the company's helm in 2007, his focus was expanding telecommunications services for multinational corporations via partnerships and smaller acquisitions. That strategy didn't anticipate the outsize role that technology startups would play in transforming the competitive landscape between industries and defining traditional players.

AT&T Inc.'s \$81 billion grab of Warner Inc. is the latest indication that trying to be the big and best at what you do is no longer good enough. A decade ago, the telecom giant was celebrated for its success in making the transition into wireless.

Now, companies need to be able to reinvent themselves through their deals, pushing themselves into entirely new lines of business.

An auto maker must also be a ride-hailing provider. A pharmacy

needs to be an insurer.

Another company Mr. Whitacre once ran, General Motors Co., was long obsessed with its rivalry with Ford Motor Co. But it is now going toe-to-toe with Elon Musk's Tesla Inc., which makes semi-autonomous electric cars, residential battery packs and solar panels.

And Wall Street measures Tesla</

FINANCE



Customers at a market in Hangzhou, China, swipe their cellphones to pay for fruit and vegetables.

while WeChat Pay's market share topped 39%, according to data from research firm Analysys.

Tencent has cited more than 600 million monthly users of WeChat Pay to say it is already the top mobile-payment services provider in the country.

The average Chinese citizen spends more than an hour a day on WeChat and a significant proportion of users spend over four hours on the app, according to data from venture-capital firm Kleiner Perkins Caufield & Byers and research firm eMarketer.

That gives WeChat an advantage when it comes to payments.

"Consumers are lazy. They are already on WeChat, and they don't want to click away to use Alipay," said Kathy Xu, the founder of Capital Today Group, which oversees funds that invest in emerging Chinese tech companies.

The convenience factor has won over users like Mr. Chen in Shanghai. "It's too much trouble to open up Alipay just to pay for a carton of milk or vegetables, given my WeChat is always open," he said.

On mobile investment products, however, Alipay has a leg up.

Mr. Chen has invested about 15% of his savings buying mutual funds on a platform run by Ant Financial. Tencent recently started selling investment products as well, but its scale remains small in relation to Ant.

In search of more customers, Alipay and WeChat are duking it out on the ground, visiting shop owners all over the country and offering street-side fruit vendors and breakfast sellers daily and monthly transaction reports as well as low-cost business loans from Ant.

Ant Financial last week said it raised around \$14 billion from investors, who had to commit not to provide capital to Tencent-linked companies.

Alipay in February last year started offering merchants a new type of QR code that allows customers to pay with credit or electronic cash. By the end of 2017 over 40 million small businesses were using it, according to Ant.

Tencent doesn't disclose how many businesses use WeChat Pay and neither company has revealed how much they have spent to attract more vendors.

To get people to use Alipay last year, Ant paid for some of their bus rides. And in Hangzhou, where Alibaba is headquartered, taxi drivers said they prefer to accept payments made via Alipay, which unlike WeChat Pay doesn't charge them a withdrawal fee, they said.

Tencent said in an earnings call in May that it expects to keep spending to build market share in payments. "We are fortunate that as a private company we can continue to invest in and focus on capturing long-term growth opportunities," a spokesman said.

Ma Yaolin, 39, who runs a motorcycle store with her husband in downtown Shanghai, said she began displaying Alipay's QR code in early 2017 following a visit by a salesperson.

"My customers barely use cash anymore," she said.

—Peter Rudgegeair in New York contributed to this article.

China's Swipe Battles Get Expensive for Tech Giants

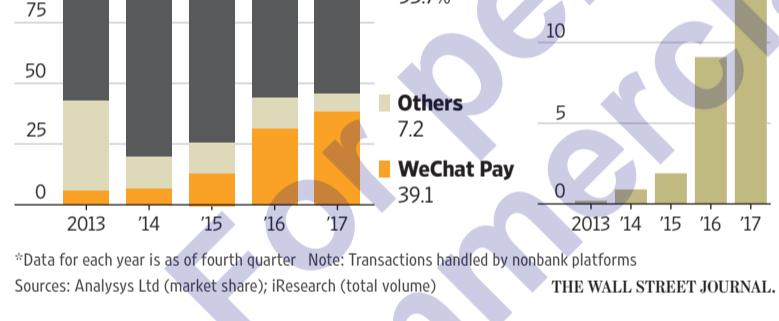
Alibaba and Tencent step up the race for cashless dominance as transactions with smartphones surpass \$15 trillion

BY STELLA YIFAN XIE

Hitting Pay Dirt

Alipay has been trying to counter the rise of a fast-growing rival.

Share of transaction volume*



Hangzhou pay the check via both systems, needed more cash for his business earlier this year, he spotted an offer in his Alipay app for a 30,000 yuan (\$4,717) loan.

Minutes after applying, the 24-year-old said the money had arrived in his account at an interest rate lower than for a bank loan. He said he figured Ant knew roughly how much money his restaurant collected a day and used that information to offer him the loan.

Alipay was set up by Chinese billionaire Jack Ma in 2004 to facilitate transactions on Alibaba's e-commerce websites, and now has over 520 million active users, according to its most recent figures.

Despite starting nearly a decade after Alipay, WeChat has quickly caught up, much thanks to its central role in Chinese life. Tencent said the app surpassed 1 billion monthly active users in March.

Both systems let users transfer money instantly to other people and businesses via so-called QR codes, a matrix recognized by digital scanners.

In 2015, Alipay handled 74.3% of the industry's transaction volume. By the end of 2017 its advantage had narrowed to 54% of the market

Chen Jianwei, who works at a Shanghai mutual fund, uses both WeChat Pay and Alipay and says he last used cash three weeks ago, to top up his subway card.

In the U.S., mobile payments are nowhere near as prevalent: Such transactions, which include those using PayPal and Apple Pay, reached \$377 billion in 2017, according to estimates from consulting firm Javelin Strategy & Re-

search.

For Alibaba and Tencent, it's not just about transaction fees. Payments let them amass a vast trove of data on the spending and financial habits of millions of individuals and businesses, information that can be used to pitch other products like loans, investments and insurance policies.

When Xing Zipeng, who lets patrons of his hotpot restaurant in

rectly by purchasing 3Com stock. For each share of 3Com, you would get 1.5 shares of Palm.

Yet on the offering date, you could get one share of 3Com for \$82, with 1.5 shares of Palm thrown in for free—at the very same time as other investors were willing to pay \$95 for a single share of Palm. (The risk that the deal might not have gone through, and the costs of betting against it, might explain part of the oddity.)

Likewise, in the roaring stock market that preceded the great crash of 1929, it was common for closed-end funds to trade for double or even triple the per-share value of the stocks and bonds they held. Investors acted as if such leading stocks as Radio Corp. of America, Studebaker Corp. and Wright Aeronautical Corp. were worth two or three times as much inside a fund than outside it—on the illusory belief that skilled stock pickers could make diversification and high returns easier to achieve than investors could on their own.

All this is a reminder that market prices are shaped by the tension between sophisticated, informed and attentive investors, on the one hand, and naive, unknowing and uninterested investors on the other.

The same mechanism that overpriced Royal Imtech by nine-fold also fostered the internet-stock bubble that burst in 2000 and the crisis that nearly destroyed the global financial system a decade ago.

Markets are mostly efficient most of the time. They aren't perfectly efficient all the time.

THE INTELLIGENT INVESTOR | JASON ZWEIG

The Stock-Market Price Can Be Wrong. Very Wrong.



If you could buy the same stock in two different ways, one of which cost up to nine times as much as the other, you would pick the cheaper way.

Wouldn't you?

Perhaps you shouldn't be too sure.

In a new study, finance researchers have caught investors in the act of wildly—and unnecessarily—overpaying for a stock. In effect, investors paid as much as \$9.07 for shares that they could have bought at the exact same time for \$1 instead. That casts some doubt on the idea that financial markets are efficient. It should cast more doubt on whether all investors, including you and me, are as shrewd as we think.

The study is based on a peculiar transaction that occurred on the Euronext stock exchange in Amsterdam in 2014. That October, Dutch engineering-services firm Royal Imtech NV was struggling to survive. To raise capital, Royal Imtech announced a rights offering, enabling investors to buy new shares at a discount to the market price.

The rights offering worked like this: For each share they owned,

stockholders who subscribed to the offering got the right to buy an additional 131 shares at 0.01 euro apiece.

Yet, during the offering period, Royal Imtech stock closed as high as 0.1 euro per share. By purchasing shares on the market instead of buying them through the rights offering, investors were paying up to nine times more than they needed to. (Even if you didn't already own the stock, you could obtain rights by buying them on the exchange from a Royal Imtech investor.)

Rights offerings are rare among operating companies in the U.S., with none since the beginning of 2017 and a total of only 11 since 2009, according to Dealogic. They are less unusual among closed-end funds in the U.S. and more common in Europe.

Shareholders often fail to participate in rights offerings, presumably because stocks are much more familiar and it takes a little effort to figure out what rights are worth.

As a result, many investors seem to have overlooked the Royal Imtech deal entirely; 48% of the rights offering went unsold, according to Martijn van den Assem, a finance professor at Vrije Universiteit Amsterdam and co-author of the study.



Investors kept buying the stock the same way they always had, oblivious to the opportunity the rights gave them to buy it at a fraction of the market price.

That turned out to be costly: by late October 2014, investors who had paid up to 0.1 euro per share were left with stock trading at only 0.017 euro. Royal Imtech declared bankruptcy in 2015.

"If people avoid the unfamiliar and the uncommon and they aren't perfectly attentive," says Prof. van den Assem, then what happened with the Royal Imtech offering "isn't super-puzzling."

So are investors stupid or irrational? Neither: We are human. We

have many demands on our time and attention, we hate thinking harder than we need to, and we chronically take mental shortcuts and leap to conclusions. A slightly more complicated way to buy a stock feels like a worse way. So we don't bother with it.

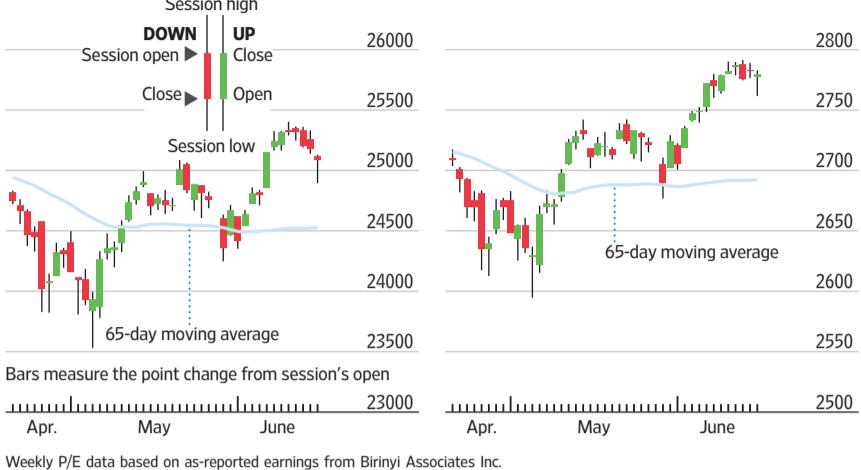
Royal Imtech is only the latest violation of what economists call "the law of one price," which holds that identical assets shouldn't trade simultaneously at different prices, regardless of where they change hands.

In 1999, for example, 3Com Corp. spun off Palm Inc. You could buy Palm shares directly in the open market, or you could buy them indi-

MARKETS DIGEST

Dow Jones Industrial Average

Last Year ago
25090.48 Trailing P/E ratio 24.67 20.81
▼ 84.83 P/E estimate * 16.48 18.10
or 0.34% Dividend yield 2.17 2.33
All-time high 26616.71, 01/26/18 Current divisor 0.14523396877348



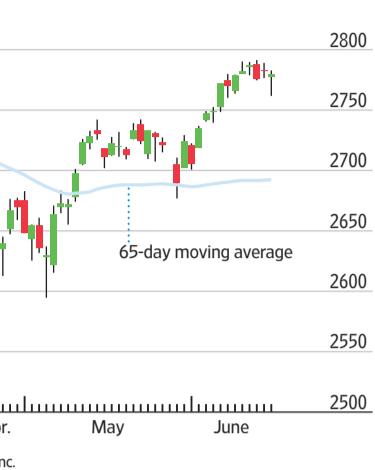
Bars measure the point change from session's open

Apr. May June

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

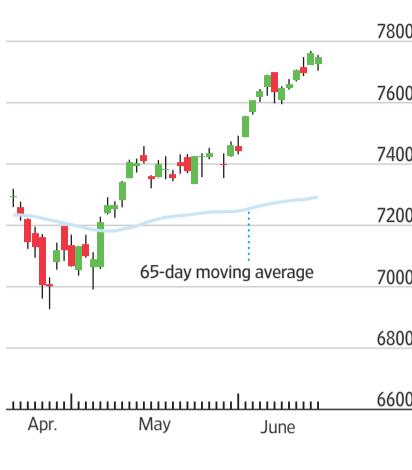
S&P 500 Index

Last Year ago
2779.66 Trailing P/E ratio 24.69 24.09
▼ 2.83 P/E estimate * 17.35 18.75
or 0.10% Dividend yield 1.89 1.95
All-time high 2872.87, 01/26/18



Nasdaq Composite Index

Last Year ago
7746.38 Trailing P/E ratio 25.73 25.97
▼ 14.66 P/E estimate * 21.05 21.05
or 0.19% Dividend yield 0.95 1.11
All-time high 7761.04, 06/14/18



Track the Markets: Winners and Losers

A look at how selected global stock indexes, bond ETFs, currencies and commodities performed around the world for the week.

Stock Index	Currency, vs U.S. dollar	Commodity, traded in U.S.*	ETF
Nymex Natural Gas	4.57%		
FTSE MIB	3.91		
S&P 500 Utilities	2.55		
Lean Hogs	2.32		
S&P 500 Consumer Discr	2.24		
IPC All-Share	2.18		
S&P 500 Consumer Staples	1.92		
DAX	1.91		
Euro Stoxx	1.45		
Nasdaq 100	1.44		
WSJ Dollar Index	1.37		
Nasdaq Composite	1.32		
Dow Jones Transportation Average	1.24		
IBEX 35	1.07		
Stoxx Europe 600	1.04		
CAC-40	0.95		
S&P/ASX 200	0.81		
S&P 500 Health Care	0.77		
VangdTotalBd	0.74		
iSh 20+ Treasury	0.71		
Nikkei 225	0.69		
S&P/TSX Comp	0.69		
Russell 2000	0.68		
iShBoxx\$HYCp	0.54		
S&P BSE Sensex	0.50		
S&P 500 Information Tech	0.50		
iSh TIPS Bond	0.15		
iShBoxx\$InvGrdCp	0.13		
Indonesian Rupiah	0.12		
iSh 7-10 Treasury	0.12		
S&P SmallCap 600	0.09		
VangdTotalBd	0.06		
S&P 500	0.02		
-0.03	iShNatMuniBd		
-0.05	iSh 1-3 Treasury		
-0.41	S&P MidCap 400		
-0.50	Chinese Yuan		
-0.61	FTSE 100		
-0.79	Indian Rupee		
-0.85	iShJPUMErgBd		
-0.89	Dow Jones Industrial Average		
-0.98	UK pound		
-1.01	Japan yen		
-1.03	Nymex Crude		
-1.12	Norwegian Krone		
-1.20	S&P 500 Real Estate		
-1.23	Swiss Franc		
-1.31	Russian Ruble		
-1.37	S&P 500 Materials		
-1.38	Euro area euro		
-1.38	S&P 500 Industrials		
-1.45	Comex Silver		
-1.48	Shanghai Composite		
-1.64	Mexico peso		
-1.81	Comex Gold		
-1.90	S&P 500 Financials Sector		
-1.94	Kospi Composite		
-1.97	S&P 500 Telecom Svcs		
-2.03	Canada dollar		
-2.10	Hang Seng		
-2.11	Australian dollar		
-2.58	South Korean Won		
-2.60	S&P GSCI GFI		
-2.74	South African Rand		
-2.99	Sao Paulo Bovespa		
-3.10	S&P 500 Energy		
-3.57	Nymex USD		
-3.94	Wheat		
-4.35	Nymex Rbob Gasoline		
-4.37	Corn		
-4.62	Comex Copper		
-6.58	Soybeans		

*Primary market NYSE, NYSE American, NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

—Primary market NYSE, NYSE American, NYSE Arca only.
†(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD 3-yr. ann.
Dow Jones									
Industrial Average	25130.82	24894.38	25090.48	-84.83	-0.34	26616.71	21287.03	17.3	1.5 12.1
Transportation Avg	11092.52	10915.63	11073.99	64.50	0.59	11373.38	9021.12	17.6	4.4 9.8
Utility Average	678.86	666.71	678.31	5.01	0.74	774.47	647.90	-8.0	-6.2 6.6
Total Stock Market	28994.34	28780.24	28967.10	-25.32	-0.09	29630.47	24958.26	15.0	4.7 9.8
Barron's 400	755.40	749.56	755.16	-0.77	-0.10	758.12	629.56	17.3	6.2 9.5

Nasdaq Stock Market

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD 3-yr. ann.
Nasdaq Composite	7755.72	7704.34	7746.38	-14.66	-0.19	7761.04	6089.46	25.9	12.2 15.5
Nasdaq 100	7268.84	7220.97	7255.76	-23.84	-0.33	7279.59	5596.96	27.7	13.4 17.9

S&P

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD 3-yr. ann.
500 Index	2782.81	2761.73	2779.66	-2.83	-0.10	2872.87	2409.75	14.2	4.0 10.1
MidCap 400	1994.82	1978.63	1992.37	-3.33	-0.17	2003.97	1691.67	13.6	4.8 9.4
SmallCap 600	1039.69	1031.59	1039.54	0.45	0.04	1041.95	817.25	21.9	11.0 12.8

Other Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	Low	% chg	YTD 3-yr. ann.
Russell 2000	1684.63	1672.99	1683.91	-0.82	-0.05	1684.72	1356.90	19.7	9.7 10.1
NYSE Composite	12746.57	12659.97	12734.64	-37.31	-0.29	13637.02	11696.28	8.2	-0.6 5.2
Value Line	581.80	577.83	581.61	-0.19	-0.03	589.69	503.24	11.6	3.4 4.6
NYSE Arca Biotech	4942.87	4894.15	4933.77	15.43	0.31	4939.86	3691.85	33.6	16.9 6.9
NYSE Arca Pharma	536.66	533.21	536.66	2.12	0.40	593.12	514.66	1.0	-1.5 -2.4
KBW Bank	108.07	106.06	107.67	0.07	0.06	116.52	89.71	14.9	0.9 11.1
PHLX® Gold/Silver	83.78	82.25	82.58	-2.09	-2.47</b				

MARKET DATA

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.							
June 3,2030 3,2035	3,1300	3,1410	-0.0755	556			
July 3,2010 3,2180	3,1310	3,1445	-0.0775	99,510			
Gold (CMX)-100 troy oz.; \$ per troy oz.							
June 1297.40 1297.40	1274.00	1274.60	-29.40	545			
Aug 1305.90 1306.70	1277.90	1278.50	-29.80	334,497			
Oct 1310.60 1312.00	1284.00	1284.30	-30.10	12,206			
Dec 1318.90 1318.90	1290.20	1290.70	-30.10	86,202			
Feb'19 1323.50 1323.50	1296.50	1297.00	-30.30	14,631			
Dec	1329.30	1310.30	4,240				
Palladium (NYM)-50 troy oz.; \$ per troy oz.							
June 1003.80 1003.80	994.00	993.80	-25.10	24			
Sept 1003.60 1006.80	980.50	981.80	-24.80	23,488			
Dec 998.80 998.80	976.10	977.10	-24.80	883			
Platinum (NYM)-50 troy oz.; \$ per troy oz.							
July 905.90 907.90	885.80	887.80	-23.10	61,383			
Oct 910.80 912.10	890.00	892.10	-23.10	24,545			
Silver (CMX)-5,000 troy oz.; \$ per troy oz.							
June 17.180 17.220	16.625	16.452	-0.774	102			
July 17.195 17.275	16.460	16.480	-0.782	122,417			
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.							
July 66.97 67.09	64.29	65.06	-1.83	149,741			
Aug 66.78 66.89	64.09	64.85	-1.84	414,164			
Sept 66.33 66.44	63.65	64.40	-1.87	257,731			
Oct 65.87 65.91	63.24	63.94	-1.85	200,471			
Dec 65.26 65.36	62.83	63.52	-1.77	287,607			
Dec'19 61.82 61.94	59.64	60.27	-1.76	188,111			
NY Harbor Diesel (NYM)-42,000 gal.; \$ per gal.							
July 2,1602 2,1619	2,0795	2,0870	-0.0717	77,204			
Aug 2,1635 2,1651	2,0824	2,0901	-0.0717	90,536			
Gasoline-NY RBOB (NYM)-42,000 gal.; \$ per gal.							
July 2,0938 2,0959	2,0135	2,0232	-0.0678	91,640			
Aug 2,0821 2,0838	2,0016	2,0114	-0.0684	108,191			
Natural Gas (NYM)-10,000 MMBtu; \$ per MMBtu.							
July 2,968 3,034	2,966	3,022	.057	134,747			
Aug 2,962 3,027	2,959	3,015	.057	177,363			
Sept 2,939 3,001	2,936	2,990	.055	164,805			
Oct 2,953 3,010	2,950	2,999	.056	165,056			
March'19 3,064 3,100	3,064	3,092	.032	115,337			
April 2,669 2,696	2,669	2,691	.022	112,225			

Agriculture Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Corn (CBT)-5,000 bu.; cents per bu.							
July 3,654.50 3,685.28	355.25	361.25	-1.75	443,306			
Dec 3,857.75 3,859.50	377.75	382.75	-1.75	617,239			
Oats (CBT)-5,000 bu.; cents per bu.							
July 22.85 23.05	22.80	23.50	.350	2,412			
Dec 23.90 24.25	23.80	23.95	.50	1,921			
Soybeans (CBT)-5,000 bu.; cents per bu.							
July 926.25 929.75	903.00	905.50	-21.75	268,987			
Nov 950.00 953.00	927.25	930.50	-21.95	348,803			
Soybean Meal (CBT)-100 tons; \$ per ton.							
July 343.60 348.10	335.90	338.90	-4.30	109,752			
Dec 348.90 352.00	341.60	345.10	-3.70	158,428			

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

June 15, 2018

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

	Week	Latest	-52-Week-	High	Low
Britain	0.50	0.50	0.50	0.25	
Australia	1.50	1.50	1.50	1.50	

Secondary market

	Week	Latest	-52-Week-	High	Low
Fannie Mae					
30-year mortgage yields	4.197	4.204	4.344	3.253	

International rates

	Week	Latest	-52-Week-	High	Low
30 days	4.197	4.204	4.344	3.253	
60 days	4.222	4.231	4.371	3.281	

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the largest U.S. banks, and is effective June 14, 2018.

Other prime rates aren't directly comparable; lending practices vary widely by location. Complete Money Rates table appears Monday through Friday.

Sources: Bureau of Labor Statistics; SIX Financial Information

Inflation

	May Index	Chg From (%)	level	April '18	May '17
U.S. consumer price index	251.588	0.42	2.8	257.469	0.17
Core	257.469	0.17	2.2		

Interest Rate Futures

	Contract	Open	High	Low	Settle	Chg	Open interest
Treasury Bonds (CBT)-\$100,000; pts 32nds of 100%							
June 144-090 145-010	144-060	144-160	12.0	5,593			
Sept 143-130 144-100	143-120	143-210	12.0	806,167			
Treasury Notes (CBT)-\$100,000; pts 32nds of 100%							
June 119-280 120-045	119-270	119-285	4.5	15,639			
Sept 119-150 119-275	119-145	119-190	5.0	3,395,715			
5 Yr. Treasury Notes (CBT)-\$100,000; pts 32nds of 100%							
June 113-157 113-210	113-152	113-167	2.5	42,532			

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session

	Contract	Open	High	Low	Settle	Chg	Open interest

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISYE. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. **Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes: *i*-New 52-week high. *h*-Does not meet continued listing standards. *v*-Trading halted on primary market.

j-New 52-week low. *l*-Late filing. *wj*-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

dd-Indicates loss in the most recent four quarters. *q*-Temporary exemption from Nasdaq requirements.

FD-First day of trading. *t*-NYSE bankruptcy.

Stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Friday, June 15, 2018

YTD 52-Week Ytd Net % Chg Hi Lo Stock Sym % PE Last Chg

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FINANCE NEWS

Smaller Banks Are Looking to Branch Out

By ALLISON PRANG

Banks across the U.S. have closed nearly 9,000 branches this decade. Yet many smaller banks are in building mode, a sign that broader economic growth is taking hold and community lenders are recovering after lean postcrisis years.

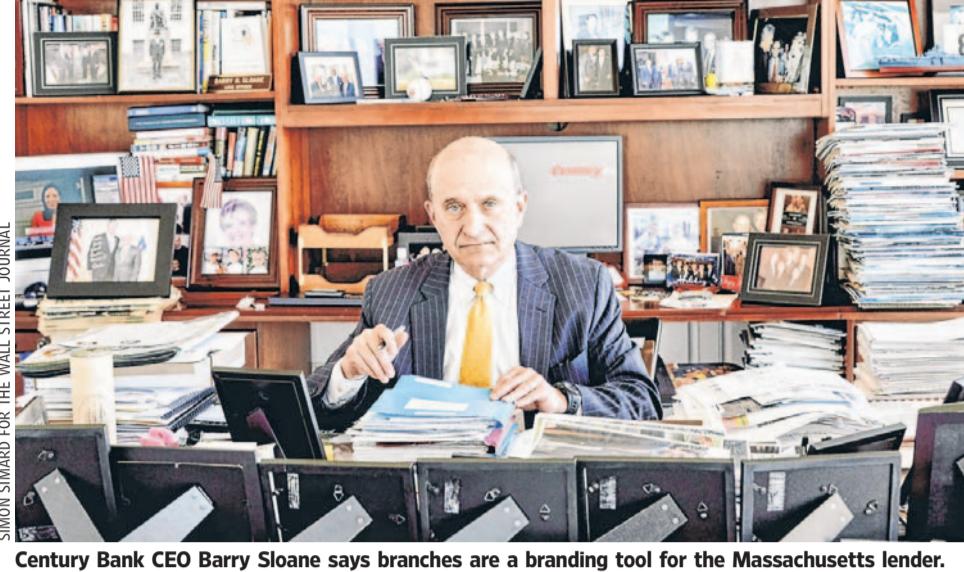
More than 1,200 banks expanded their number of branches from 2012 to last year, according to data from the Federal Deposit Insurance Corp.

Many of those are tiny—their assets averaging \$1.65 billion, or less than 0.1% the size of the nation's largest bank, JPMorgan Chase & Co.

Still, the number of small banks adding to branch counts is meaningful, exceeding institutions closing locations over the same period by more than 200, according to the FDIC data.

One of the latest banks to announce branch growth, Flagstar Bancorp Inc. of Troy, Mich., said this month that it was buying 52 branches from beleaguered Wells Fargo & Co., in a deal that will bring its total to about 160 locations and help Wells Fargo with its goal of trimming more than 800 of its 5,861 branches.

Larger banks, from Bank of America Corp. to SunTrust Banks Inc. to PNC Financial



Century Bank CEO Barry Sloane says branches are a branding tool for the Massachusetts lender.

Services Group Inc., have been cutting branches in recent years as more customers rely on digital tools to complete routine banking transactions.

While big banks battered during the financial crisis started cutting branches nearly a decade ago, midsize regional banks have accelerated closures only more recently.

The trend brought the overall number of U.S. bank offices to about 84,000 in December, the lowest total since 2006, the FDIC said.

Smaller banks have been adding branches both to drive

growth and to accentuate their commitment to the local community.

Century Bank, based outside Boston, for example, now has 27 offices across eastern Massachusetts, up from 22 in 2008.

"Branches still have a very important role in the organic growth of the bank," said Barry Sloane, the company's CEO. They are a branding tool and help with customers who want to sit with a banker when setting up an account, he said.

Having a branch nearby also gives customers a place to go for any problems.

Of the roughly 1,200 banks that increased their branch counts, more than 2,600 locations were added, according to the FDIC data, which went through June 30.

Some banks have added branches by taking on other banks' locations after acquisitions. Mergers have been common in recent years as the industry continues its three-decade trend of consolidation. From a peak of nearly 14,500 banks in 1984, the number of U.S. banks dipped last year below 5,000.

One bank that has more than

Open and Shut

Larger banks have been more likely to close offices than community banks.*

Share of banks that have:

■ Larger banks

□ Community banks



*Data are for 2012-17. †2012-17, breakdown based on largest city in each county.

Source: FDIC

THE WALL STREET JOURNAL.

quadrupled its branches through acquisitions is Riverview Financial Corp., of Harrisburg, Pa. The company was created in 2008 through the merger of National Bank of Marysville and Halifax National Bank. Since then, Riverview has done three other deals, bringing its branch count to 33 from seven a decade ago. Riverview President Brett Fulk said his firm has benefited from other banks closing branches following deals. "In every instance, we have seen significant new account activity at our nearest offices," Mr. Fulk said.

Not all banks are expanding their branch networks. Some are spending their money on other areas such as technology or cybersecurity.

Now, some bigger banks are looking to add branches after years of cuts.

JPMorgan Chase CEO James Dimon said recently that the bank was looking to open as many as 400 new locations nationwide, some of which will be in Washington, D.C. The bank may also close some branches, but a spokeswoman declined to comment on the number it may shut.

Short Sellers Bet Twitter's Steep Climb Will Relapse

By BEN EISEN

Some investors are making a daring bet that the big run-up in shares of Twitter Inc. will reverse.

The social-media company's stock is up 91% this year, including a 6.1% rise Thursday. It gave back 2% on Friday.

Much of the gains have come since Twitter posted its first two profitable quarters as a public company. The stock also benefited from its recent inclusion in the S&P 500.

Short sellers have amassed positions worth more than \$2 billion this month through Thursday, according to S3 Partners, a financial analytics firm.

The company's soaring share price has helped expand the dollar amount of short interest. But the number of shares shorted has risen as well, climbing by seven million so far this month. Twitter's short interest rose to 7.2% of its free float, or shares outstanding that are available to trade, from 4.7% a month ago and 5.6% at the start of the year.

Short sellers who have held fast to their positions have had nearly \$1 billion in paper losses this year, according to S3. The stock's most recent rise may be pushing some of them to throw in the towel. The number of shares shorted fell by 3.5 million last week through Thursday.

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DOW JONES

MARKETS NEWS

A Step Back

The June swoon has upended a strong year for commodities prices.



*Most-active contract †Front-month contract

Sources: FactSet (cotton); WSJ Market Data Group (copper, oil, gold)

THE WALL STREET JOURNAL.



NICK OXFORD/REUTERS

Commodities' Standout Year Takes a Blow

By BENJAMIN PARKIN AND IRA IOSEBASHVILI

Commodities markets, reviving in their best year since 2002, tumbled Friday as new tariffs were announced by the U.S. and China.

West Texas Intermediate, the benchmark for U.S. crude oil, slumped

2.7% to \$65.06 a barrel, halting a four-day winning streak. Gold slid 2.3% to the lowest level since late 2017, while industrial metals such as copper, aluminum and lead sank at least 2% and cotton fell 2.9%.

Optimism over synchronized growth in the global economy had propelled raw

materials sharply higher this year. Prices of resources across the board from lumber, cotton and oil to copper and nickel hit multiyear highs.

That bullish run started to unwind Friday as escalating trade tensions between the U.S. and China prompted investors to question the global growth outlook.

In addition to being the world's second-largest economy, China is the top consumer of many raw materials.

"We now have potential for a full-blown trade war," said Bart Melek, head of commodity strategy at TD Securities. "If I was an investor who made money, I may want to cash out here."

Trade worries weighed on other markets Friday, with the S&P 500, the broad gauge for

stocks, slipping 0.1% and currencies of export-dependent Asian countries such as South Korea and Thailand also weakening.

But no other major market felt a bigger impact than commodities, which up to this point have largely been resilient in the face of trade tensions, rewarding investors with gains while stocks have languished and many emerging markets have retreated.

Returns from commodities so far this year have been the highest since 2002, according to an ICE BofAML commodities index. But in recent weeks, signs have been mounting that while U.S. growth is humming along, other economies are starting to lose steam—a potential hazard to demand for raw materials.

"So far, the specter of looming tariffs has not rattled the markets all that much," said Edward Meir, an independent consultant with INTL FCStone. "But they are gradually turning from threats to actual implementation, and this will be a harder variable to ignore."

Heightening trade worries coincided with a strengthening dollar and a more-hawkish Federal Reserve, which raised interest rates earlier this past week by a quarter-percentage point and penciled in two more increases in 2018. Commodities are priced in dollars and when the U.S. currency strengthens, they become more expensive to foreign investors.

Falling oil prices have also unnerved investors. Crude

prices have eased from more than three-year highs in recent weeks on expectations that the Organization of the Petroleum Exporting Countries and its allies would soften curbs to output that have been in place since January 2017. OPEC meets in Vienna in the coming week.

The selloff in commodities follows a period of weakness in assets from emerging markets, which are closely tied to commodities since many export raw materials. This month, a sharp decline in Brazilian stocks and the country's currency fueled wider losses in assets from Mexico to South Africa.

Prices for agricultural commodities also fell Friday, including cotton. Cotton had soared this year due to a

drought in key U.S. growing regions and China's announcement that it would raise cotton import volumes, which traders expected would be a boon to U.S. producers.

Soybean prices fell more than 6% for the week, hitting their lowest point in almost a year. China, the U.S.'s largest customer, this week hit American soybeans with retaliatory duties to begin next month. U.S. farmers ramped up production in recent years, largely to meet demand from China, but that has been overshadowed by bumper harvests in Brazil.

"I don't think this is the end," said Ira Epstein, a strategist at Linn & Associates. "But you've got to get through the bump, the shock. It's really here."

Treasurys Strengthen In Flight To Safety

By DANIEL KRUGER

U.S. government bond prices jumped after a tariff fight between the U.S. and China intensified.

The yield on the 10-year Treasury note fell Friday for a second consecutive session to

CREDIT MARKETS 2.926% from 2.948% on

Thursday, and was lower on the week for the third time in the past four. Yields fall as bond prices rise.

Yields fell after the Trump administration said it would go ahead with a planned imposition of tariffs on \$50 billion of imports from China. Officials in China said they would retaliate immediately.

"That's really the biggest factor in the market," said Thomas Roth, managing director in the rates trading group at MUFG Securities Americas Inc. While "a lot of good things are going on in the economy," investors are more concerned about the risks associated with tariffs because they "invoke the fear of trade wars."

Yields pared declines after the University of Michigan said Friday that its consumer-sentiment index was 99.3 in June, up from a 98.0 final reading for May. Sentiment about current economic conditions rose in the beginning of June, while economic expectations dropped to the lowest level since the start of the year. While the economy continues to exhibit signs of strength, investors and analysts say they are concerned about the rise of restrictive trade policies because so much activity depends on cross-border transactions. Automobile makers rely on supply chains that extend into Mexico and Canada, making tariffs an important determinant of how investors value government-bond interest rates.

Fed-funds futures, which investors use to bet on the future path of central-bank policy, show that investors late Friday had attached a 56% probability that the Fed will raise interest rates at least four times in 2018, up from 38% a week ago, according to data from the CME Group Inc.

Dow's Weekly Drop Is Its Largest Since March

By AKANE OTANI AND RIVA GOLD

The Dow Jones Industrial Average posted its biggest one-week slide since March, as mounting fears over a potential trade war sent shares of industrial firms lower.

After months of exchanging threats, the U.S. and China on Friday unveiled plans to hit each other with tariffs on billions of dollars in goods. The moves marked the latest deterioration of relations between the world's two biggest economies, something that has kept investors and analysts on guard in recent months.

Even as U.S. economic data have been relatively upbeat, with reports this past week showing retail sales soaring and jobless claims falling, many remain wary of the possibility that restrictive trade policies could hit a wide range of industries and derail the

global economy.

Those fears have capped investors' appetite for risk, many say, explaining why the stock market has struggled for momentum.

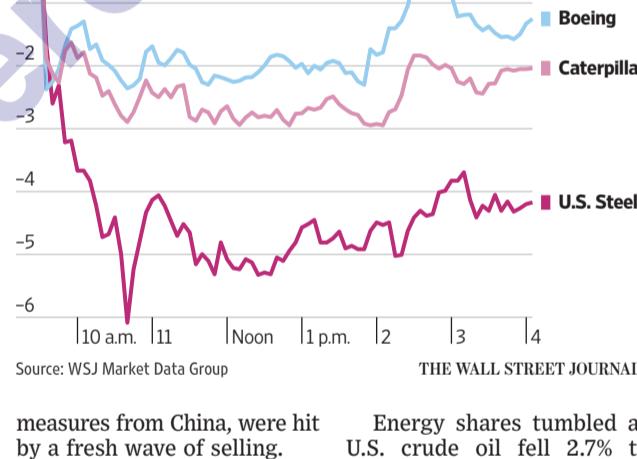
"For the first four months of the year, all of these threats were there, but no one really thought the clouds were going to materialize. Now we're back to the wall of worry," said Jim Tierney, chief investment officer of concentrated U.S. growth at AllianceBernstein.

The Dow industrials fell 84.83 points, or 0.3%, to 25090.48 on Friday for a loss of 0.9% for the week, while the S&P 500 fell 2.83 points, or 0.1%, to 2779.66 and rose less than 0.1% for the week. The Nasdaq Composite lost 14.66 points, or 0.2%, to 7746.38 Friday but added 1.3% for the week, buoyed by gains in the technology sector.

Shares of agricultural and industrial companies, which some fear could be especially vulnerable to punitive trade

On Edge

Shares of Boeing, Caterpillar and U.S. Steel slid Friday as investors worried tougher trade policies could hurt industrial companies.



measures from China, were hit by a fresh wave of selling.

Caterpillar slid \$3.12, or 2%, to \$150.02, while Boeing fell 4.54, or 1.3%, to 357.88, and U.S. Steel shed 1.57, or 4.2%, to 36.05.

Energy shares tumbled as U.S. crude oil fell 2.7% to \$65.06 a barrel and posted its fourth consecutive weekly decline, with some analysts attributing the selling to bets that major producers will de-

cide to raise production in the coming week.

Stocks elsewhere came under pressure, with the Stoxx Europe 600 down 1% as bank stocks fell alongside government-bond yields.

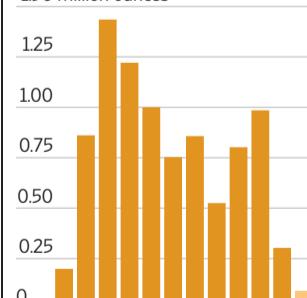
Investors had sent the euro sharply lower and bought government bonds Thursday after the European Central Bank signaled that interest rates would likely remain unchanged at least through the summer of 2019. The ECB's move stood in contrast to the Federal Reserve's suggestion on Wednesday that it could pick up the pace of interest-rate increases this year and next.

The Fed's decision "was a great vote of confidence in the U.S. economy," said James Athey, senior investment manager at Aberdeen Standard Investments.

Meanwhile, the Bank of Japan decided Friday to stick to its ultra-easy monetary policy. Japan's Nikkei Stock Average rose 0.5%.

Digital Bullion

Slumping sales of American Eagle coins have pushed the gold industry to explore blockchain.



*Through May

Source: U.S. Mint

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MIKE SEGAR/REUTERS

Imitation gold bars at a blockchain conference in New York.

Industry Sees a Golden Moment

By STEPHANIE YANG

Some makers and sellers of gold coins and bars are turning to blockchain, the digital ledger that underpins Bitcoin, hoping to add some crypto-currency luster to bullion trading.

In doing so, the industry is banking on a trend that has seen a lot of buzz, but so far little result. Businesses from ice tea to photography have embraced blockchain in name, as last year's cryptocurrency craze ignited interest in the technology.

This year, producers and traders are experimenting

with a platform that logs ounces of bullion on a digital chain of ownership and creates a representation of trades. Gold sellers hope blockchain technology will help win over investors who dismiss bullion as burdensome to own or simply outdated.

Sales of American Eagle gold coins, a proxy for retail sales of physical gold, fell to a decade low last year, according to the U.S. Mint, and the trend has continued into 2018. Metals dealers have bemoaned muted volumes.

The willingness of some companies to invest in new

technology signals a shifting status quo. The centuries-old gold market has historically been resistant to change, traders say. But with dwindling buyers, industry veterans are feeling the pressure to adapt.

Critics argue that applying blockchain amounts to little more than updating an accounting system. Blockchain backers say companies looking to attract individual investors to physical gold need to modernize. "I really don't think we can continue the way we have in the past," said Steve Letwin, president of Toronto-based IAMGOLD Corp.

ECB Open to Bring Back Bond Purchases

By LAURENCE NORMAN

BRUSSELS—The European Central Bank could relaunch its bond-buying program again in the future if the region's economy were hit by an economic downturn, Belgian Central Bank Governor Jan Smets said Friday.

In an interview with The Wall Street Journal, Mr. Smets said the ECB was confident that growth was broad and resilient enough that price pressures will lift inflation to the bank's target. That allowed the bank to say Thursday that it would gradually end its bond-buying program by year-end.

However, he said that if faced with a future shock, the bond-buying program, which proved controversial when it was launched in 2015, is an instrument the bank could use again.

"As we said yesterday, we stand ready to adjust all of our instruments as appropriate to ensure that we continue to move toward our price-stability aim in a sustained manner," Mr. Smets said. "So in my view, this is an instrument which worked quite well, so let's keep it in our toolbox."

Mr. Smets said policy makers weren't concerned that ending the bond purchases by December would hurt the eu-

ropean economy.

"No nervousness," he said. "There is confidence since we think that with the strength of the economy and with our monetary accommodation...we will be able to ensure the sustained convergence of inflation toward our objective."

The ECB's decision to gradually tighten policy came despite a weakening of the region's economy in the first quarter of 2018. Mr. Smets said that, globally, there were downside growth risks because of trade tensions and volatility in financial markets.

The ECB on Thursday said interest rates likely wouldn't start to rise until after the summer of 2019. Mr. Smets wouldn't comment on exactly when that could be. The deposit rate is now minus 0.4%.

Mr. Smets' comments came shortly after the Belgian National Bank on Friday revised downward its Belgian growth forecasts. The bank now sees Belgium growing 1.5% in 2018 and 2019.

Mr. Smets said he remains focused on risks in Belgium's mortgage market, where easy credit, rising house prices and growing household debt have led authorities to order banks to set aside additional capital against mortgage loans.

EXCHANGE

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Money Managers' Steadfast Ability to Pay Themselves

The finance industry's take is roughly the same as in the telegraph era

BY PAUL J. DAVIES

The past decade has been dismal for the financial industry, what with the great recession, the rise of index funds and demands for increased transparency. One thing that hasn't changed: the amount of money the industry takes in from its clients.

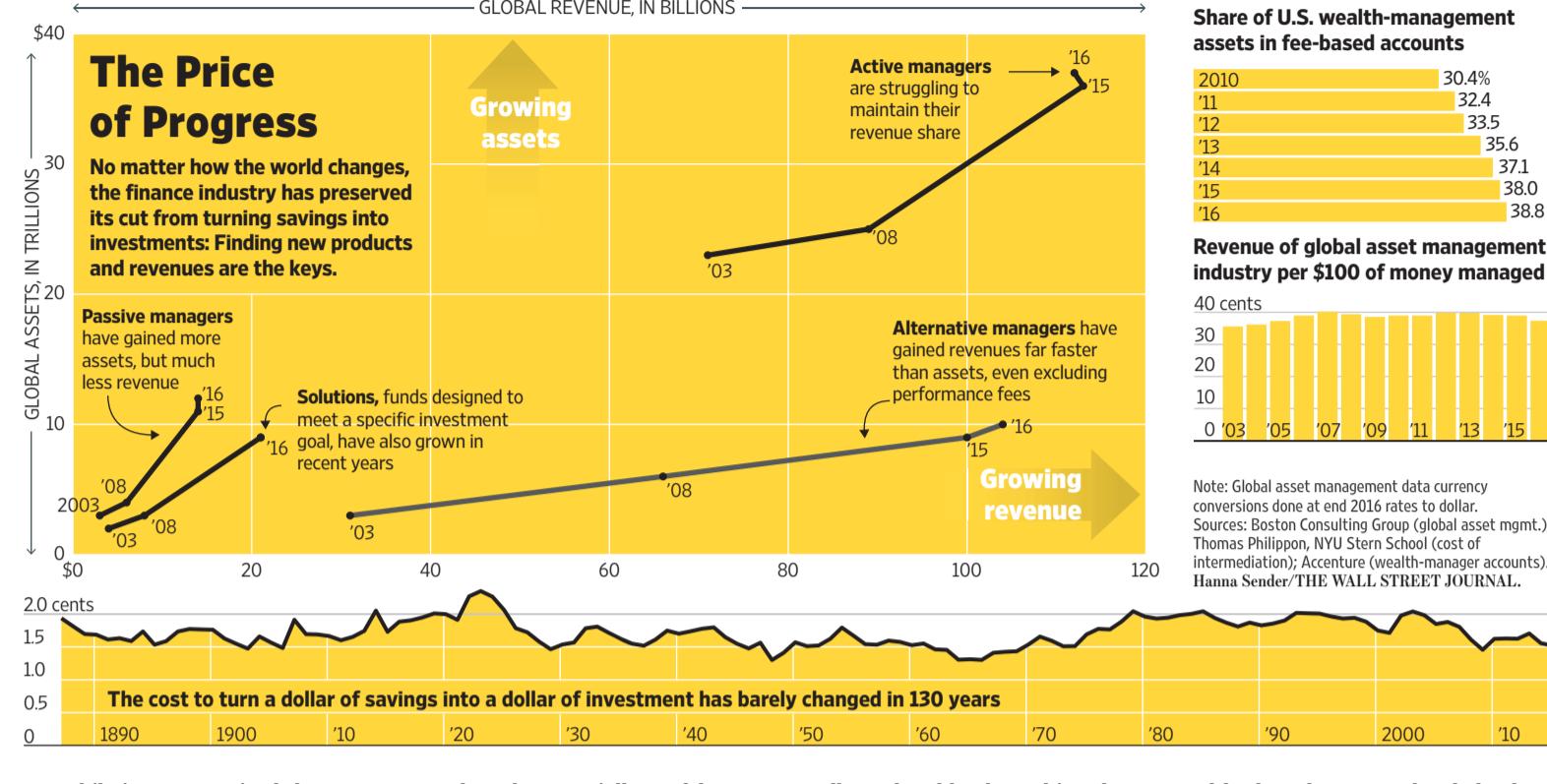
The industry's success at keeping the cash flowing shouldn't be a surprise. Essentially, banks, brokers and money managers have managed to keep their revenue fairly steady for an impressive 130 years.

That analysis comes from Thomas Philippon, an MIT-trained French economist and New York University finance professor who advises the New York Fed on monetary policy. He lumped together all parts of finance—traditional banks, stockbrokers, fund managers, investment banks and others—and measured the industry's share of GDP against the amount of assets it handled.

His conclusion: From the era of railroads and the telegraph to that of the internet and smartphones, the price charged by the finance industry to turn a dollar of savings into a dollar of investment has mostly remained between 1.5 cents and 2 cents for every dollar that passes through the finance industry.

The industry has done lots of things to keep the cash flowing in from its clients. But through the years, as products get simpler, more transparent or cheaper, the financial industry finds new ones that are more risky or complex and usually more costly.

The global asset-management industry, for example, has been hit by the extraordinary rise of index funds, which charge minuscule fees.



But while investors seized these cheap options, they have also thrown cash at high-fee hedge funds, private equity and structured products.

The result? In 2003, the industry got 36 cents in revenue for every \$100 of money it managed. In 2016, all fund managers globally got 37 cents for every \$100 managed, according to **Boston Consulting Group**.

Most other industries produce things that are either much cheaper or higher quality than they were 130 years ago. In an earlier paper, "Finance vs. Walmart," Mr. Philippon found that technology investments by retailers and wholesalers over the past 50 years gave those industries better productivity and a lower share of GDP.

Finance mainly got bigger and more complicated. Some of this

may have been socially useful. When the safest lending became more efficient and less profitable, financiers looked for higher fees and interest income from riskier borrowers, extending loans to people and firms previously excluded. Such financial deepening helps economies, but can run too far. Rapid growth in subprime mortgages and junk bonds brought big financial crashes.

Instruments such as CDOs simply repackaged the same loans, sometimes many times over, adding fees and hiding rather than mitigating risks. Other activity, such as high-speed trading that just shifts profit between traders, may not hurt the economy but adds no value.

The latest income-boosting effort is private equity and private lending, which takes transactions out of well-lit stock and bond markets and

well-regulated banks and into less transparent and less efficient direct transactions. When assets are less liquid, prices harder to discover and information less available, more profit can be baked in. Assets in private capital markets have tripled to \$4.8 trillion since 2006.

The best private funds can produce fabulous returns, but the worst lose large sums of investors' cash. On average, it is arguable whether they beat public stock markets. Both alternative funds that invest in private markets and passive funds that track indexes have taken market share from traditional active managers.

But passive funds earned just 6% of industry revenue in 2016, whereas alternative managers took 42% even though they manage fewer assets—and that revenue excludes their hefty performance fees.

In wealth management, the rise

of fee-based accounts has helped banks and brokers sidestep pressure on commissions and fund fees.

Michael Spellacy, lead partner on Accenture's global wealth practice, says brokers with \$500 million in assets who charge a 1% annual fee will likely clear more from charging commissions on stock trades (typically \$5-\$6 at discount brokers, or \$25-\$30 at full-service firms). "How many trades would [the adviser] need to do to match that fee revenue?" he asks. "A lot!"

Some people have complex financial lives and need this kind of advice. But in many cases, investors are paying more for products or advice they don't need because very smart people are paid very well to convince them that they do.

The finance industry has many talents. One of the most impressive may be its gift for self-preservation.



Pain from trade disputes won't be felt right away. Above, a Chinese port.

How to Spot Signs of Pain in the Trade Wars

Look beyond the economic data for early indicators

BY JUSTIN LAHART

Serious trade disputes generally don't end until the countries involved feel the pain. The problem is that pain may not become acute until some time after the damage has been done.

The Trump administration stepped up its trade feud with China on Friday, drawing a promise of retaliation from China. This followed an escalation of the U.S.-Canada trade spat after last weekend's Group of Seven summit.

So far, the impact has been muted. The economy is fine, inflation is in check, the stock market—despite volatility around some tariff announcements—is only about 3% below the record it set in January.

With a few exceptions, such as lumber prices hitting a record after the U.S. imposed tariffs on Canadian wood, the rhetoric has so far been harsher than the reality.

Investors need to look beyond the economic data to see the first impacts of the trade disputes. Economists say there are three early indicators to watch. First is the market. On Friday, stocks were down but only modestly, possibly because investors have decided Mr. Trump's threats are largely empty. But

shares of companies especially exposed to trade such as Caterpillar and Boeing, were down more than 2%. In fact, market reaction can send a signal to the administration that it has pushed too hard.

Second is the voters, especially in communities where jobs are dependent on trade. So far that has been modest, but the new China tariffs could create more of a groundswell of public opinion.

Third is when companies start talking about disruptions in their businesses. There are hints of that happening. At an investor conference on Tuesday, for example, heating, ventilation, and cooling company Lennox International said uncertainty surrounding tariffs has led it to put on hold plans to expand operations in Mexico.

Official economic data provide very little insight into the workings of global supply chains, and as the disruptions Japan's 2011 earthquake and tsunami amply demonstrated, companies themselves often lack crucial knowledge about their own supply chains.

The danger is that by the time consequences of the recent trade actions become apparent, the economic impact could have already become significant.

OVERHEARD

Global markets could be in for a dull time in the next month as traders' attention turns from the trading pit to the soccer pitch.

The reason? The quadrennial World Cup. Americans may get off lightly by failing to qualify, but an estimated 1 billion viewers world-wide tuned into the 2014 final.

None of this is conducive to work. Many of this year's games will be played during some or all of weekday trading hours in Europe, Africa and the Americas. An analysis of trading data from 15 global stock exchanges carried out during the 2010 World Cup found that trading volume dropped roughly 33% from normal levels during games and by 55% when the national team was playing.

Even Asian markets may not be immune. While matches will take place outside trading hours for most regional markets, frantic fans could stay up late to watch them. Scholars from University of Scranton and National University of Singapore found that market returns are on average 0.24% lower than normal the day after a late-night World Cup game.

For most investors, it may just be a good time to sit back and enjoy the show.



Big Tech Already Has The Best Show in Town

Netflix, Google and the like don't need media deals, as their own content efforts have been rewarded

BY DAN GALLAGHER

Big tech companies can buy whatever they want. So why buy a media company when investors have rewarded them so lavishly for building up so much of their businesses on their own?

The five largest tech companies by market value sit on more than half a trillion dollars in cash—cash that is no longer trapped offshore. They also have no aversion to using it. Combined capital spending by Apple, Amazon.com, Microsoft, Facebook and Google-parent Alphabet totaled \$60 billion last year, which is up 52% from two years ago. And some of this money has flowed the way of Hollywood, as all five have invested in content across the TV, movie and videogame landscape.

That has long fueled speculation, which intensified this past week when a judge ruled AT&T could buy Time Warner, that tech giants would gobble up media companies. The decision led

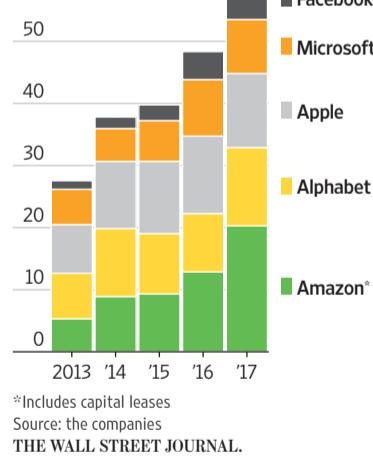
Netflix's market value has doubled this year even as it burns cash to create its own catalog of content.

quickly to a pricey bid by Comcast for assets of 21st Century Fox and has driven up the share prices of smaller media outfits like CBS, Discovery and AMC Networks.

But while deals aren't out of the question (note Amazon spent nearly \$1 billion to buy videogame-streaming company Twitch in 2014), tech companies have shown they don't need to own large media companies to establish a strong presence in the business. Amazon and Netflix have built up portfolios of award-winning TV shows and movies that they own. Apple and Google are taking a similar approach, striking deals directly with content creators. The latest occurred Friday when Apple said it

Big Ticket

Capital spending



formed a partnership with Oprah Winfrey for a video service expected to appear next year, according to The Wall Street Journal.

And while Google may not have "built" YouTube in the classic sense—having acquired the video-streaming company in 2006 for \$1.6 billion—it's stewardship of the business over the last decade has made YouTube a powerhouse that streams more than a billion hours of video every day. Morgan Stanley now estimates YouTube is worth about \$160 billion, roughly the same as Disney and only about \$10 billion shy of Netflix.

Speaking of Netflix, that video-streaming company has become the prime example of the build-over-buy approach. Its market value has doubled just this year even as it burns more cash to create its own catalog of content. The stock even jumped in the wake of the AT&T decision this past week after Goldman Sachs boosted its price target on the belief that Netflix would start generating positive cash flow—four years from now.

The combined market value of the other five big tech companies has surged 87% over the past two years despite their sharp rise in spending over that time.

With an audience like that, Big Tech hardly needs to buy more cheers.



Chinese Wastelands
High-rise 'ghost towns'
tell a story of
broken dreams and
deep debt **C3**

REVIEW

THE WALL STREET JOURNAL.

Right to the Point
A concise and stylish
invitation to the
conservative tradition
Books C7



CULTURE | SCIENCE | POLITICS | HUMOR

SATURDAY/SUNDAY, JUNE 16 - 17, 2018 | **C1**



A Portrait Of the Artist As A GREAT FATHER

The cliché about famous creative types is that they're self-obsessed and withdrawn. Less familiar—but more plentiful—are the stories of paternal affection that flows from artistic bounty.

BY LEE SIEGEL

IF THERE IS ONE television commercial that you won't see on Father's Day, it is a boy bursting into the studio of his painter father to present him with a new shaving kit and beret, after which the artist joyfully pulls the child to his side for a session of finger painting. Because if there is one enduring cliché about the domestic life of famous artists, it is the bad artist father: icy, hurtful, self-obsessed. Withdrawn into impenetrable creative isolation—so the stereotype goes—these pa-

rental monsters punish any attempted breach of their solitude by inflicting lifelong trauma on those closest to them.

It is true that, unlike other professions, the product of an artist's labor—a novel, a play, a painting—usually exists in a social vacuum while being made. There is no colleague or collaborator to temper the experience of a frustrated effort. An unproductive day can produce feelings not just of frustration but of existential failure. "You didn't know who would come out of that study at the end of the day," the son of a famous novelist once told me. There might emerge the kindest man in the world: tender, playful, mischievous, laughing. Or the door would open and you would suddenly encounter a whirlwind of despair, ill will and dark preoccupation. It's this latter image that has become enshrined in our minds.

Less familiar are the stories of artist-fathers whose paternal affection seemed to flow from their creative bounty. Yet such stories are far more plentiful.

Here is David Updike, son of the novelist John, remembering that when he and his siblings "appeared unannounced, in [their father's] office—on the second floor of a building he shared with a dentist, accountants and the Dolphin Restaurant—he always seemed happy and amused to see us, stopped typing to talk and dole out some money for movies. But as soon as we were out the door, we could hear the typing resume, clattering with us down the stairs."

And despite his own need for creative solitude, Henri Matisse served as an intimate, guiding, unflagging presence for his son Pierre. In 1924, when Pierre moved from France to New York City, where he would become a prominent art dealer, his concerned father wrote, "Keep in constant touch with me, and above all don't do anything without telling me."

It's not hard to see how the image of the horrific artist-father became established in the collective imagination. The fact is that 19th-century middle-class society was uncomfortable with the rebellious creators in its midst, and the distrust was mutual. From Byron to Mary Shelley to Balzac, one of the great themes developed by the romantic writers was the claustrophobic, stultifying nature of family life.

For many modernists who came afterward, the middle-class family wasn't just narrow and confining—it was an abomination, to



be fled or attacked. Gauguin abandoned his wife and children for Tahiti, and Baudelaire deployed his "voracious irony" to expose the supposedly unspeakable desires lurking beneath.

Please turn to the next page

Mr. Siegel's books include his recent memoir, *"The Draw,"* and *"Groucho Marx: The Comedy of Existence."*

'HAPPY AND AMUSED TO SEE US':
Novelist John Updike, above,
with his son Michael, 7, in
their home in Ipswich, Mass.,
in 1966.

ILLUSTRATION BY MARC BURKHARDT; TRUMAN MOORE/THE LIFE IMAGES COLLECTION/GETTY IMAGES

Inside

WEEKEND CONFIDENTIAL



How Randi Zuckerberg has written, invested and even sung her way to a career beyond her time at Facebook. **C5**

A Salute to Flags

Amanda Foreman on the long history of emblems that appeal to the gods and to national pride. **C3**

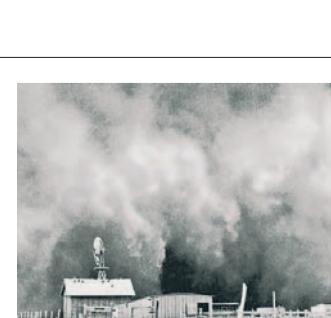
MIND & MATTER

When dyslexic children learn to read, it's not just a skill they acquire. It reshapes the architecture of their brains. **C4**



ENVIRONMENT

A Dust-Bowl Prophet
John Wesley Powell's prescient views on arid land. **C4**



REVIEW

Great Artists, Great Fathers

Continued from the prior page
neat respectable facades. Thomas Mann virtually declared the bourgeois family extinct in his novel, "Buddenbrooks."

Freud, an important inspiration for many 20th-century artists, didn't help matters with his notion that the middle-class family was the source of the sexual repression that warped our psyches. In this framework, a special occasion known as Father's Day could only be seen as an especially ghastly Halloween.

A backlash against artists was inevitable, and there was no lack of material for an indictment. When William Faulkner's young daughter begged the alcoholic author to stop drinking, he snapped, "No one remembers Shakespeare's children." After Françoise Gilot, with whom Picasso had lived for 10 years, published her unflattering memoir of him, Picasso shut their two children out of his life. And you could go back farther still, to the philosopher and creative genius Jean-Jacques Rousseau, whose many celebrated works include "Emile," a seminal treatise on the education of children. Rousseau left his own four newborn babies, one after the other, on the steps of an orphanage.

You can hardly blame the bourgeoisie for, you might say, putting the bohemian sandal on the other foot and institutionalizing the image of the artist father as some sort of felon. But as Cézanne (who had no children) might have said, why let a few bad apples spoil the whole bowl? It is high time to revise the image of the monstrous artist-father, not to say shatter it.

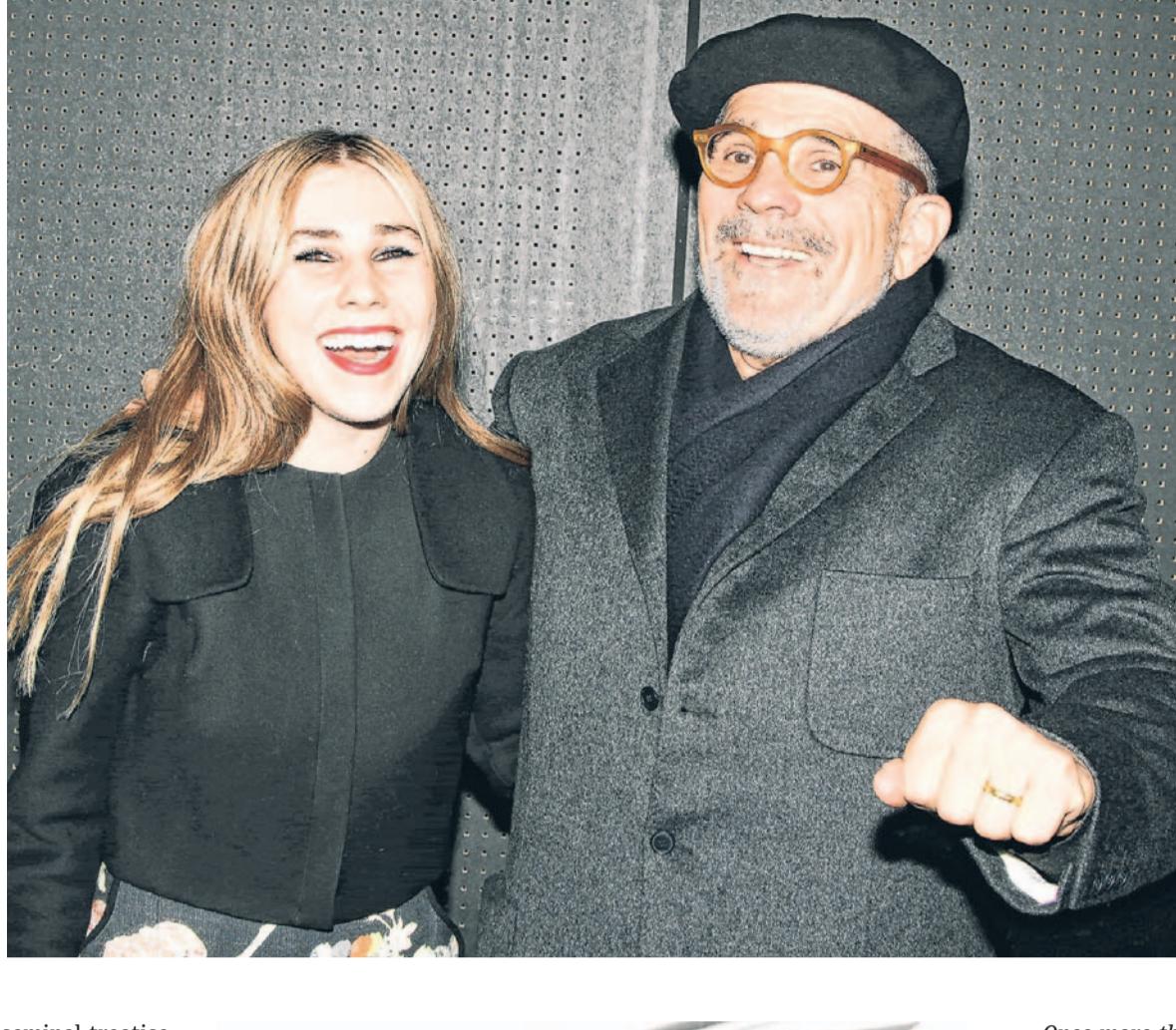
The playwright Henrik Ibsen—that scourge of the respectable bourgeois family—had a real knack for parenting. So devoted was he to his only child, Sigurd, that when the boy was told, to his despair, that law school in Norway would not accept credits from the German gymnasium he had attended, his angry father moved the family to Rome, in part so that his son could complete his law degree there. Sigurd later became Norway's prime minister.

Sometimes it works the other way, too, when an artist father uses his outsider sensibility to help affirm his child's desire to embark on an original path. Zosia Mamet, the playwright David Mamet's daughter, recalled, "I would come home every day, and he [David] would say, 'How's your day?' and I would say, 'It was awful, I hate school,' and he would say: 'Well, drop out.'" In the end, she did endure high school, but she skipped college and instead struck out on a successful acting career.

There seems to be some mystical bond, especially between artist-fathers and their artist children, something particularly profound in sharing the gift of creativity with the parent who helped to create you.

Consider the case of the 15th-century Florentine painter Fra Filippo Lippi, who scandalized his contemporaries by running off with a nun who had been modeling for him as a Madonna. Lippi remained devoted to the woman and trained their illegitimate son in his own craft. When he died in 1469, before completing his frescoes for the cathedral in Spoleto, the boy, who was just 12 at the time and barely an apprentice, finished them for his father, in an act of filial devotion and love.

Then there is the Russian conductor Maxim Shostakovich, son of the composer Dmitri. In 2005, he flew to London to conduct his father's Seventh Symphony, "Leningrad," which Dmitri had written during the brutal siege of that city in World War II. "For me," Maxim told a reporter for the Independent at the time, "this music is something in my blood. This comes directly from my father, so I feel it very close to my soul. Through his music I can recognize all his anger and all his tenderness. It's like hearing his different phrases as



he spoke; through his music I can hear his voice. He never dies for me, because of this."

Perhaps more than anything else, artists sometimes possess the unique gift of using their art to capture the essence of their child. The imagination is the source of both art and love, and it must be emotionally overwhelming for a child to see herself recreated in her artist father's eyes even as she was unaware of being grasped.

Many years after he wrote it, Janna Malamud, the daughter of the novelist and short-story writer Bernard Malamud, came across her father's evocation of her in a letter he had written to a friend when Janna was 7:

Yesterday ... I took Janna to the bank of a river she likes. She waded in the cold water, scooped up minnows with a strainer and learned how to skim flat rocks across the water.... As I sat on a log by the river, watch-

Zosia Mamet and father David Mamet, top, in 2013 at the opening night of the play 'Really, Really,' in which Ms. Mamet starred. Above, Dmitri Shostakovich and his son Maxim in 1962.



mountaineer Edmund Hillary. The roots of "summit" are in the Latin word "summum," meaning "the highest." In Old French it became "som," or in its diminutive form, "sommel." That got borrowed into English in the 15th century as "summit," and originally it could refer to the topmost part of anything, be it the crown of someone's head or the peak of a mountain.

"Summit" did not enter the language of international diplomacy until Feb. 14, 1950, in a speech given by Churchill in Edinburgh, Scotland. At the time, the onetime British prime minister was out of power, as his Conservative Party had been relegated to the opposition since the end of World War II. Still, Churchill's words still carried a great deal of weight in world affairs, and he would become prime minister again in 1951.

In his Edinburgh speech, Churchill called for the opening of dialogue with the Soviet Union, recalling the Yalta Conference of 1945 that brought together Joseph Stalin, Franklin D. Roosevelt and Churchill (the "Big Three" leaders) to make postwar

peace plans. It was time, he said, for "another talk with the Soviet Union at the highest level," remarking, "It is not easy to see how matters could be worsened by a parley at the summit."

Why did Churchill latch on to the imagery of the "summit," where leaders could have a "parley"? In his 2009 book, "Summits: Six Meetings That Shaped the Twentieth Century," Cambridge University historian David Reynolds surmises that it was because British newspapers were carrying news about expeditions to scale the summit of Mount Everest.

G-7 LEADERS convened June 9 for a summit in the Canadian city of La Malbaie, Quebec.

In May 1953, Churchill returned to the theme in a speech to the House of Commons, calling for a peace meeting "at the summit of the nations." At the same time, Hillary and his sherpa Tenzing Norgay were setting out to conquer Everest. At the end of the month, news reached Britain that they had reached the summit.

A November 1953 masthead editorial in the Des Moines Register considered Church-

ing her yesterday, it was as if I were reading a long poem, every line full of beauty. The lines were her movements and the changing expression of her face, even the way the wind blew her hair.

The most frequent complaint about artist-fathers is that they devote more time to their work than to their children. That this should be a more common charge against artist-fathers than other fathers who are overcommitted is understandable, though unfair. A father who is inaccessible while home is simply more alienating than an inaccessible father at a distant office. The latter seems remote for logistical reasons; the former for emotional ones. A home is a home, after all.

W.B. Yeats's daughter, Anne, recalled that when her father was working, she and her brother were on high alert: "If he started to wave his hands to the rhythm [of the verse he was composing] then we knew it was time to fade away and keep quiet. He couldn't bear voices around him when he was working, or even having someone in the same room."

Yet the father himself sometimes spent the time away from his children laying bare his feeling for his children, as in Yeats's 1921 poem, "A Prayer for My Daughter":

*Once more the storm is howling, and half hid
Under this cradle-hood and coverlid
My child sleeps on...*

I have walked and prayed for this young child an hour,

And heard the sea-wind scream upon the tower...

And sometimes, a child only comes to understand her artist father years later, from a third party. In her 1988 memoir, Musa Mayer, the daughter of the painter Philip Guston, quotes Philip Roth's description of her father's punishing withdrawal and painful isolation: "I sensed this terrible, terrible loneliness," Roth said. "It was crushing. He was alone in his work. He was alone in Woodstock.... [T]hat secluded life is a nightmare."

She reports this observation with a mixture of resentment, relief and forgiveness. Guston, it seems, was suffering from the same distress that his withdrawal had induced in his daughter. In Ms. Mayer's recollection of her conversation with Roth, a posthumous bond between father and daughter was forged in anguish and in love.

Such naked emotions seem the stuff of relationships between artist-fathers and their children. Greg Bellow touches visceral depths in his memoir when he recalls talking with his father, Saul Bellow, after the death of Greg's mother, Anita, Saul's first wife: "My father was at his absolute best as I sobbed into the phone. Saul's tenderness was palpable as he said, 'Come to Chicago. Your loving father will be waiting.' By then many barriers existed between us, but seeing me suffer always cut through to our fundamental emotional connection."

Years ago I experienced the almost feral sympathy between an artist-father and his child firsthand, when my wife and I had drinks with Kurt Vonnegut and his wife. When the subject of art came up, I mentioned my admiration for the abstract expressionist painters. "They were a bunch of puffed-up phonies," exclaimed the novelist, who spent several minutes caustically inveighing against them. His daughter, it turned out, was an accomplished painter whose work, Vonnegut felt, had been overlooked because of her commitment to realism.

It really should come as no surprise that, stereotypes to the contrary, there are even more good fathers among famous artists—let alone those who are not famous—than bad ones. Like the attempt to make a work of art, being a father is an ongoing encounter between a man's ideal notion of himself and the sobering truth of his limitations. As they go about the precious work of creation, the best artists, like the best fathers, seem achingly aware of where they themselves fall short, still hoping all the while to realize their original conception.

ill's call for a new Big Three conference "at the summit," skeptically noting how the Soviets had abandoned their promises at Yalta: "American policy makers, fortunately, have learned the lesson of the wartime 'summit' conferences even if Sir Winston has not."

"Summit conference" or "summit meeting" soon became the journalistic shorthand for conferences like the one held in July 1955 in Geneva among Soviet, American, British and French leaders. And by the 1960s, that shorthand became even shorter, with "summit" becoming the standard term for such conferences as President Lyndon Johnson's 1967 meeting with Soviet Premier Alexei Kosygin in Glassboro, N.J.

Nowadays, however, the term has been diluted to refer to any meeting that its organizers deem important. So while Gwyneth Paltrow convenes her "In Goop Health" Wellness Summit, the International Animation Festival holds a Women in Animation World Summit and New York has a Soil Health Summit. Not every summit can attain the loftiest peaks.



WORD ON THE STREET

BEN

ZIMMER

A Peak Moment In A Term For Top Meetings

WE'VE BEEN WITNESSING quite a lot of summits lately. President Donald Trump departed early from the **Group of Seven** industrialized nation summit in Canada so that he could jet off to his historic summit in Singapore with North Korean leader Kim Jong Un.

Summit

But where did we get the idea that when heads of state or other top officials convene for diplomatic talks, it gets called a "summit"? It turns out that we can thank Winston Churchill, with an assist from



mountaineer Edmund Hillary. The roots of "summit" are in the Latin word "summum," meaning "the highest." In Old French it became "som," or in its diminutive form, "sommel." That got borrowed into English in the 15th century as "summit," and originally it could refer to the topmost part of anything, be it the crown of someone's head or the peak of a mountain.

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A November 1953 masthead editorial in the Des Moines Register considered Church-

REVIEW



CORBIS/GETTY IMAGES

China's Ghost Towns Haunt Its Economy

As debt piles up, new apartment towers sit empty amid flashy amenities such as museums, stadiums and a replica of the Sphinx; residents wonder when they'll have neighbors

BY DOMINIQUE FONG

IN CHINA'S Inner Mongolia province, in the middle of the Gobi desert, row upon row of largely vacant apartment towers line the streets of Kangbashi, a new district of the city of Ordos. Earlier this month, Xu Yongfen and his family moved into one 28-story building. In the hallways there are a few signs of life—tricycles, slippers and pink children's shoes in front of some doors. But most apartments remain unoccupied, their doors still covered in plastic wrap, and at street level, barren storefronts are visible in all directions. "This area is nearly totally empty," Mr. Xu says, tapping a cigarette into a bowl of ashes at his dining room table.

The city has spent 14 years planning, erecting and maintaining Kangbashi, which has the distinction of being one of China's best-known "ghost towns"—gleaming but sparsely populated new urban centers adjacent to older metropolises. Built by the dozen across the country, the new areas reflect—and were meant to accelerate—China's economic boom. As the country's growth has slowed, many of them have become serious liabilities, deep in debt, with little prospect of full occupancy anytime soon.

A decade ago, Ordos was one of China's wealthiest cities, thanks to its big coal deposits. Full of optimism for the future, it spent billions on roads, water and gas pipelines to transform a patch of barren desert into a vision of the urban future. But the city has been hit hard by the drop in demand for coal, and its annual growth rate has fallen by more than two-thirds since 2008. Real-estate values have cratered too, and the city's debt has ballooned to almost 250% of its budget.

Local officials had hoped to attract a million people to the new area, nearly matching the size of the old city 20 miles away. Architectural showpieces—a museum in the form of a giant metallic bean bag, a library resembling a

shelf of books, a sports stadium reminiscent of a modern Coliseum—were built as attractions. Officials have since reduced their population goal to 300,000, and they are just halfway there. An early resident, Hu Richa, has been waiting seven years for more neighbors. Still, he says, "There's barely anyone living here."

Mr. Xu's family is part of a small recent uptick of new arrivals in Kangbashi. A 40-year-old construction worker who had previously lived in the older part of Ordos, he is hoping for the best. "The air quality's good, there's no traffic, and most of all, it's quiet," he said. For his son, there is an elementary school down the street with a new running track and turf field, but retail options are still very limited. For grocery shopping, he has to drive for a half hour, over a bridge, to stores in the old town.

Many of China's other ghost towns have yet to figure out how to jumpstart their economies without slipping back into the old pattern of borrowing and building. To become economically viable, some may take 20 or 30 years, or "maybe even forever," said Zhou Jiangping, a professor of urban planning at the University of Hong Kong. In some cases, Mr. Zhou said, local officials encouraged ambitious plans to advance their own careers: "You see all these empty towns, these areas at the edge of cities. They may symbolize the power of some officials." Because many of them then move on to other jobs, he said, they didn't think about ensuring long-term growth.

China's national government pledged last year to reduce the housing glut in smaller cities, and in April, its Central Financial and Economic Leading Group urged local governments and companies to lower their debt ratios as quickly as possible. At the same time, however, a national subsidy program to relocate people from rural to urban areas has been applied particularly aggressively across Inner Mongolia, accounting for three-quarters of the region's housing sales in 2016. The small upward turn in the

DENSELY PACKED apartment towers under construction in Kangbashi in 2011, when the new district was less than 10% occupied.

“
Is it
lonely?
Yeah, it
can be.”

JIA RUNHUA
Resident of Dalu
New Area

Ordos area has led some property developers to get their cranes going again, even as existing units sit unoccupied.

Ordos City Investment Real Estate Development Co. recently resumed work on two housing projects that it had set aside five years ago, including Mr. Xu's complex. "Kangbashi's real-estate sales improved, so our company decided to restart construction," said Wang Tianyong, a branch manager, noting that the government's subsidy program favors new projects. Of the company's eight towers in one project, two have sold out, he says; one of those is Mr. Xu's building. But sold apartments aren't necessarily occupied. Chinese families often use them as investments or to hold until their children become adults, which explains why Kangbashi is so thinly populated.

Asked about excess inventory in the new district, an Ordos housing official said that Kangbashi is still growing toward its capacity. "Supply is low, and the need is large," she said. Neither local officials nor the national housing ministry responded to requests for more comment.

Ghost towns will continue to weigh on China's growth, said Rosealea Yao, an analyst at the Beijing research firm Gavekal Dragonomics. "There's still a lot of inventory to be cleared, and towns to be filled up, therefore the investment incentive is not that strong." According to a study by Lu Ming, a professor at Shanghai Jiao Tong University, 272 new districts across China have been built with borrowed funds near existing cities. Other researchers, using different definitions for ghost towns, find smaller numbers, but all agree that there is a serious problem.

Examples aren't hard to find. In another northern desert city, Lanzhou, the drive from the new district's airport to downtown takes at least an hour, past rows of hollow apartments and a half-finished theme park with a full-size replica of Egypt's Sphinx. A new district of the city of Shenyang, in China's northeastern rustbelt, covers 3,500 square kilometers, more than the area of Shenyang itself. Even a new district of Zhengzhou in central China, which is thriving thanks to its iPhone factories, has telltale empty apartment towers amid its stretches of strawberry fields and open land.

Developers seem to be paying little heed to the lessons of the last building boom. In Dalu New Area, a town of some 30,000 people about a two-hour drive from Ordos and modeled after Kangbashi, a 230-unit housing project is under construction amid partly vacant complexes. Jia Runhua's building has slowly filled up since she took a government subsidy to move there more than five years ago, but surrounding buildings haven't, and she's waiting for a shopping center to open. "Is it lonely? Yeah, it can be," she says. "It's all still being developed."

—Liyuan Qi and Lin Zhu contributed to this article



HISTORICALLY SPEAKING

AMANDA FOREMAN

When We Rally 'Round The Flag

THE SUPREME COURT declared in 1989 that desecrating the American flag is a protected form of free speech. That ended the legal debate but not the national one over how we should treat the flag. If anything, two years of controversies over athletes kneeling during "The Star-Spangled Banner," which led last month to a National Football League ban on the practice, show that feelings are running higher than ever.

Yet, Flag Day—which honors the adoption of the Stars and Stripes by Congress on June 14, 1777—passed by almost unnoticed this past Thursday, as it does almost every year. One reason is that Memorial Day and Independence Day—holidays of federally sanctioned free time, pa-

rades and spectacle—flank and overshadow it. That's a shame, because we could use a day devoted to reflecting on our flag, a precious national symbol whose potency can be traced to the religious and totemic objects that have moved people for millennia.

The first flags were not pieces of cloth but metal or wooden standards affixed to poles. The Shahdad Standard, thought to be the oldest flag, hails from Persia and dates from around 2400 B.C. Because ancient societies considered standards to be conduits for the power and protection of the gods, an army always went into battle accompanied by priests bearing the kingdom's religious emblems. Isaiah Chapter 49 includes the lines: "Thus saith the Lord God, Behold, I will lift up mine hand to the Gentiles, and set up my standard to the world."

Ancient Rome added a practical use for standards—waving, dipping and otherwise manipulating them to show warring troops what to do next. But the symbols retained their aura as



national totems, emblazoned with the letters SPQR, an abbreviation of Senatus Populusque Romanus, or Senate and People of Rome. It was a catastrophe for a legion to lose its standard in battle. In Germania in A.D. 9, a Roman army was ambushed

while marching through Teutoburg Forest and lost three standards.

The celebrated general Germanicus eventually recovered two of them after a massive and bloody campaign.

In succeeding centuries, the flag as we know it today began to take shape. Europeans and Arabs learned silk production, pioneered

by China, which made it possible to create banners light enough to flutter in the wind. As in ancient days, they were most often designed with heraldic or religious motifs.

In the U.S., the design of the flag harked back to the Roman custom of an explicitly national symbol, but the Star-Spangled Banner was slow to attain its unique status, despite the popularity of Francis Scott Key's 1814 anthem. It took the Civil War, with its dueling flags, to make the American flag an emblem of national consciousness. As the U.S. Navy moved to capture New Orleans from the Confederacy in 1862, Marines went ashore and raised the Stars and

Stripes at the city's mint. William Mumford, a local resident loyal to the Confederacy, tore the flag down and wore shreds of it in his buttonhole. U.S. General Benjamin Butler had Mumford arrested and executed.

After the war, the Stars and Stripes became a symbol of reconciliation. In 1867 Southerners welcomed Wisconsin war veteran Gilbert Bates as he carried the flag 1,400 miles across the South to show that the nation was healing.

As the country developed economically, a new peril lay in store for the Stars and Stripes: commercialization. The psychological and religious forces that had once made flags sacred began to fade, and the national banner was recruited for the new industry of mass advertising. Companies of the late 19th century used it to sell everything from beer to skin cream, leading to national debates over what the flag stood for and how it should be treated.

President Woodrow Wilson instituted Flag Day in 1916 in an effort to concentrate the minds of citizens on the values embodied in our most familiar national symbol. That's as worthy a goal today as it was a century ago.

Above right,
an early
13-star
American flag
in the 'Betsey
Ross' style;
below right, a
Roman
standard.

WILLIAM DUKE

REVIEW

MIND & MATTER

SUSAN PINKER

New Skills Build New Brain Architecture



THE LATEST tools of neuroscience allow us to witness, as never before, the electrical flares, chemical landslides and sluicing of water from zone to zone that alter the geography of the brain as it changes.

Evidence of the ways neural tissue is partially destroyed after a stroke or the onset of dementia has been around for decades. But proof that missing or miswired human brain connections can grow again—what neuroscientists call plasticity—has so far been thin on the ground. In 2014 a study showed that for mice, novel experiences prompt almost immediate changes in white matter—the brain's connective tissue, or highway system.

Does this structural transformation linked to learning a new skill hold for humans too? The answer appears to be yes. A study just published in the journal *Nature Communications* found distinct shifts in brain architecture that mirrored the growing reading skills of children with dyslexia.

"The way the connections between different brain regions had changed was startling," said Jason Yeatman, an assistant professor at the University of Washington who led the study.

Dr. Yeatman's team, including postdoctoral researcher Elizabeth Huber, began by recruiting 24 dyslexic children, ages 7 and 12, who had been struggling to learn to read. Few of them could decipher more than simple three-letter words, which largely excluded them from the classroom experience, said Dr. Yeatman.

The researchers thoroughly tested the children's reading skills and assessed their brain architecture using diffusion magnetic resonance imaging. This noninvasive type of brain imaging tracks how quickly water flows among regions of the brain. It provides a measure of brain density, which increases with the formation of new brain cells, connections and membranes.

The children's initial MRI was followed by three subsequent imaging sessions, evenly spaced over the course of their participation in an intensive, eight-week summer reading program. Designed by the Seattle-based tutoring company Lindamood-Bell, the program provided one-on-one instruction for four hours a day, five days a week. Unlike much recent research on children's learning, the instruction was in person, not screen-based.

The results showed significant improvement in reading skills—and as the children's reading fluency increased, large tracts of the white matter in their brains were visibly revamped. "It was not known before that the physical structure and efficiency of the brain could change in just a few weeks," said Dr. Yeatman.

The instructional approach was, by design, highly individualized and interpersonal. It targets the building blocks of reading and is intended to give children with dyslexia the tools they need to read. But it is just one of several evidence-based, effective approaches. In the future, the researchers hope to compare it to other reading programs to see which features of a curriculum are critical to stimulating rapid changes in white matter.

"It was not known before that the physical structure and efficiency of the brain could change in just a few weeks," said Prof. Yeatman. "That was one surprising thing." Another was that the renovation was so pervasive. The researchers expected the observed improvement in the brain's language areas. "But we also saw changes in the corticospinal tract," which allows sensation and movement to be sensed by the brain, Dr. Yeatman added.

Perhaps the bond between teacher and child or the frequency and intensity of the teaching program made the difference. It's hard to pinpoint the cause—or to know how long the neural and behavioral changes will last. But the changes were still impressive.

"We knew it was possible for the brain to change in mice, but we didn't know the time frame, and we didn't know how extensive the remodeling was in humans," said Dr. Yeatman. Now we know that education can physically alter the brains of mice and men—or, more importantly, boys and girls.



A DUST CLOUD approaches a ranch in Boise City, Okla., in April 1935, amid the "black dusters" that displaced 2.5 million Americans.

The Prophet of the Dust Bowl

BY JOHN F. ROSS

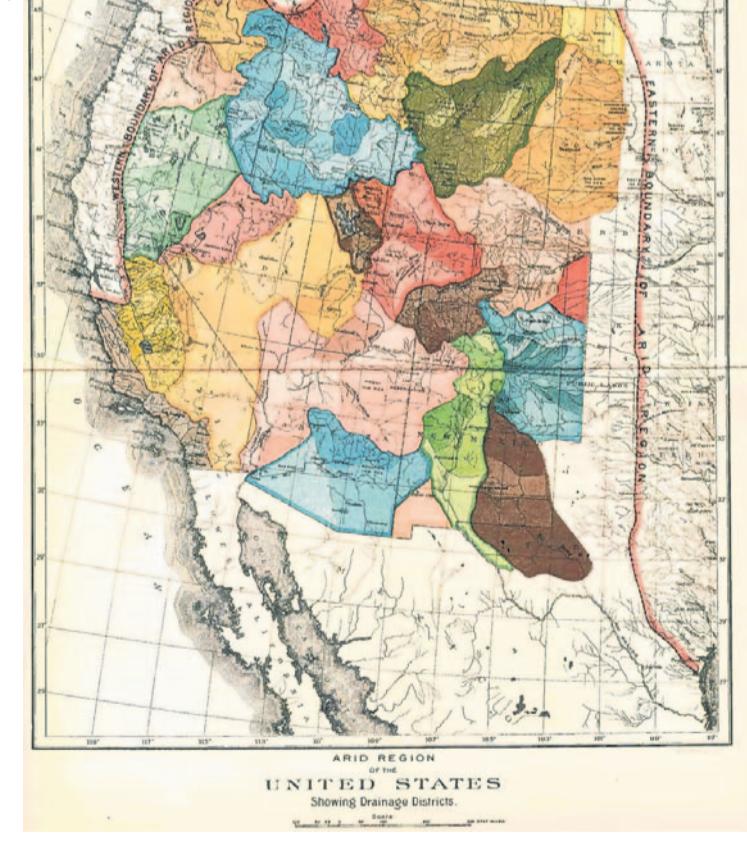
ON A SPRING DAY IN 1935, a 10,000-foot-tall dust cloud blew into Washington, D.C.—consisting, remarkably, of aerated soil from Nebraska and Oklahoma, a thousand miles away. A severe drought across the West had combined with the indiscriminate plowing of the prairie to create a new form of weather, the "black duster." The topsoil of more than a million acres had simply blown away, a portion of it taking to the wind to begrime the nation's capital.

The cloud arrived, obscuring the sun, as the Senate debated the federal government's responsibility in mitigating the great Dust Bowl, which would displace some 2.5 million Americans and cause one of the largest migrations in U.S. history. There could not have been a more effective lobbying effort for national action. Congress would address grazing issues and vote to establish the Soil Conservation Service, whose measures, such as planting windbreaks and seeding grasses, did much to head off future black dusters.

Today, as we learn from two new papers in the current issue of the American Meteorological Society's journal *Earth Interactions*, the arid West is again on an eastward march. In an attempt to understand the interplay of climate change and geography, the Columbia University climatologist Richard Seager and his team of researchers revisited a groundbreaking concept first put forth in 1877 by the scientist and Grand Canyon explorer John Wesley Powell, who drew a longitudinal line cleaving the U.S. into two realms, the arid West and the verdant East. Stunning in its simplicity, yet revolutionary in its implications, the idea that Powell proposed marked the first volley in the conflict over climate change. The so-called 100th Meridian would come to play a major role in how Americans saw their continent.

Powell's line reaches from Mexico to Canada, rising up through central Texas, Oklahoma and Kansas, running through Nebraska and the Dakotas. It was, in the technical jargon, an isohyet—a line connecting areas that experience equal volumes of annual rainfall. The relatively humid lands to the east of the line get 20 or more inches of annual rainfall; the unquestionably arid lands to the west receive less, except for some narrow strips on the Pacific coast. Because conventional agriculture depends on 20 inches or more of rain unless supplemented by irrigation, Powell pointed out that this map offered valuable insight: Except for some lands offering timber or pasture, the far greater part of the land west of the line was, on its own, essentially not farmable.

His conclusions amounted to a frontal as-



POWELL, top right, published this map in 1891 to show the watershed areas west of the 100th Meridian.

ingly infinite resources available to it. Americans, he argued, needed to listen not just to their ideals and ambitions but to what the land told them and what was sustainable in the long term. Otherwise the future would consist of shortages, endless litigation and feuds over infrastructure and water—each one a threat to a democratic society.

Powell believed as firmly as anyone that America had a shining future and that it lay in bending nature to the will of an advancing humanity. "[T]he powers of nature are his servants," he wrote in 1883, "and the granite earth his throne." He was a man of his times, but he understood like few others that a still-new nation would be endangered if her citizens did not pay attention to what ecology, geography and geology revealed.

The implications of the 100th Meridian challenged not only the Government Land Office, the railroads and Western senators but

John Wesley Powell identified the dividing line between the arid West and the verdant East, but his warning was ignored. Thanks to climate change, that boundary is now on the move



an overwhelming front of entrenched beliefs, myths and nation-building passion. Powell's view was a protest against Manifest Destiny, the idea of the divinely conferred right of Americans to push across the continent to unlock unlimited wealth, and his warning prompted a furious backlash. Western senators hounded him from his job as longtime director of the United States Geological Survey. As the Dust Bowl would reveal, however, he was prescient in his call for ecological stewardship of the western lands.

The research just published by Prof. Seager and his team shows that the concept of the 100th Meridian did affect patterns of human settlement over time. In the West today, population density is much lower, farms are fewer and bigger, and water-loving corn gives way to wheat, which better withstands arid conditions.

But Powell did not consider one crucial factor, because he did not know about it: the effects of a warming atmosphere, caused by greenhouse gas emissions from the burning of fossil fuels. Warmer temperatures dry out soil faster, a phenomenon called evapotranspiration. Looking at data collected since 1980, the researchers found that warming conditions have pushed Powell's line 140 miles to the east. The shift is not yet large enough to bring wholesale changes to the Midwest, but as the line continues to migrate over the course of the century, the authors anticipate that it will eventually cause significant changes in the region's agriculture and economy.

If Powell were alive today, I suspect that he would be at the forefront of the climate-change debate, armed with reams of data—and, it would seem to some, again blocking American progress. In his own day, he found it difficult to sway hearts and minds, even with convincing evidence. Climate scientists now face a similar problem, often finding their conclusions confronted by misinformation and vested economic interests.

Let us hope that it will not take a giant dust cloud, or a catastrophic global warming event, to persuade lawmakers that our role as ecological stewards does not stand in the way of progress. As John Wesley Powell so well understood, the path toward a shining future lies in accommodation with the limits imposed by nature.

This essay is adapted from Mr. Ross's *"The Promise of the Grand Canyon: John Wesley Powell's Perilous Journey and his Vision for the American West,"* which will be published by Viking in July.

REVIEW



MATT FURMAN FOR THE WALL STREET JOURNAL

WEEKEND CONFIDENTIAL | ALEXANDRA WOLFE

Randi Zuckerberg

A famous sister builds her own identity

AFTER WORKING AT Facebook for six years, Randi Zuckerberg wanted to make a name for herself that went beyond being known as "Mark's sister." To see how she differs from her little brother, it is enough to know that part of her quest has included a six-week guest stint singing in a Broadway show.

Ms. Zuckerberg, 36, has piled up a varied stack of her own accomplishments since leaving Facebook in 2011. She has created a book series, radio show, and blog about social media's social impact, under the banner "Dot Complicated." She has invested in early-stage startups, including baking-mix company Foodstirs, online household goods seller Brandless, and dessert-maker Treat House. She also has launched a series of pop-up, tech-themed, kid-

oriented dining spots called Sue's Tech Kitchen.

It's a lot to handle, but she says that she's not aiming for "balance" in her life. Last month, she came out with a book titled "Pick Three," on the virtues of being "well-lopsided" rather than well-rounded. As she sees it, there are five major areas of life—family, friends, fitness, work and sleep—and each day she has to choose just three to focus on.

Ms. Zuckerberg, who has two children with her husband Brent Tworetzky, a product management executive, says that she wrote the book because she felt stretched by pressure to multitask and noticed other women felt the same. She realized that

She realized she was more successful and less stressed when she chose a limited number of things to do each day.

The experience helped to convince her to move to New York, leaving Silicon Valley. "Silicon Valley is an incredibly exciting place to be, but also you need to drink the Kool-Aid when you're out there," she says. "It's 100% amazing, it's saving the world, and everything should be disrupted," she jokes of the area's clichéd mantras.

Tech remains an animating force of her work. In her "Dot Complicated" books, blog and radio show, she tries to parse out costs and benefits of technology, such as artificial intelligence and social media for children. "No invention, no technology, is ever 100% positive, and that's something no one could predict in the early days," she says.



MOVING TARGETS

JOE QUEENAN

A TV Watcher's Bid to Keep Up With The Bingers

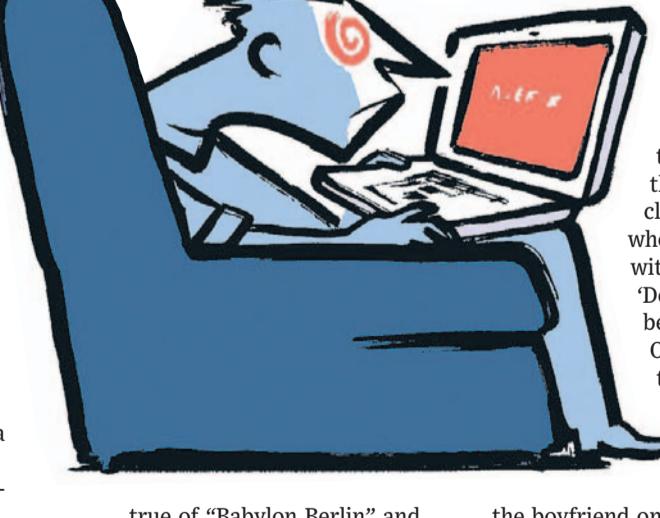
Rushing through 'Downton'—and doing without sleep and food.

SEVERAL MONTHS AGO, I made the disastrous decision to start binge-watching TV series I had previously avoided. I did this so that I could stop being frozen out of conversations simply because I did not know why Lord Grantham had such a poor record investing in railroads on "Downton Abbey," nor did I have any idea what meds Carrie Mathison was currently using on "Homeland." Now, I do. But the effect has been to ruin my life.

People routinely say that America is rapidly becoming two nations, divided by irreconcilable political and cultural

differences. Nonsense. The real cultural divide is our television viewing habits. I can always talk to people about how much I hate the New York Yankees or Garth Brooks or some electrifyingly vile cable TV personality, because we all know who those people are. But until recently I couldn't have a conversation about "Game of Thrones," because I'd never seen it.

Worse still, the shows that I did watch rarely appeared on the viewing schedules of my friends. No matter how hard I tried to engage people in conversation about "Peaky Blinders," the brilliant series about ruthless Irish gangsters wreaking havoc in post-World War I Birmingham, England, I met with stony silence. People either had never heard of the show or had heard that it was insanely violent and therefore of no interest. The same was



true of "Babylon Berlin" and "Luther" and "Hannibal." So my friends tried to steer the conversation back toward "Girls" or "Suits" or "13 Reasons Why." But I couldn't participate.

When I tried, I kept making conversational faux pas. I would complain that, annoyingly, recent movies I had seen had only one star, who always seemed to be Liam Neeson. My friends were astonished at my ignorance of how many big names were in movies. "Don't

you know that the Beast in 'Beauty and the Beast' is the middle-class lawyer who falls in love with Mary on 'Downton Abbey?'" they say. Or: "Come on, that totally ripped Darth Vader clone played the boyfriend on 'Girls.'" Or: "What? You never saw the guy playing King Arthur on 'Sons of Anarchy'?" Now what's his name...Charlie something. Hold on; it'll come to me."

Because the demographically fragmenting tsunami of high-quality TV series besieges us on all fronts, it is now almost impossible to find a pop-cultural lingua franca. This, I think, is why movie stars still matter. We all know who Jennifer Lawrence and Brad Pitt are. That's a lot different than

being the guy who plays the third henchman from the left on "Outlander."

Still, I know when I am beat, so I have extended my binge-watching beyond contemporary offerings to beloved series of the past. Because I have missed literally thousands of episodes of "Grey's Anatomy" and "Boardwalk Empire" and "Weeds," I spend all my waking hours staring at the screen and have little time for food, exercise, social congress or sleep.

I can only hope that, as a doff of the hat toward my epic small-screen binge, which could carry me well into the summer of 2021, my friends will make a corresponding effort to take a peek at programs I enjoy. Shows about cannibals masquerading as charismatic psychiatrists, about wisecracking zombie hunters, about ferocious Anglo-Irish gangsters who conceal razorblades in the peaks of their caps.

So far I'm not having much luck with the "Gilmore Girls" crowd.

NISHANT CHOKE

REVIEW



ICONS

Leonardo as the Boy Most Likely to Succeed

A Yale exhibition focuses on the artist's collaborations in Verrocchio's workshop in Florence

BY BRENDA CRONIN

MUCH OF THE LIFE of Leonardo da Vinci, the protean Italian Renaissance artist, is as mysterious as his most famous creation: the "Mona Lisa." One thing, though, looks certain: The youthful Leonardo exhibited staggering gifts as he trained in the workshop of Andrea del Verrocchio in Florence.

A new exhibition, "Leonardo: Discoveries from Verrocchio's Studio," opening June 29 at Yale University Art Gallery in New Haven, Conn., also sheds light on Verrocchio. A goldsmith, painter and sculptor, he was the well-connected operator of a veritable assembly line of high-quality paintings and sculpture, most of them apparently done with his students and assistants.

The exhibit of nine paintings and four sculptures examines "the environment that permitted Leonardo to become Leonardo," says Laurence Kanter, chief curator of Yale University Art Gallery. Only one painting is considered to be solely by the artist, but part of the excitement of the show is teasing out Leonardo's brilliant role in collaborations.

Twenty-three years ago, a painting at the Worcester Art Museum in Massachusetts caught Mr. Kanter's eye. "A Miracle of Saint Donatus of Arezzo," painted circa 1475-1485, depicts two figures: a kneeling saint and the grateful tax collector for whom he performed a miracle. Over the years the picture's attribution shifted among artists, including Leonardo, and settled on his friend Lorenzo di Credi, a fellow Verrocchio alum. But Mr. Kanter, then a curator at the Metropolitan Museum of Art in New York, saw hallmarks of not one but two creators in the diminutive work, which measures about 6 by 13 inches. "It's a small painting, but you can see quickly that one artist is absolutely brilliant and the other one is really pedestrian," he says.

After considerable sleuthing and scholarship, he concluded that Leonardo painted the figure of Saint Donatus, while Lorenzo di Credi painted part of the tax collector. Such collaborations were characteristic of Verrocchio's workshop, Mr. Kanter says.

As a favorite artist of the Medici family, Mr. Kanter says, Verrocchio enjoyed a steady stream of commissions. For art students, that connection would have meant more than Verrocchio's skill as an instructor. "Your teacher gave you access to a market," Mr. Kanter says.

In many workshops, efficiency rather than high-minded aesthetics often governed decisions about how projects were divvied up. Assistants might be assigned to complete different sections or to contribute different aspects, depending on whether one specialized in figures or landscapes. For a project in tempera, a method of painting that typically contains egg yolk, one artist might say to another, "I'll do the reds, you do the blues," Mr. Kanter says. Because the paints dried so fast, more than one person had to work at the same time.

In "Saint Donatus," the right-hand saint whom Mr. Kanter believes Leonardo painted wears a plum-colored vestment with a yellow lining that catches a flash of sunlight. That artist added naturalistic details that reflect his knowledge of biology, botany and physics. The figure's vestment pools on the floor around him and gently recedes in the distance. Mr. Kanter thinks Leonardo also painted the landscape of trees and hills in the background. "This is an artist of true genius," Mr. Kanter says.

By contrast, the tax collector's "legs are too small for his torso," Mr. Kanter says, and look so contorted "it's as though he were doing a

LEONARDO da Vinci's hand is seen in much of 'A Miracle of Saint Donatus of Arezzo,' part of the show that will open on June 29.

Naturalistic details that reflect knowledge of biology, botany and physics."

yoga pose." He also sees Lorenzo's hand in some of the picture's less-than-stellar architectural details. The artist's "draperies are just squiggles, they're just lines on the surface of the panel." In short, Mr. Kanter says, "The artist on the right took great pains with his details. The artist on the left didn't even know he was missing the boat."

The Yale exhibition includes a companion piece to "Saint Donatus"—"The Annunciation" from the Louvre in Paris. "The Annunciation," which over the years has been attributed to Lorenzo di Credi or Leonardo, now is considered the master's alone, Mr. Kanter says. Both paintings—"The Annunciation" and "A Miracle of Saint Donatus of Arezzo"—were part of a predella, or supporting platform, beneath an altarpiece titled "The Madonna di Piazza," completed between 1475 and 1485.

The exhibition includes paintings and sculpture, mostly of religious subjects, by Verrocchio and his collaborators as well as works by contemporaries such as Domenico Ghirlandaio and Jacopo del Sellaio.

Verrocchio's magnificent "Virgin and Child," done around 1465, has never been exhibited publicly before, Mr. Kanter says. In the painting, the seated virgin is clothed in grey and vivid blue. She balances a fleshy infant on her left knee and holds a stalk of flowers in her right hand. A marble relief attributed to Verrocchio and his workshop around 1475-1485 echoes the scene, adding an angel. The virgin in the relief is praying while the angel holds the child. Both the virgin and angel wear lushly draped robes and have long, loose hair.

The show's intimate scale encourages visitors to linger. The aim, Mr. Kanter says, is "to push people to look deeper and deeper into what lies behind the work of art that enables it to look the way it does."

The curator is philosophical about whether viewers will be persuaded by his case for the artist's hand in "Saint Donatus." Attribution debates about Leonardo's work have simmered since his death in 1519. "I'm patient," Mr. Kanter says. "It's been 500 years. You've got a century to come around to it."

MASTERPIECE | 'LUDWIG' (1973), BY LUCHINO VISCONTI

A Momentous Wagnerian Film

BY JOSEPH HOROWITZ

THE FILM SOCIETY of Lincoln Center's current Luchino Visconti retrospective climaxes with more than a week of screenings (June 16 and 22-28) featuring the restored, four-hour version of "Ludwig" (1973)—a rare opportunity to properly encounter a magnificent Wagnerian film.

The story is familiar as a cartoon. Insane King Ludwig II of Bavaria built expensive fairy-tale castles no one wanted. And he squandered a fortune supporting Richard Wagner, who opportunistically played him for the fool he was. He grew fat and ugly, crazier and crazier, and finally drowned himself in a lake.

I saw "Ludwig" when it was first released in the U.S. Helmut Berger's Ludwig II seemed over the top. Trevor Howard, in a brief cameo, at least looked like Wagner. As with any Visconti film, the *mise-en-scène* was memorably luxurious—it was the film's most notable attribute.

In fact, Visconti made a 264-minute film that was trimmed for distribution. What I saw was 137 minutes—barely half the movie. In 1980 (four years after Visconti's death), the original negative was purchased at an auction, then restored under the supervision of the original script supervisor. This version had its premiere

later the same year at the Venice Film Festival. Whether the resulting megafilm is precisely what Visconti had in mind, I have no idea. But I am certain that it is a memorable achievement.

Not only is the story that it tells no cartoon, it reasonably conforms to my own impressions of the dramatis personae, acquired over the course of a lifetime obsession with Wagner. Ludwig is an idealist, an aesthete, unsuited to reign. He is made to suppress his homosexuality. His appreciation of Wagner's greatness is ridiculed and misunderstood. He detests the pomp of the court and resists military entanglements others regard as noble and patriotic.

Ludwig was 18 when, in 1864, he ascended the throne. His instantaneous agenda was to rescue the financially strapped Wagner, and to collaborate with him in a project redeeming German culture. These aspirations were no more deranged than was Ludwig himself. As his letters confirm, he was eccentric, but certainly no simpleton. He made bequeathing a permanent Wagnerian legacy his top priority. This fairy-tale reversal stunned the ever-beleaguered composer. Ultimately, Ludwig and Wagner served one another royally. Every other factor bearing on their complex friendship of two decades shrinks to insignificance.



THE ORIGINAL
four-hour
version
captures a
more complete
portrait of the
dramatis
personae.

In Visconti's portrayal the question of whether Ludwig was mad—debated in his lifetime and ever after—becomes moot. Chapter by

opening coronation sequence lasts fully 15 minutes), the luxuriance and amplitude—all this is what makes "Ludwig" a Wagnerian film, the most remarkable of its species I have ever encountered.

Ludwig becomes a solitary figure of numbing pathos. Concomitantly, Trevor Howard's Wagner, in this full-length cut, is not the usual cartoon cad. There is nothing monstrous about him. Things Wagner said and did are (for once) plausibly enacted. He cavorts on the floor with his big dog. He honestly adores and admires the king—and also shrewdly critiques him behind his back. He paternally grasps the young man's predicament. And he knows when he must dissimulate.

Even Ludwig's enemies—the courtiers for whom Wagner's genius was a pernicious myth; the doctors and diplomats who conspired to declare Ludwig mad—are quite believably depicted. They are mere mortals, confronting factors they cannot glean.

Too much critical commentary about "Ludwig" fastens on the scenery. But it is magnificent. Visconti so poetically renders one of Ludwig's iconic nighttime sleigh rides—the white horses, the pristine snow, the lanterns and footmen in livery—that it nearly stops the show. The film's visual peak is (of course) the Venus grotto at Schloss Linderhof. It is a measure of Visconti's empathy that Ludwig's entrance in his swan boat, and his feeding of the royal swans, heartbreakingly

transcends any hint of camp.

Both these vignettes are accompanied by "The Song to the Evening Star" (sans voice) from Wagner's "Tannhäuser." Visconti's musical masterstroke is to interpolate Wagner's then little-known A-Flat Major Elegy for piano as a theme song; it strikes a searing intimate note.

I almost forgot. There's a star-turn—Romy Schneider as Ludwig's cousin, Elisabeth of Austria. Visconti treats her rejection of Ludwig's early affections as a key to his travails. Near the end, she attempts to see him and is maniacally rebuffed. This nonencounter, played to strains of "Tristan," is nearly a gloss on the opera's ending, but with a different outcome. It works.

Mr. Horowitz, author of "Wagner Nights: An American History" (University of California) among nine other titles, is currently writing a book about Wagner the man.



Modernists &
Mavericks: Bacon,
Freud, Hockney & the
London painters C11

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Holding On to the Good Things

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By Roger Scruton

All Points, 164 pages, \$24.99

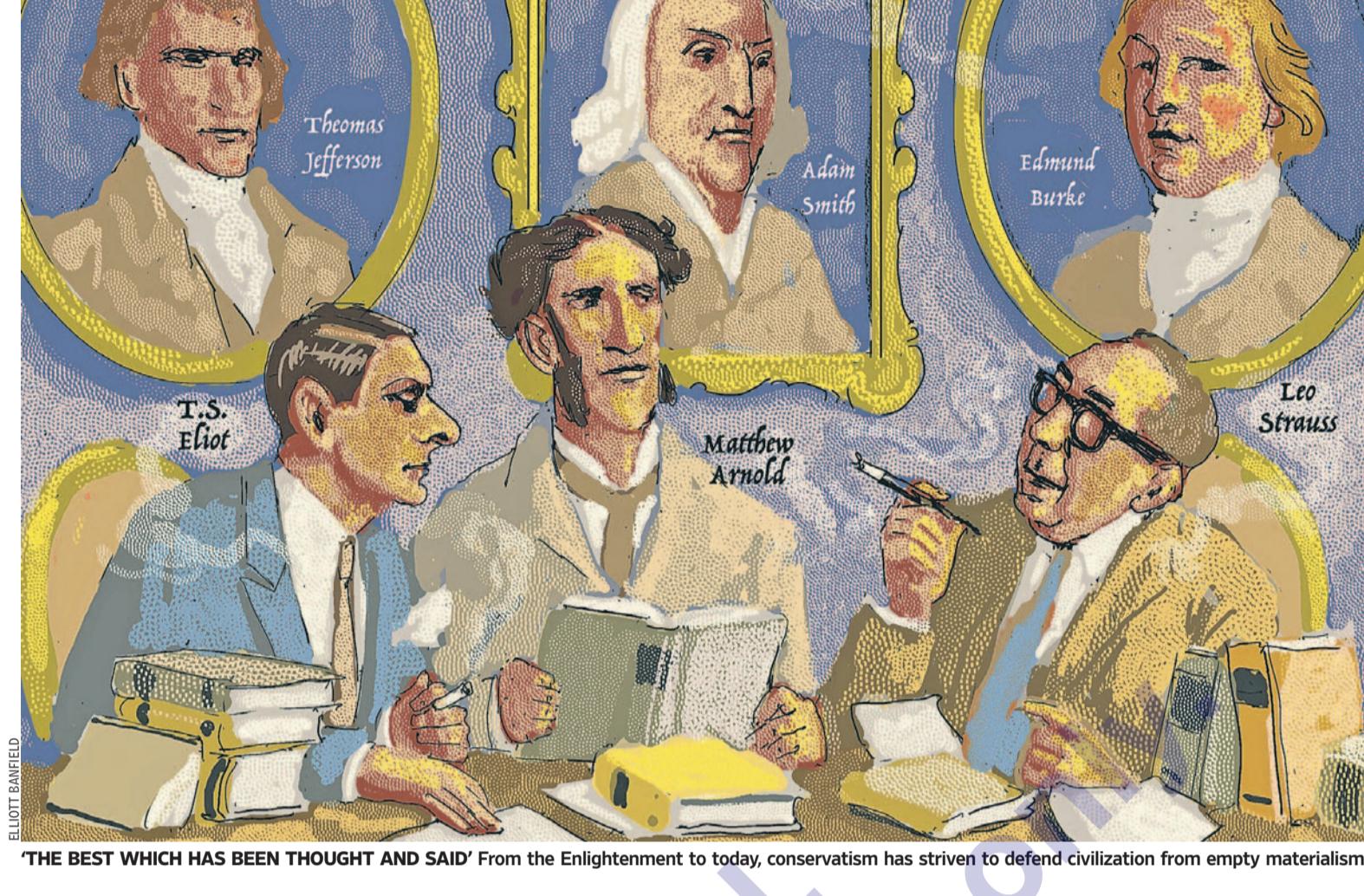
BY RICHARD ALDOUS

WITH THE rise of populist movements in the U.S. and Europe, a kind of internecine warfare has broken out among writers and thinkers of a conservative cast of mind. Some are maddened that conservative principles are being overtaken by what they view as a reactionary right, and they are disturbed that former allies are embracing apparently unsavory positions and political figures. Others, though, are delighted that certain right-of-center ideas and assumptions, belittled and dismissed for so long, are entering the mainstream debate. In "Conservatism: An Invitation to the Great Tradition," Roger Scruton tries to trace the genealogy of a sound and estimable conservatism and, implicitly, to gauge its prospects at the current moment. His tone is not dour, but his message may be less than heartening to anyone with right-of-center sympathies: that the conservative tradition is dying.

Mr. Scruton has a reputation as a somewhat feisty character—one of Britain's most distinguished political philosophers but also something of an intellectual brawler, never shying away from a fight. In "Conservatism," however, he is at his most emollient, and the book is all the better for it. Indeed, it is the shafts of melancholy and doubt that help make it one of the most eloquent and even moving evocations of the conservative tradition in Western politics, philosophy and culture I have ever read.

"Reflection on our way of life" is the "real thing that we value," Mr. Scruton writes, and the thing "that we wish to preserve from the philistines, the utilitarians and the progressives, whose empty materialism threatens to turn us away from our true spiritual inheritance." But, he adds in a telling, plaintive aside: "Culture becomes an object of conservation only when it has already been lost."

On one level this slim volume is the ideal primer for those who are new to conservative ideas—a kind of "conservatism: the greatest hits." Smith, Burke, Jefferson, Arnold, T.S. Eliot, Leo Strauss: They're all here. Less commonly celebrated writers, such as Michael Oakeshott and James Burnham, are restored to their place in the canon. Others who did not identify as conservatives—such as George Orwell and, stretching the point almost to breaking, Simone Weil—are claimed philosophically for the tradition.



THE BEST WHICH HAS BEEN THOUGHT AND SAID From the Enlightenment to today, conservatism has striven to defend civilization from empty materialism.

Mr. Scruton is an agreeable companion. His style is brisk and often amusing, and he has a nice way of summarizing complexity without being simplistic. Individual thinkers fit within a broader narrative that sets out to show how modern conservatism, beginning in the 17th and 18th centuries as a defense of tradition during debates over popular sovereignty, became an appeal on behalf of religion and culture against materialism in the 19th century. It then joined forces with classical liberals, such as Friedrich Hayek, in the fight against socialism in the 20th century and eventually became today "the champion of Western civilisation" against its enemies, notably "political correctness" and religious extremism. "In all these transformations something has remained the same," Mr. Scruton writes, "namely the conviction that good things are more easily destroyed than created, and the determination to hold on to those good things in the face of politically engineered change."

Among Mr. Scruton's many strengths is an ability to make fresh the ideas of writers who may otherwise appear bloodless or, worse, heartless. Adam Smith, for example, is famous (and often reviled on the left) for his defense of the market economy in "The Wealth of Nations." But

Smith himself saw his less well-known work, "The Theory of Moral Sentiments," as the more important book. There he developed his theory of the "impartial spectator," that part of ourselves that allows us to assess our own thoughts, feelings and actions and to pass judgment on their moral worth.

This ability to view ourselves from the outside, to see ourselves in fact as others see us, is for Smith the greatest of social goods, because it creates sympathetic feelings—the foundation of community—and implies a responsibility for others that will inevitably place limits on freedom. This idea, Mr. Scruton argues, is at odds with the extreme liberal view, which values the freedom of the individual "above all other things." The conflict, he says, is "one of the principal political issues of our time." It is a battle over whether liberty requires us to look at our own conduct and that of others from the standpoint of impartiality—to be able to say, in other words, that sometimes we may be wrong and that others within our community, even if they're our opponents, may have a point.

That ability to stand apart applies as much to our relationship to the past as it does to the present. We're all prone to what C.S. Lewis calls "chronological snobbery"—the uncritical sense that we know best and that what has "gone out of date is on that account discredited." This is a dilemma that often hits the young hardest: how, for example, to grapple with the complicated legacy of Thomas Jefferson, founding father and slave owner. Conservative writers since Burke have warned about the dangers of ripping up the entire proj-

and virtue [that] does not leave the man hesitating in the moment of decision, sceptical, puzzled and unresolved."

Later conservatives, such as Ruskin, Eliot and the literary critic F.R. Leavis, believed that the most effective transmission of that "wisdom and virtue" came primarily through culture and the arts. Certain cultural endeavors, they felt, might establish a bulwark against the alienation and loneliness of the industrial age.

"Many accuse conservatism," he writes, "of being no more than a highly wrought work of mourning, a translation into the language of politics of the yearning for childhood that lies deep in us all." Yet it is precisely in the sense of things slipping away that cultural conservatism makes its most important mark.

We are only able to recognize spiritual desolation in works such as Eliot's "The Waste Land," Mr. Scruton reminds us, "because there is something else—an ideal order, a state of spiritual fulfillment, and an artistic tradition that embodies those things."

Conservatism has remained a "vigorous if melancholy force" in more recent literature and the arts, but its political development gets to the questions that Mr. Scruton never

Please turn to page C9



RANCH HAND John Perry Barlow, probably in the 1970s.

The Opening Of a Western Mind

Mother American Night

By John Perry Barlow

Crown Archetype, 270 pages, \$27

BY CHRIS JENNINGS

IN OCTOBER 1967, during his junior year at Wesleyan, John Perry Barlow tried to single-handedly halt the dawning Age of Aquarius. Barlow, who would go on to become a lyricist for the Grateful Dead, a cattle rancher, a Republican operative, and a champion of a free and open internet, had just spent the Summer of Love in San Francisco. Having seen waves of saucer-eyed youth wash up in the Haight, and gotten fairly diluted himself, he believed that civilization was "headed over the falls." Barlow decided that it fell to him, the golden-boy student-body president, to get everyone else to slow down.

It was a conservative impulse, but Barlow, in the grip of a breakdown, chose a radical solution. He figured that if he did something out-

rageous enough, people might "take a hard look at where we were headed." Growing up on a large ranch in western Wyoming, he had learned to make bombs of the sort you might use to clear a frozen horse carcass off a trail. He mixed up 25 pounds of explosives in a plastic bag, encased it in ball bearings and duct tape, and drove to Cambridge, Mass. He planned to climb into the lap of the bronze statue of John Harvard in Harvard Yard and blow himself up. Concerned friends tipped off the president of Wesleyan, who tracked Barlow to an apartment in Cambridge and talked him down. After a few weeks at a psychiatric facility in Hartford, Conn., he returned to class as if nothing had happened, but Barlow's unusual mix of conservative and radical instincts would define the rest of his life.

In "Mother American Night: My Life in Crazy Times," a tender, scattershot memoir co-written with Robert Greenfield, the fact that Barlow, who died in February at 70, "nearly became America's first suicide bomber" is presented as a (thankful) near miss in a remarkably "Zelig-like life." It is probably time to retire that shopworn conceit, which invariably nudges biography toward name-dropping. Besides, the original Zelig's curse was that he helplessly assumed the characteristics of whomever he was with. Barlow was always Barlow, whether he was out on the road with the Dead,

teaching JFK Jr. to fly, silk-screening at Warhol's Factory, helping manage Dick Cheney's first congressional campaign, dating the Dalai Lama's sister, or inventing the ways we think about the digital frontier that he christened "cyberspace."

Barlow writes that his first acid trip, in 1965, was possibly the most important experience he ever had. "I went someplace overwhelmingly different that night and, to a large extent, I have stayed there throughout the rest of my life." And that was before he began his nearly three decades with the Grateful Dead, for whom he wrote the lyrics to more than two dozen songs between 1971 and 1995.

The critic Greil Marcus wrote that the Band's swerve into down-home music at the height of the psychedelic craze served as "a passport

back to America" for young people who felt like foreigners in their own country. Barlow, who wrote lyrics while running his family's ranch back in Wyoming, performed a similar service for the Dead, offering the BMW-driving, Marin County long-hairs a direct line to the cowpokes and working stiffs who populate the mythic frontier of their songs. Grateful Dead rhythm guitarist Bob Weir, whom Barlow befriended at a Colorado boarding school, worked two months on the Barlow ranch in the late '60s and is still wearing the hat and jangling his spurs. With the Dead and in his subsequent adventures in Silicon Valley, Barlow often served as a sort of modern-day Buffalo Bill: a one man stand-in for the American West.

At times in "Mother American Night," Barlow's insistence on his status as a Republican despite his affinity for liberal causes comes across as a gentle provocation. There is also a strong dose of filial loyalty involved. His father was an influential Republican legislator, and Barlow is proud of his family's Mormon lineage and pioneer roots in Wyoming, which he warmly describes as "the most conservative place in the non-Islamic world." He was elected GOP county chairman in 1978. When, a decade later, he ran for his father's old seat in the state Senate as a Republican, he lost by a single vote after being denounced for his opposition to the Vietnam War by his opponent, who happened to be a good friend.

Barlow's own conservatism is of the Western libertarian variety. He was first drawn to Dick Cheney in the late '70s by their shared belief that bureaucrats in D.C. have too much influence over Wyoming's extensive public lands. Barlow served as campaign coordinator for Mr. Cheney's first congressional race, and the two men maintained a working and fishing relationship for years. Barlow's opinion of the former vice president—"one of the two smartest men I've ever met" and "the most beautiful fly fisherman I have ever seen"—steadily darkened over the years. Even so, having accidentally shot Bob Weir in the nose on his own wedding day, Barlow is sympathetic to Mr. Cheney's 2006 quail-hunting mishap. "Hell, that

Please turn to page C8

BOOKS

'A good Navy is not a provocation to war. It is the surest guaranty of peace.' —THEODORE ROOSEVELT

The Life and Times of John Perry Barlow

Continued from page C7

sort of thing can happen to goddamn near anyone."

Barlow was a man with many constituencies, but the largest audience for his biography will surely be Grateful Dead fans keen to learn the often surprising stories behind songs like "Mexicali Blues" or "Feel Like a Stranger." For readers already steeped in the band's history, many of Barlow's anecdotes will be uncannily familiar. I counted 10 stories that appear almost verbatim in other books—testament to the fact that Barlow, a brilliant raconteur and self-declared "mythological fellow," spent decades polishing his material. Deadheads, he notes with obvious affection, "are hapless and completely credulous and will believe anything you tell them."

It was through the Dead and their devotees in Silicon Valley that Barlow was invited to give a talk about songwriting at Apple headquarters in 1987. Before long he was obsessively tinkering with computers and installing an illegal modem at his ranch. Barlow immediately understood the nascent internet in psychedelic terms, as a form of group consciousness and as a new frontier of human community. While he calls himself a nerd, he was not a programmer. His great contribution to the Information Age was to be among the first to recognize that the technology that allowed computers to communicate with each other was not just a tool; it was a place. Borrowing a term from a William Gibson novel, Barlow was the first person to call this region "cyberspace." He predicted that a new type of society would take root there: It is "a perfect breeding ground for both outlaws and new ideas about liberty."

Like any frontier, cyberspace needed to be defended against powerful interests pressing in from outside. After watching the Secret Service harshly prosecute a band of fairly harmless hackers in 1990, Barlow began to advocate a point that now seems obvious: that the protections of the Constitution ought to extend into the electronic wilderness. Later that same year, he co-founded the Electronic Frontier Foundation, an organization that is still the leading defender of civil liberties online. Barlow's most well-known piece of prose, oddly unmentioned in "Mother American Night," is the 1996 "Declaration of the Independence of Cyberspace": "Governments of the Industrial World, you weary giants of flesh and steel, I come from Cyberspace, the new home of Mind. On behalf of the future, I ask you of the past to leave us alone."

In the late 1980s, decades after Barlow almost blew himself up to stop civilization from coming unraveled, he developed an intimate friendship with that charming huckster Timothy Leary. At Beverly Hills cocktail parties, Leary always introduced his cowboy friend the same way: "Here's Barlow. He's an American."

Mr. Jennings is the author of "Paradise Now: The Story of American Utopianism."



FIVE BEST BOOKS ON WESTERN NAVAL HISTORY

Craig L. Symonds

Professor of maritime history and author of 'World War II at Sea'

The Two-Ocean War

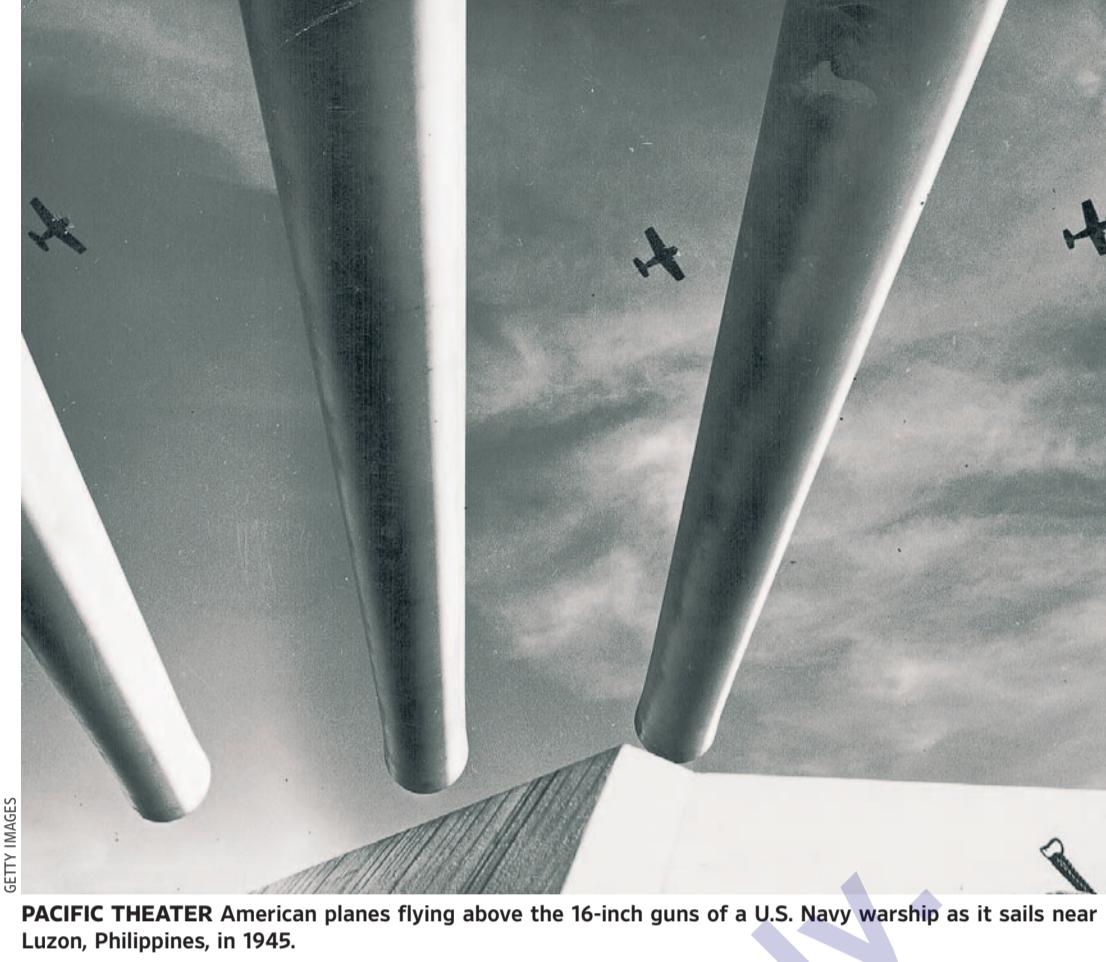
By Samuel Eliot Morison (1963)

1 The greatest naval war in history took place during World War II, and the greatest navy of that war was the one the U.S. built between 1940 and 1943. In 1942, President Roosevelt granted Harvard history professor Samuel Eliot Morison a commission in the Navy Reserves with orders to compile a chronicle of the naval conflict. Morison went to sea with the fleets in both oceans and gathered raw material from a vast team of scholar-sailors. What emerged was a 15-volume series with the apt but unexciting title "The History of United States Naval Operations in World War II." The books sold well and remain in print, but for those intimidated by a 15-volume history Morison also wrote this single-volume version. It provides the kind of analysis that is possible only after the fact, while still retaining the tone and immediacy of the initial volumes. At the Battle of Midway, for example, the Japanese flagship is not merely destroyed; it "sank hissing into a 2,600-fathom deep."

From the Dreadnought to Scapa Flow: Vol. 1, The Road to War, 1904-1914

By Arthur Marder (1961)

2 This masterpiece by Arthur Marder, dean of British naval history, is the first volume of a five-volume history of the Royal Navy in World War I, and covers the decade prior to the outbreak of World War I. The HMS Dreadnought of the title refers to a British battleship, launched in 1906, that was armed with only the largest-caliber naval guns, making earlier battleships all but obsolete. Its appearance accelerated a naval arms race with Imperial Germany and helped trigger the outbreak of war. "In such a tinderbox age," Marder writes, "it was believed that no government and no people would respect vacillation or weakness." The key figure in the story is Britain's first sea lord, John "Jacky" Fisher, who dominated British naval policy in this era. Marder



PACIFIC THEATER American planes flying above the 16-inch guns of a U.S. Navy warship as it sails near Luzon, Philippines, in 1945. GETTY IMAGES

notes that Fisher was "a vigorous, exuberant writer." The same can be said of Marder.

Six Frigates

By Ian Toll (2006)

3 The U.S. didn't become a naval power until near the end of the 19th century. Indeed, in its formative years it struggled with the idea of whether it should have a navy at all. Ian Toll, the author of a planned trilogy on World War II in the Pacific, begins his history of the U.S. Navy in the Age of Sail with the decision in 1794 to build the six frigates of his title. He steers a compelling narrative from the nation's beginnings to 1815, a time when the permanence of a U.S. Navy was at last assured. The original six frigates proved remarkably effective in both the Quasi War against France in 1798 and the War of 1812 against England, when "America's tiny fleet . . . shocked and humbled the mightiest navy the world had ever known."

Commodore Hornblower

By C.S. Forester (1945)

4 If the defeat of the Spanish Armada in 1588 marked the beginning of the Age of Sail in Western history, the great sea battles—from 1792 to 1815—of the Napoleonic Wars marked its apotheosis. Among the novelists attracted to this history none, perhaps, is quite the equal of C.S. Forester (though fans of Patrick O'Brian may disagree). Forester's 12 novels about the fictional Royal Navy officer Horatio Hornblower constitute a milestone in naval history and a high point in naval fiction. This volume covers Hornblower's service in the Baltic Sea during Napoleon's ill-fated invasion of Russia in 1812. Hornblower's role in the defense of Riga proves so daunting that it nearly undoes him—he's shocked to see his face in a mirror: "It had never occurred to him that his face, Hornblower's face, would tell tales about him as other men's faces told tales about them. . . . Only with extreme care could he pick his way to his cot, and fall across it, face down."

The Armada

By Garrett Mattingly (1959)

5 Garrett Mattingly grounded his work about the defeat of the Spanish Armada in archival research, but his vivid account reads like a suspense novel. It begins with the 1587 beheading of Mary Stuart, Queen of Scots, and continues with hardly a pause to the dramatic destruction of the Spanish fleet off the Scottish coast. A fascinating cast of characters propels the narrative, not least among them Elizabeth I, who "had mounted a throne already tottering" and felt compelled to rule England "by the arts which a clever woman rules a lover." As Mattingly archly notes, "how much art there was in her conduct and how much nature, a mere historian cannot be expected to say." Opposing her is Philip II, who ruled Spain from a "cheerless little room in which the king now spent most of his waking hours." The opposing fleet commanders include the Duke of Medina Sidonia, a man of impeccable bloodlines but no naval experience, and Francis Drake, who had oceans of experience but was of dubious pedigree.

Postcards From a 'Collapsing' Country

**POLITICS**

BARTON SWAIM

To every man his own take on why voters are angry and the nation is in free fall.

Charlie LeDuff thinks he knows why. "Watching the unspooling of America from the street corners and the corner bars, listening to the people's desire for something new, I was not surprised by the rise of President Donald J. Trump," he writes in "*Sh*tshow! The Country's Collapsing . . . and the Ratings Are Great*" (Penguin Press, 276 pages, \$27). For three years, Mr. LeDuff crossed the country filming a travel-documentary series that aired on Fox. He interviewed down-and-outers and antiracism protesters and farmers and union toughs and witnessed, he says, a country coming apart.

Mr. LeDuff is a capable writer. His first-person, gonzo-style narration, full of profanity and asinine comments, is a bit of a shtick, but it's often funny. The trouble with the book is that it's

just like a TV series—it never stays in one place long enough for us to learn anything. There are moving moments, as when a worker on the oil fields of North Dakota says that his wife left him and that he no longer believes in God—"Buy me a shack in the woods in Idaho," he tells Mr. LeDuff. "That's all I want, a shack. That's my American Dream." But who is he and why do we care?

The chapters are just long enough to include a macabre anecdote or two—Mr. LeDuff being assaulted with an orange traffic cone in Ferguson, Mo., or being threatened by jet-ski-riding smugglers on the Rio Grande—and for the author to offer up some platitudinous reflection: "Things might be [messed] up in America, but we could fix them. America is the greatest experiment in the history of humankind." But he's far too impatient to witness anything so complex as a nation's unspooling.

Steven Brill agrees that the country's in bad shape and its people are vexed by it. As he writes in "*Tailspin: The People and Forces Behind America's Fifty-Year Fall—and Those Fighting to Reverse It*" (Knopf, 441 pages, \$28.95), "measures of public engagement, satisfaction, and confidence—voter turnout, knowledge of public policy issues, faith that the next generation will have it

better than the current one, and respect for basic institutions, especially the government—are far below the levels of a half century ago, and in many cases have reached historic lows. So deep is the estrangement that 46.1 percent of American voters were so disgusted with the status quo that in 2016 they chose to put Donald Trump in the White House."

THIS WEEK'S BOOKS**Sh*tshow!**

By Charlie LeDuff

Tailspin

By Steven Brill

It's a sprawling book, and Mr. Brill's central thesis is often submerged beneath his prolix explanations, but it's one that deserves attention. Since the middle of the previous century, he says, America and its elite institutions—he's thinking mainly of the nation's most prestigious prep schools, Ivy League universities, and top-tier banks and law firms—have increasingly prided themselves on their meritocratic principles: Who you are and where you come from matter less than what your gifts and discipline enable you to do. It's a fine and well-meaning impulse, but a meritocratic society places the best and brightest at the top,

and the best and brightest are very good at protecting their gains and positions. "The most talented, driven Americans," writes Mr. Brill, "chased the American dream—and won it for themselves. Then, in a way unprecedented in history, they were able to consolidate their winnings, outsmart and co-opt the government that might have reined them in, and pull up the ladder so more could not share in their success or challenge their primacy."

American meritocrats, then, become aristocrats by creating systems of laws and regulations that protect their wealth and status and ensure that others can't rise or compete. Hence what Mr. Brill calls America's "meritocratic aristocracy."

Readers who know his other books and journalism will recognize some of the same themes in "*Tailspin*": how investment banks and their lobbyists created laws that made them wealthy even when their clients lost everything; how pharmaceutical companies found ways to get researchers and physicians to promote their drugs even though the drugs hadn't yet received FDA approval.

Mr. Brill sometimes relies so heavily on his standard arguments that he misses points that would strengthen his theme. On ObamaCare, for instance, he mostly repeats what

he wrote in "*America's Bitter Pill*" (2015), insisting that passage of the Affordable Care Act should have been a bipartisan effort. The Heritage Foundation had originated the idea of the individual mandate, remember, and Mitt Romney had used it as governor of Massachusetts. Yet thanks to hyperpolarization brought about by a series of well-meaning reforms that nonetheless allowed extremists to dominate primaries and money to dominate everything, Republicans called ObamaCare a "government takeover of health care" and refused to have anything to do with it.

It's a nice debating point, but it fails to consider the historical circumstance (the bank and auto bailouts made many people justifiably fear further government encroachments) and sheer size of the Affordable Care Act, which went far beyond a mere insurance mandate. And surely ObamaCare is precisely the sort of inscrutably complicated mass of laws and regulations that allows a few to flourish—insurers and their lobbyists, hospitals and their executives—and leaves millions of supposed beneficiaries more confused than they were before, all the while paying higher premiums. Maybe some of them were so confused and estranged that they helped to put Mr. Trump in the White House.

BOOKS

'I am . . . sorry for wounding the feelings of anyone I care for but otherwise it is difficult to wholly regret days of beauty & romance.' —MARY WYNDHAM



THREE GRACES An 1899 portrait by John Singer Sargent of the Wyndham sisters—(from left) Madeline, Pamela and Mary—which in the background includes George Frederic Watts's 1877 portrait of their mother.

Gilded Captives of Their Time

Those Wild Wyndhams

By Claudia Renton
Knopf, 458 pages, \$30

By RICHARD DAVENPORT-HINES

CLAUDIA RENTON is an empowered 21st-century woman. She studied history at Oxford University, where she was awarded first-class honors. After university, she was an actress on television, with the Royal Shakespeare Company and at the National Theatre in London. Then she qualified in law and is now a barrister specializing in investment-fund frauds, international arbitration, intellectual property rights and media law. In 2017 the "Legal 500 UK Bar" ranking declared that "she has it all, and will go a very long way."

Her formidable success gives a special, beguiling quality to her debut book, "Those Wild Wyndhams." It is a group biography of three aristocratic sisters who were clever, privileged, rich and energetic but who, coming of age in the 1880s, never had a chance of going far. They had it all in terms of houses: Brought up in an architectural masterpiece called Clouds built for the father at the cost of millions of pounds, each married a man who inherited at least one great historic home. But they had few expectations. The Wyndham sisters were to marry young, give birth to heirs and manage large households. "A woman's only hope of self-expression in those days," recalled their contemporary the Countess of Airlie, "was through marriage."

Ms. Renton's own capacities and possibilities make her empathetic, but never condescending, toward the Wyndhams, gilded captives of their time and class. She admires their fortitude rather than pities their tragedies (the three sisters lost three sons and countless nephews in World War I). Above all, she celebrates sisterhood among a trio who sometimes had moments of exasperation but never a jot of envy or malice. Ms. Renton evokes the Wyndhams' aristocratic, cultivated milieu, the rich amenities of Edwardian England, and the stylish resignation the women maintained as their circumstances, their health and

their country irreversibly declined.

"Family love was almost a religion with the Wyndhams"—so said Mary Wyndham's daughter Lady Cynthia Asquith. They felt devotion to their brothers, George and Guy, rather than resentment at the boys' superior education and opportunities. All five children were ardent, volatile, and responsive to human temperament and artistic beauty. This is not surprising, as all had been brought up surrounded by exquisite and valuable objects at home: Henry James took Clouds and its owners as models when he wrote "The Spoils of Poynton," and there was even a real-life conflagration to match the one in the novel.

Three aristocratic sisters who were clever, privileged, rich and energetic but, coming of age in the 1880s, had no chance of going far.

P, the sisters' hot-tempered reactionary father, who was a connoisseur of the arts, paid John Singer Sargent £2,000 in 1899 to paint the famous oil portrait "The Wyndham Sisters." Sargent—described by a friend of the sisters as "very shy & not the least like an American"—produced "the greatest picture which has appeared for many years on the walls of the Royal Academy," reported the Times of London. Against the objections of the sitters, it was sold to the New York Metropolitan Museum of Art in 1927.

The most conventionally beautiful of the trio, Madeline (1869–1941), also led the most conventional life. She married a country gentleman, Charles Adeane, with family connections to the royal household. She remained faithful to him and devoted herself to her children, to needlework, to local government and to charitable deeds. "Perhaps the only hint of the bohemian roots of young Mrs. Adeane," Ms. Renton writes, "was the pet fawn that followed her, like a puppy, everywhere she went."

Her elder sister, Mary (1862–1937), married Hugo, Lord Elcho,

afterward Earl of Wemyss and March. He divided his time between dashing and dawdling. Beneath his shining charm he was self-centered and pettish. Worst of all, he became a reckless gambler (especially on the stock exchange) and then a serial adulterer as a further form of risk-taking. He became enthralled by Hermione, duchess of Leinster, fathered her youngest son, and nursed her through suicidal overdoses and fatal tuberculosis. Mary was forgiving about Hugo's affair and solicitous of his grief so that he would accept paternity of the child that she was carrying: It had been conceived in a tent in the Egyptian desert during a night with her cousin Wilfrid Scawen Blunt, the poet and anti-colonialist campaigner. Blunt was another serial adulterer, who had pursued a torrid affair with Mary's mother in the 1870s. The great love of Mary's life, however, was Arthur Balfour, prime minister from 1902 to 1905 and the foreign secretary whose Balfour Declaration of 1917 led to the creation of the state of Israel. Mary's intimacy with Balfour may not have gone very far:

He was an emotionally and perhaps sexually self-reliant man who made a pose of casual indifference. Pamela Wyndham (1871–1928), the youngest sister, was vain, spoiled and histrionic but was redeemed by her altruism and joy of life. When young she became infatuated with a notoriously callous lecher called Harry Cust. She was courted by her cousin Lord Drumlanrig, brother of Oscar Wilde's boyfriend "Bosie" Douglas. She was shocked when, following rumors that "Drummy" was the lover of the prime minister, Lord Rosebery, the wretched young man shot himself through the mouth. On the rebound, she married Eddy Tenant, a dull millionaire with an inherited fortune from the manufacture of dry bleaching powder. Henry Asquith, the Liberal prime minister who had married Tenant's sister Margot, was responsible for Eddy and Pamela becoming Lord and Lady Glenconner in 1911. Pamela's lovers included an unscrupulous young architect named Detmar Blow and a rich playboy politician, Ivor Guest. Her truest love was the Liberal politician Sir Edward Grey, who was foreign secretary in Asquith's government.

Ms. Renton is an elegant, amusing writer, with the lithe diction of a lawyer who wins her cases. Just occasionally she crashes into cliché: Then the sparks fly, and there are spanners in the works. These tiny blotches never mar a humane and tender portrait of three sisters in all their grandeur and vulnerability.

Mr. Davenport-Hines is the author, most recently, of the forthcoming "Enemies Within: Communists, the Cambridge Spies and the Making of Modern Britain."

She married him after Eddy Glenconner's death in 1920.

Mary and Pamela were members of "The Souls," an exclusive set of intelligent and discriminating aristocrats who entertained one another in their sumptuous country houses, where they perfected the conversational arts, played endless word-games and indulged in "behavior that startled, but amused," in Ms. Renton's words. Women in "The Souls" were treated more nearly as equals by the men than was usual at the time: The Wyndham sisters were liberated and enriched by this free-and-easy set.

At a time when other upper-class women thought "voluptuous" was an obscene word that must not be uttered in polite company, the Wyndham sisters practiced an unconscious about sex and gynecology that gives piquancy to Ms. Renton's book. They discussed and compared their menstrual cycles, which they nicknamed "Lady Betsy." Mary and Madeline both enjoyed their wedding nights ("Tout va bien") and found their honeymoons "delicious."

Pamela and Eddy Glenconner, though, seem to have been sexually mismatched: It was not until her late 40s that she had the revelation of reading Marie Stopes's treatise on female orgasm, "Married Love." After her second marriage to her long-term beau, Lord Grey of Fallodon, Pamela had a miscarriage at the age of 52 and (as she described to Marie Stopes) still hoped afterward to provide him with a son and heir to his peerage. Through her friendship with Stopes, she provided women villagers on her husbands' estates with contraceptive devices.

Ms. Renton is an elegant, amusing writer, with the lithe diction of a lawyer who wins her cases. Just occasionally she crashes into cliché: Then the sparks fly, and there are spanners in the works. These tiny blotches never mar a humane and tender portrait of three sisters in all their grandeur and vulnerability.

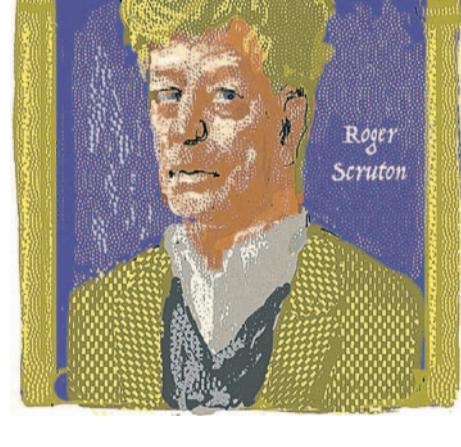
Roger Scruton's Conservative Canon

Continued from page C7

quite answers: What exactly is conservatism? And to what extent is it a coherent political tradition? Figures such as William F. Buckley Jr. and Russell Kirk seem part of a Burkean tradition that favors organic over politically engineered change. But in the postwar world that kind of conservatism was often outmuscled and out-thought on the right by the classical liberalism of Hayek and Milton Friedman and by the leading proponents of neoconservatism. Many of those who identified broadly as conservatives rejected organic change in favor of a radical transformation of society. There were the Reagan and Thatcher "revolutions." (Indeed, among Reagan's favorite quotes was that declaration from Thomas Paine about our having the power "to begin the world over again.") Margaret Thatcher was essentially a classical liberal—more Gladstone than Disraeli—and devoted to Hayek. In the middle of a policy debate she once slammed down a copy of "The Constitution of Liberty" declaring: "This is what we believe!" The postscript to Hayek's book is titled "Why I Am Not a Conservative."

Mr. Scruton, perhaps wisely, chooses not to wade into the choppy waters of contemporary politics; Donald Trump is not mentioned. But the question of "whither conservatism?" underpins the entire book. He talks of the "extreme" liberal-left view that valorizes the individual above all, but that analysis seems out of date. American liberals have increasingly seen the individual more as a member of groups based on race, gender and sexuality. And liberals can claim that conservatives now have their own brand of identity politics, pointing to the rhetoric, for example, about Americans as opposed to immigrants, about Christians as opposed to Muslims.

It would be a gloomy picture were it not for the glimmer of hope that Mr. Scruton offers. That chink comes through the American "genius for civil association"—something Tocqueville first noticed in the early 19th century. Such is the "vastness of America, its great wealth and opportunities," Mr. Scruton writes, that "the conservative virus, notwithstanding the most vigorous fumigation from the left, will always be taking root again in some dank and life-infested corner." Pleasingly for this reviewer at least, that corner turns out to be the system of liberal-arts colleges that Mr. Scruton says are the key to maintaining a heterodoxy of ideas within civic society. The notion may come as a surprise to those who see such schools as bastions of left-wingery. But they are



committed to the study of enduring humanistic questions. While universities become increasingly vocational and professional, it is the liberal-arts colleges that preserve the humanistic tradition, and the preservation of that tradition is, in turn, central to the preservation of Western identity.

If this tradition is to flourish throughout society, it has to hold friendship as its ultimate foundation, as Aristotle reminds us. For conservatives that surely requires a deep commitment to the ideas that Mr. Scruton rehearses here: to Adam Smith's notion of the "impartial spectator" who understands that a society of free individuals is founded in "sympathetic feelings"; to Burke's conviction that if society is an association between the dead, the living and the unborn, then it entails an obligation to the members of the rising generation and a recognition that shouting at them as "snowflakes" is a betrayal of that obligation. For ultimately the "great tradition," in the words of Matthew Arnold, is for all of us the "means of getting to know, on all matters which most concern us, the best which has been thought and said in the world, and through this knowledge, turning a stream of fresh and free thought upon our stock notions and habits."

Mr. Aldous, a professor of British history at Bard College, is the author of "Reagan and Thatcher: The Difficult Relationship," "The Lion and the Unicorn: Gladstone vs. Disraeli" and, most recently, "Schlesinger: The Imperial Historian."

BOOKS

'Literature led me to freedom, not the other way round.' —ISMAIL KADARE

The Conscience of His People

BY SAM SACKS

IN A 1985 ESSAY on the tragedian Aeschylus, the Albanian writer Ismail Kadare argued that the most remarkable thing about the ancient Greeks—even more than their invention of philosophy and democracy—was their sense of “collective regret.” A brave claim, but consider: Centuries earlier, the Greeks had waged a savage and morally indefensible war against Troy. A less developed civilization would have erased that shameful period from its memory. Instead, the Greeks made it the touchstone of their literature. “The crime was exposed from all angles by the Greeks themselves, without any pressure exerted by other nations,” Mr. Kadare writes. “It was an unprecedented exorcism, a shocking act, simultaneously liberating and emancipating. For the first time in the history of mankind, the conscience of a people was willfully undergoing such a disturbance.”

In a raft of books since the 1960s, Mr. Kadare, now 82, has followed the example of the Greeks in all but impossible circumstances. He was Albania’s most renowned author under the Stalinist rule of Enver Hoxha, who presided over a regime of forced collectivization and ruthless suppression from the end of World War II until 1985. He is his country’s most renowned author still.

By its nature, totalitarianism conspires to keep the conscience in a state of slumber. It demands a spiritual lassitude that facilitates obedience. Mr. Kadare was hardly free from the state’s interference—over his prolific career he moved between concessions to and coded critiques of Hoxha’s government, and he was published and censored by turns. Yet, as three newly translated books demonstrate, he has remained faithful to what he has called “the fundamental function of literature: maintaining the moral torch.”

Mr. Kadare’s essay on Aeschylus appears alongside discursive considerations of Dante and Shakespeare in *“Essays on World Literature”* (*Restless Books, 208 pages, \$19.99*), translated by Ani Kokobobo. The collection serves as a kind of Rosetta Stone to deciphering his influences and motivations. These classics, he asserts, speak as much to the plight of Albanians as to anyone else. He sees Aeschylus’s Prometheus, the hero savagely punished for giving fire to mankind, as one of the first figures in literature to oppose tyranny—in this case the blithely destructive Olympian gods—in order to “preserve humanity.” He calls *“The Divine Comedy”* the only work that, for him, “reflected both the darkness and light of communist Albania.” And he points out that like the Eastern European writer of the 20th century, Shakespeare was probably under continual observation.

Mr. Kadare’s dialogue with the Western canon continues in the novel *“A Girl in Exile”* (*Counterpoint, 185 pages, \$25*), originally published in 2009 and set in the



MAINTAINING THE TORCH Kadare in 2005.

early 1980s. The story centers on a famous Albanian playwright named Rudian Stefa, whose current work-in-progress is a drama that, evoking *“Hamlet”* and *“Macbeth”*, features the ghost of a communist partisan murdered during World War II. So when he’s called in for questioning by the Party Committee, he assumes he’s going to be upbraided for violating the tenets of socialist realism. Instead the investigator asks him something out of left field. Rudian once inscribed a book to one Linda B., a young woman long held under house arrest because of her parents’ aristocratic background. The woman has since committed suicide. What, the investigator asks, does Rudian know about her?

Very little, is the answer, and the mystery is compounded by the erratic appearances of another young woman named Migena, with whom the playwright has become infatuated. Migena seems to be privy to Linda B.’s tragedy but she goes missing after the interrogation—that her name is an anagram of “enigma” is perhaps too on the

nose—and in his bewilderment Rudian reaches out to an unlikely figure: the investigator. In a succession of taut, slow-boiling scenes, the playwright and the government officer meet for coffee and attempt to tease out each other’s secrets.

THREE BY ISMAIL KADARE

A Girl in Exile: Requiem for Linda B.

The Traitor’s Niche

Essays on World Literature: Aeschylus, Dante, Shakespeare

into tracking down Migena and pressuring her to return to his bed. As Rudian is in many ways modeled on Mr. Kadare himself, this constitutes a disquieting act of candor and soul-searching. *“A Girl in Exile”* is erotic, paranoiac and lightly fantastical—Linda B.’s ghost begins to disturb the narrative like the partisan in Rudian’s play—but its lasting feeling is of shame. *“In front of her,”* Rudian thinks of Linda B., *“everybody was guilty: this country, the times they lived in, everyone, including himself.”*

If *“A Girl in Exile,”* with its reckoning of the moral compromises made under totalitarianism, is typical of Mr. Kadare’s post-Communist writing, *“The Traitor’s Niche”* (*Counterpoint, 200 pages, \$25*) exemplifies the remarkable multilayered fiction he created during Hoxha’s rule. This novel was published in 1978 and is of a piece with two of his greatest books, *“The Three-Arched Bridge”* (1979) and *“The Palace of Dreams”* (1981), novels that reworked Albanian history and folklore to subtle allegorical purposes.

The event that informs the novel is the rebellion of Ali Pasha, the Albanian governor who tried to break away from the Ottoman Empire and was killed by the Sultan’s forces in 1822. The focus is not on the uprising so much as its grisly souvenir: Ali Pasha’s severed head, which is preserved in ice, transported to an appointed plaza in Constantinople and displayed as a warning to would-be insurgents. Mr. Kadare revolves among a cast of characters variously connected to that gruesome emblem of authoritarian violence. Abdulla is a 31-year-old civil servant whose job is to inspect the head each day and report any signs of decay. Tundj Hata is the courier who brings the head across the hinterlands of the empire and secretly lines his pockets by showing it off to villagers en route:

The head was establishing its rapport with the crowd. Its glassy eyes sought human eyes. Death hung in the air, transparently visible. As the cold tightened its grip, the spectators felt drawn closer to the frontier of death, almost touching it. In a few moments the crowd and death would congeal in a waxen, translucent unity.

Like *“A Girl in Exile,”* the translation is by John Hodgson, who has superbly captured Mr. Kadare’s mixture of stark expository writing and sudden swerves into hallucinatory imagery (the darkness on the frontier reminds the courier *“of a horse stripped of its hair”*). The book’s political intentions are shrewd and unmistakable. By depicting the corruption and whimsical cruelty of the Ottoman Empire, Mr. Kadare smuggles in a damning appraisal of Albanian Communism. But it would be wrong to think of this novel as an Orwellian political allegory. Its evocation of the past feels both contemporary (tourists flock to Istanbul to gawk at the severed head, and you can almost imagine them taking cellphone photos) and outside of time. Mr. Kadare has more in common with William Faulkner, a writer who spins mythology out of regional legends.

This, too, is a moral project as well as an artistic one. In *“The Traitor’s Niche,”* Mr. Kadare delineates the Ottoman Empire’s efforts to vouchsafe subservience by expunging Albania of its language and customs. This unforgettable novel adds to his lifelong work of cultural reclamation. The past is uncannily present in his books—a phantom that walks among the living, or a severed head that seems to lock you in its gaze.

Mr. Sacks reviews fiction for the Journal.

A Postmodern Procedural



IN HIS WONDERFUL 2016 novel *“Magpie Murders,”* London author Anthony Horowitz juxtaposed a dead mystery writer’s final manuscript with an editor’s investigation into that writer’s checkered life and suspicious demise. Mr. Horowitz continues his imaginative literary gamesmanship in his witty and suspenseful new work, *“The Word Is Murder”* (*Harper, 390 pages, \$27.99*), an irresistible page turner in which he himself purports to be the narrator.

This fictional Anthony Horowitz, like his real-life creator, is successful and prolific, writing books and TV and movie scripts at an unrelenting pace, and taking meetings with the likes of film directors Steven Spielberg and Peter Jackson. He hardly needs the business proposal of an ex-police detective named Daniel Hawthorne, who says: “I want you to write a book about me.”

Hawthorne still does unofficial consultancy work for the police, he says: “They use me when something unusual happens . . . outside their everyday experience.” Like a new case he has just begun work on: A woman went into a funeral parlor and made arrangements for her own eventual burial; six hours later she was strangled to death in her home.

Horowitz is intrigued by these events, but he’s wary of the enigmatic and secretive detective, with his “strange energy” and “mix of malice and

single-mindedness.” Hawthorne “certainly had a magnetic personality,” the writer notes. “Although, of course, magnets can repel as well as attract.” The two men are like chalk and cheese; but the author accepts the ex-cop’s offer to document his life, as well as this particular case, and agrees to play Watson to Hawthorne’s Holmes. A second murder, which the duo discover together, ups the ante and seals the bond of their unusual partnership.

“The Word Is Murder,” with its dry tone and insider anecdotes about publishing and the movie business, is certainly one of the most entertaining mysteries of the year. It’s also one of the most stimulating, as it ponders such questions as: Which is of greater interest to the reader, the crime or the detective? And: Is the pencil truly mightier than the butcher knife?

The first sentence of South Korean author You-Jeong Jeong’s disturbing but absorbing crime novel *“The Good Son”* (*Penguin, 309 pages, \$16*) is: “The smell of blood woke me.” Things will be explained bit by bit, as the narrator—a 25-year-old named Han Yu-jin, who aspires to go to law school and lives with his mother and adoptive brother in the Seoul area—unfolds his complex narrative.

The first question confronting Yu-jin—why is he caked in blood—proves difficult to answer: Yu-jin takes power-

ful medication (apparently to suppress epileptic seizures), which he periodically abstains from, leaving him prone to both memory lapses and hallucinations. There’s no doubt, though, that Yu-jin’s mother’s bloody corpse is in the apartment with him. Was she murdered by an intruder? Did she attack her own son, and he killed her in self-defense? It later seems apparent that whatever took place the night before has something to do with the mutilated corpse of a young woman found at a nearby pier.

“Nothing made sense,” Yu-jin complains, and yet: “I had to know.” Before long, more dead bodies will complicate Yu-jin’s remembrances.

As the narrator discovers facts and fills in blacked-out patches, we realize that we are lending our ears to a young man who admittedly has “a slippery relationship with the truth,” whose goal to become a defense lawyer is fed by the belief that “morality [is] all about painting a picture to help your case. . . . Being true to life wasn’t the only way to tell a story.” But even in Yu-jin’s fitful manner, full of self-justification and rationalization, reality trumps the unreliable narrator.

“The Good Son” (who is anything but) is not so much a mystery story, then, as the case study of a psychopath, an unlikely thriller that we continue to read—thanks to Ms. Jeong’s controlled prose, as rendered

into English by Chi-Young Kim—with a sickened sort of fascination. It’s a testament to the author’s skill and seriousness of purpose that she maintains suspense about her inhuman-seeming protagonist’s fate until the bitter end.

THIS WEEK’S BOOKS

The Word Is Murder

By Anthony Horowitz

The Good Son

By You-Jeong Jeong

Still Lives

By Maria Hummel

Many Los Angeles residents perceive their sprawling city, with its semi-tropical climate and apparent wealth of opportunity, as a virtual paradise. But Maggie Richter, the Vermont transplant narrating Maria Hummel’s splendid art-world thriller *“Still Lives”* (*Counterpoint, 277 pages, \$26*), notices mostly its fault lines: “Failure. . . . I saw it everywhere, like dark matter, holding the city together. Ninety-nine out of a hundred people who come to L.A. eventually fail.”

Maggie, 28 now (in 2003), had arrived in L.A. four years before with her boyfriend, Greg, who has left her for a rising-star painter and opened his own art gallery. Maggie is left working at the “floundering private museum” where Greg’s new love is about to open a

shocking new exhibit of canvases depicting well-known female murder victims, from the Black Dahlia to Nicole Brown Simpson. On the exhibit’s glittery opening night, though, the artist, Kim Lord, disappears. Is this a publicity stunt? A conceptual extension of the artist’s work?

The police say it’s foul play and arrest boyfriend Greg. Bloody evidence is discovered at his home. “I just don’t believe Greg is guilty of murder,” says a still-smitten Maggie, who is determined to find an alternative solution. Meanwhile, Greg’s lawyer sees the jilted Maggie as an excellent possible suspect. But Maggie fears her amateur sleuthing has brought her to the attention of whoever made Kim Lord disappear: “Didn’t I see that car behind me on Sunset?”

Ms. Hummel captures characters in a single stroke: the art dealer with the “tan, metallic look” of “prosthetic limbs, things that are made to look natural but are creepy instead”; the careerist’s wife, “a predictably pale blonde with a talent for smiling without seeming friendly at all.” Having herself worked in a museum, she speaks with authority of that sealed world: “The artist-dealer-collector triad is . . . soaked in cash. Most . . . transactions happen behind closed doors.”

“*Still Lives*” is both savvy and lyrical—the perfect beach read for either coast.

BOOKS

The illusion of the art center tends to drift from one place to another. Back in the '60s I thought London was where it was going to settle.' —ROBERT RAUSCHENBERG

Art That Felt Like Reality

Modernists & Mavericks

By Martin Gayford

Thames & Hudson, 352 pages, \$39.95

By DOMINIC GREEN

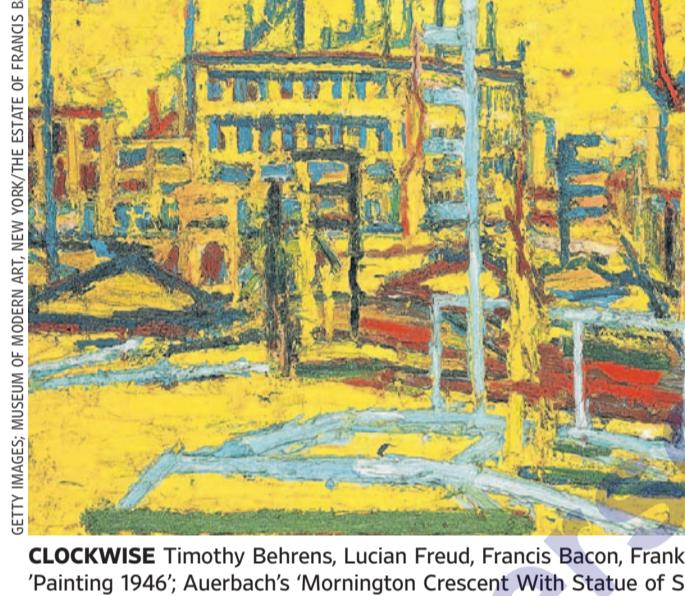
ON NOV. 12, 2013, Christie's New York sold Francis Bacon's "Three Studies of Lucian Freud" (1969) for \$142.4 million. A painting made in London within living memory thus became, for a while, the most valuable piece of art ever sold at auction. As Martin Gayford writes in his superb group biography, "Modernists & Mavericks," the work created in the years after World War II by artists like Bacon, Freud, Frank Auerbach, Leon Kossoff, Bridget Riley and David Hockney now seems "hugely more significant—internationally—than it did, for the most part, when it was being created."

Martin Gayford has had his portrait painted by David Hockney and Lucian Freud, collaborated on a previous book with Mr. Hockney and known every major protagonist among his maverick modernists. As he traces London's art scene from the 1940s to the 1970s, the configuration of friends and rivals he presents is as lucid as a family tree. Filled with vivid anecdotes that might have otherwise disappeared into the Soho air, "Modernists & Mavericks" is Mr. Gayford's masterpiece, and a major work of modern art history.

The adverse conditions of postwar London turned out to be propitious for creativity. The city had been badly bombed, so short-term studio rentals were cheap. With rationing still in effect, starving artists went no hungrier than anyone else. During the war, "Neo-Romantic" painters such as Graham Sutherland and John Craxton had turned toward the native visionary traditions of William Blake and Samuel Palmer. Sutherland recalled seeing, in 1940, a twisted elevator shaft standing in the rubble of a former building that evoked "a wounded tiger in a painting by Delacroix."

Peace reconnected Britain to the rest of Europe and revived engagement with Modern painting. What ensued was a delayed detonation of creativity. In late 1945, so many students flocked to the Camberwell School of Art in London that the municipality had to provide extra buses. Craxton and Freud, desperate to see a Picasso exhibition in Paris, tried to smuggle themselves across the Channel on French fishing boats. Caught and returned by the coast guard, they finally made it to France in 1946. In the same year, Mr. Gayford writes, they met "someone who was to matter more to Freud, both as a person and a painter, than Picasso or anyone working in Paris: Francis Bacon."

Paris was producing existentialist literature, but London had Bacon, the artist of existentialist life, a reckless gambler and homosexual masochist. Prewar British artists had toned down Picasso's sex and violence. Bacon, believing that Picasso had exposed "the psyche of our time," intensified



CLOCKWISE Timothy Behrens, Lucian Freud, Francis Bacon, Frank Auerbach and Michael Andrews in 1963; Bacon's 'Painting 1946'; Auerbach's 'Mornington Crescent With Statue of Sickert's Father-in-Law III, Summer Morning' (1966).

Picasso's atmospherics. In the canine contortions and silent howls of "Three Studies for Figures at the Base of a Crucifixion" (ca. 1944), the Christian triptych becomes a vessel of inchoate brutality.

Self-taught, Bacon worked from an "image bank" of photographs. Bacon, Mr. Gayford notes in a typically adroit summary, had "little facility with line" but an "intuitive feeling for paint—its substantiality, its fluidity, the things it could do." What Bacon wanted paint to do was to make "a direct assault upon the nervous system" through forced intimacy, the "complete interlocking of image and paint."

In "Painting 1946" (1946), a gorilla-faced man in a suit stands surrounded by an architecture of butchered meat, with a spectral figure on its knees in front of him. The gorilla's rictus

emerges from Bacon's image bank and the collective memory of the age—photographs of Nazi leaders, raging before microphones. The painting has the emotional rawness Bacon called "the whole horror of life, of one thing living off another." But the physicality of the raw meat Bacon has included also places it close to the tradition of painterly gore that runs from Rembrandt to Chardin, and to Bacon's contemporary, Chaim Soutine.

Meanwhile south of the Thames, David Bomberg, the overlooked and underrated "English Soutine," taught painterly rawness at Borough Polytechnic, and William Coldstream taught Academic draftsmanship at Camberwell. Coldstream sought to compile an "objective" image by the slow accumulation "dot and carry" pencil marks, their detail amassing

into resonant if cool subjectivity. With Bomberg's pupils Leon Kossoff and Frank Auerbach, the sheer thickness of the paint enters three-dimensionality and becomes sculptural. In the trenches and craters of impasto, we see Bomberg's "spirit in the mass"—the inner life of the subject, be it the broken city or the contemplative portrait.

While the transcendental aims and dramatic brushwork of the "Borough Group" were a local parallel to the Abstract Expressionists in New York, the next generation of London artists were at times ahead of their American contemporaries. In 1952, the year of Andy Warhol's first solo exhibition, Eduardo Paolozzi had projected "images from American magazine advertisements" at an event at London's Institute of Contemporary Arts. The collage tech-

nique was that of the Surrealists and Dadaists, but Paolozzi presented "a kaleidoscopic vision of an imagined future"—and an incipient reality. In the '50s, affluence and Americanization started to change the cultural atmosphere: 1956, the year of Elvis, also saw the Clean Air Act, which, abolishing the Victorian "pea-souper," sharpened and brightened London's light.

In 1957 Richard Hamilton defined a new "pop" sensibility: "low-cost, mass-produced, young, witty, sexy, gimmicky, glamorous." Four years later, Hamilton's friend Lawrence Allday carried the term to New York. And four years after that, the classicizing abstractionist Bridget Riley arrived at the opening of the Museum of Modern Art's survey of "Op art" to discover not only that was she an Op artist, but that "half the people at the private view" were wearing "clothes based on her work."

"Pop Goes the Easel," the BBC exclaimed in a 1962 documentary on British Pop art. But easel painters, already a century into their struggle with photography, could depict emotional depth as well as surface gloss. That year Bacon presented "Three Studies for a Crucifixion," another harrowing triple-play of Rembrandtian gore, fascist menace and existential despair, at a Tate retrospective that traveled to the U.S. As Bacon established himself at "the pinnacle of art world fame," Freud struggled toward his own mature style of thick brushwork and microscopic observation.

In the 1960s the Royal College of Art produced a remarkable crop of painters, including the Ohio transplant R.B. Kitaj and the prodigal, prodigious David Hockney. But paint fell from fashion in Swinging London and was soon politically suspect too. London's art schools started swapping drawing classes for conceptualism and cameras. Freud had trouble selling his work in the 1960s, and Mr. Hockney recognized in the 1970s that his naturalism was considered "utterly retrograde." Yet Bacon's career reached a second peak in 1971 with a retrospective at the Grand Palais in Paris, Freud's fortunes revived with a 1974 exhibition at the Hayward Gallery and Mr. Hockney never faltered, even when, in 1976, he dismissed much self-proclaimed modernist work as "junk."

In that same year, Kitaj coined the phrase "School of London" for the Hayward Gallery's exhibition, "The Human Clay." Kitaj was speaking of shared time and space, rather than aesthetic similarities. But Mr. Gayford identifies a common thread of "idiosyncratic accommodations"—to the history of art, to photography, to war and its aftermath, to Romantic Paris and the romance of postwar London. He also detects a common pursuit of what Freud called "art that is in some way concerned with truth"—an effort to produce painting that, in Mr. Gayford's words, "felt like reality without imitating it."

Mr. Green is the culture editor of *Spectator USA*.

With Dad by My Side, There's Nothing I Can't Do



CHILDREN'S BOOKS

MEGHAN COX GURDON

Father figures offer lessons of love, leadership and reliability in two sweet picture books.

TO A SMALL CHILD, even a short-statured father looms large. The perception is as much emotional as it is physical, for while dads are obviously taller than toddlers, their natural power as teachers, protectors and authority figures also has a magnifying effect. In mottled, earth-toned watercolors, the illustrator Soosh captures this quality of paternal vastness in an endearing picture book, "*Dad by My Side*" (Little, Brown, 32 pages, \$16.99).

"With Dad by my side, there's nothing we can't do," a little girl proclaims while riding along on the shoulders of her curly-bearded father (see right), a colossus so huge that his T-shirts are constantly riding up to reveal expanses of plump, speckled torso. Enormous as he is, there's nothing steely or forbidding about him: As with a Botero figure, his hands and feet are comparatively dainty, his bulk a comforting solidity. Children ages 3-7 are likely to be captivated as well by the tininess of the man's daughter as she basks in her father's company, gazing up at him from beneath an oversize chef's hat as the pair makes omelets or napping on the sofa in the lee of his

massive chest. "Neither of us likes it when he has to go away," she tells us. We see her clinging to his suitcase as he looks down sadly. "But he doesn't miss a single lullaby, even when he's far from home."

A glum young musician gets some excellent fatherly (and motherly) counsel amid the colorful pageantry of New Orleans in "*The 5 O'Clock Band*" (Abrams, 40 pages, \$17.99), a picture book with illustrations by Bryan Collier that are as loud and joyfully assertive as the music of a slide trombone. Author Troy "Trombone Shorty" Andrews draws on an episode from his own childhood in this account of a boy, also named Shorty, who aspires to become the leader of the band he parades in with his friends.

The kids always meet at 5 p.m., hence the name of their group (and the book), but one day Shorty forgets to turn up. By the time he arrives at the

meeting point, everyone is gone. Discouraged, Shorty kicks around town wondering if he'll ever have what it takes to lead. Soon he meets Tuba Tremé, a famous tuba player, along with Queen Lola, "one of the best chefs in New Orleans, if not the world," and Big Chief, who leads a Mardi Gras drumming group.

Enriched by their advice, Shorty reunites with his bandmates: "I learned that we have all the ingredients we need for success," he tells them. "We have dedication. We honor tradition. And, most of all, we play with love. Now I know what it takes to lead."

In an author's note, Mr. Andrews explains more about the tradition of "second line" processions by youthful groups such as the 5 O'Clock Band that, in imitating their elders, have enlivened street life in New Orleans for more than a century.

The sly comedic collaborators Mac Barnett and Jon Klassen return to a slate-colored realm

of temperamental talking shapes with "*Square*" (Candlewick, 36 pages, \$15.99), a picture-book sequel to "*Triangle*," which came out last year. Our hero this time is a, well, boxy fellow with two stumpy legs, two expressive eyes that look out from the center of his body, and the habit of bringing square blocks of stone from inside his cave so as to add them to a pile.

"This is his work," Mr. Barnett observes. One day Circle happens to roll by while Square is working and gasps at what she takes to be his genius. "This is a wonderful sculpture," she says, admiring that day's block. "It looks just like you!"

As artists' friends have been known to do, Circle presses Square to make a sculpture of her, too. Alas, it is a task beyond the capacities of Square's "genius," and he spends a terrible rainy night chipping away until, by morning, he's surrounded by rubble. But what's this? When Circle arrives, she is enchanted by what he's done. Perhaps Square is a genius after all? Droll, subdued and enigmatic, this second

volume of a planned trilogy will delight children ages 5-9.

Gleeful artwork by Serge Bloch sets a manic pace for a comical chain reaction in "*Circle Rolls*" (Phaidon, 32 pages, \$16.95), a picture book about shapes written by Barbara Kanninen. In Mr. Bloch's drawings, jolts of color in different shapes—among them a blue circle, a fuchsia diamond and a cautionary red octagon—get personality from kinetic inky lines. Other lines are used to create little human figures that interact with the shapes, including a fedora-wearing fellow who sneezes and starts the ball rolling, as it were: "Circle rolls, Rectangle stands, Triangle points without any hands," Ms. Kanninen writes, as the blue orb rushes toward its angular friend. "Circle rolls, never stops, hits point . . . Circle pops!"

When the domino effect finally ends, the friendly shapes collect and reassemble all the scattered bits of blue, allowing Circle to come full circle in this rhyming escapade for 3- to 5-year-olds.



LITTLE BROWN

BOOKS

'The magic of recorded music is that we can all reach the highs that great artists reach.' —SEYMOUR STEIN

An Ear for What Was Next

**Siren Song:
My Life in Music**

By Seymour Stein

St. Martin's, 342 pages, \$28.99

BY WESLEY STACE

IN 1988, ARMED WITH a guitar and a few songs, I was walked up to Sire Records' London office by my manager. At the time I had but one release to my fake name (John Wesley Harding): a misguided, live solo debut LP, of which the only review I remember suggested that the last thing the world needed was a Cambridge University-educated singer and protest-songwriter. My manager blamed England for the bad press: America had a longer memory and a greater love of the acoustic guitar as a means of folk-rock statement and storytelling. Next stop: Sire.

In his office, I found Seymour Stein, founder and head of Sire, surprisingly available. The man who'd signed Madonna, the Ramones and Talking Heads! Coiner of the musical phrase "New Wave"? To cut a short story shorter, I played him one song, "The Devil in Me," which he immediately suggested was a potential single and compared favorably to other, older songs. We discussed country singer-songwriter great Jimmie Rodgers, "The Singing Brake-man." (At a similar meeting with Ice-T, Mr. Stein was immediately moved to play Mighty Sparrow's ribald calypso for the rapper: There was always an antecedent.) The head of Sire then said that he'd introduce me to the man who would produce my debut Sire release, Andy Paley, who had just produced Brian Wilson's self-titled comeback album. Recording sessions were discussed; the deal was in place; lawyers would talk.

Such miracles were possible then for musicians—and perhaps still are—but Seymour Stein was already part of a vanishing breed. My manager warned me that Mr. Stein signed too many acts, who were then thrown at the wall like spaghetti to see who stuck. John Wesley Harding might slide right off. An immediate obstacle was Howie Klein, Mr. Stein's intendant at Sire in Burbank, who appeared at the U.K. recording studio within a few weeks to scotch the deal his boss had made. Instead, Mr. Klein liked

Madonna, Talking Heads, Ice-T, the Ramones, the Replacements, k.d. lang—and our reviewer—all got their big career break when Seymour Stein signed them to Sire Records.

what he heard, and my introductory EP and first album were scheduled. My first minor success was a version of Madonna's "Like a Prayer," my cunning idea rather than Sire's. Somehow, I'd stuck.

I am merely a footnote in the label's later history, unmentioned in Mr. Stein's new memoir, "Siren Song." In this I am in good company: I can see no mention in the index for Belly, Ministry or Dinosaur Jr. among many others. It's almost as though, by the

modern rock era, Mr. Stein had stopped paying attention. And perhaps he had. He was already working in his high late style: The pertinent chapter here is titled, after the Seal song, "Crazy." Speaks for itself.

In my further dealings with Mr. Stein, I found him to be a music fanatic with a photographic memory for charts and B-sides ("my head is a giant jukebox"). He was a man of huge whim (of which I may have been one, musically speaking), volcanic temper (never aimed at me) and great appetite. He was

Mr. Stein's early homosexuality is dealt with frankly: "I truly believed that if I ignored it long enough, it might go away, like the hiccups or a door-to-door salesman." Later excess is delivered with a shrug.

"Siren Song" functions simultaneously as a memoir and a canny history of the music business from the frontier days to rock's triumph as Big Business and its corporate subjugation to Big Brother. There are no surprises as to when Mr. Stein felt more at home ("when music came before business"),

got going, the label owed its early success to the Dutch progressive band Focus. (Their single "Hocus Pocus" was "probably the only ever perfectly rhyming number-one title and artist," Mr. Stein observes.) All this was back in the days of albums, well before "the combined forces of punk, disco and new wave had pushed everything up to 45 RPM." Even after that speedy revolution, it was Sire's jackpot with a group called the Climax Blues Band that funded the Ramones' first salvo in 1976.

Independence—and he notes that "indie" is one of the only recording genres that refers to the business of music rather than the music itself—forced Mr. Stein to look ahead for the next big thing, the band he could afford. The author had good ears (Berry Gordy, the Motown boss, had told him so way back in the '50s) and he was right often enough for it not to matter when he wasn't.

What doesn't make the cut here are the bands that felt their progress was obstructed by Mr. Stein. Some former Sire artists remember him as a capricious and spiteful boss, collecting bands purely to deny other labels, then withholding promotion. They would argue with his claim that he would do anything to protect his artists, though this was certainly true of the ones that mattered to him (which weren't always the most successful).

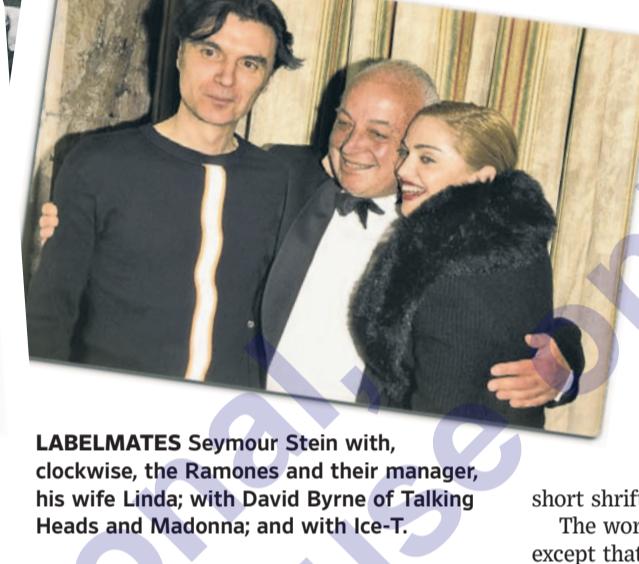
But this is his memoir, not theirs. And the same accusations may be made of many talent scouts in A&R ("artists and repertoire"), who rely on others to pay attention to the details or clean up the mess. At Sire, during my era, that role was played by Howie Klein—the very man who was supposed to have given me the bad news that my break would never come. In the early '90s, many of the label's artists thought only Mr. Klein's gravity that kept Mr. Stein (and therefore Sire) in orbit. But he gets relatively short shrift here.

The worst thing about "Siren Song"—except that everyone from Manchester to Newcastle will be annoyed to learn that Sheffield is "about as far north as you get before England becomes Scotland"—may be the title's pun. Mr. Stein always had a weakness for them, though. His suggestion for the cover of my first album, "Here Comes the Groom," was that I be photographed in a stable with a horse. It was hard to know if he was serious.

A business associate once sought to explain Seymour Stein by giving me a copy of "The Brothers Karamazov." I never discussed why, but I imagined it to be the character of Fyodor, the father, whose buffoonery is an intended effect: "It was difficult even now to tell whether he was joking or whether he was really moved." With Mr. Stein, in fact, both could be true simultaneously.

"Please say hello," the record man recommends in this hugely enjoyable memoir. If you see him walking down the street, "please play me your songs." I am here to confirm that such an approach could work.

Mr. Stace is a novelist who makes music, occasionally under the name John Wesley Harding.



LABELMATES Seymour Stein with, clockwise, the Ramones and their manager, his wife Linda; with David Byrne of Talking Heads and Madonna; and with Ice-T.

unpredictable, easily moved to tears, married but actively gay and a voracious drug user. (I only ever witnessed the glazed symptoms rather than the administration.) He had an astonishing oral fixation: It was as if he was eating the telephone rather than using it to communicate. And his voice—almost indescribable: a bracing, off-dry white wine. I never once regretted accepting a dinner or concert invitation.

"The thing about getting old," says Mr. Stein in the prologue, "is that the truth doesn't even hurt anymore." The truths revealed here range from the tawdry to the tragic: the horrific 2007 murder of his then ex-wife, Linda Stein, by her personal assistant, and the death of one of their two daughters, Samantha, of brain cancer in 2013. These two episodes dovetail for a harrowing final chapter, and the book's portrait of Linda (who managed the Ramones) is remarkable: harshly critical and profoundly loving.

Co-writer Gareth Murphy has captured Mr. Stein's conversational tone in memorable turns of phrase. The early days in Brooklyn ("the world's most multi-colored, multicultural multitude of mutts") are delightfully rendered: Songs on the radio are "life's honey seeping through airwaves." And

but there are heroes and villains throughout. An early role model is Syd Nathan of the Cincinnati label King, Mr. Stein's first great mentor, who told Mr. Stein's father that his son had "shellac in his veins." The villain is former CEO of Warner Bros. Records, Mo Ostin, a smarter businessman who outmaneuvered Mr. Stein more than once (but also told him not to sign Madonna). The road between is littered with cautionary tales of talented men crippled by their addictions, and record executives who were gangsters in all but name. These were the days when you weren't sure whether the word "hit" meant a single or a killing: Deals were made and unmade at gunpoint.

The book also neatly narrates the continuous flow of music itself. Sire Records may have been most closely associated with the punk and New Wave acts of the late 1970s, but Mr. Stein got his start in the 1950s, at Billboard magazine, where (aged 14) he learned all the charts by heart. From King Records he went to Red Bird, where he oversaw the hits "Iko Iko" and "Leader of the Pack." When Sire—the name "a theatrical, British-sounding variation of King"—finally

Best-Selling Books | Week Ended June 10

With data from NPD BookScan

Hardcover Nonfiction

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Trump's America 1 New		
Newt Gingrich/Center Street		
Magnolia Table 2 2		
Joanna Gaines & Marah Stets/William Morrow & Company		
Calypso 3 3		
David Sedaris/Little, Brown and Company		
The Subtle Art of Not Giving a F*ck 4 9		
Mark Manson/Harper		
The Soul of America 5 5		
Jon Meacham/Random House		

Nonfiction E-Books

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Kitchen Confidential 1 -		
Anthony Bourdain/Bloomsbury USA		
The Plant Paradox 2 -		
Steven R. Gundry/HarperCollins Publishers		
Calypso 3 1		
David Sedaris/Little, Brown and Company		
Victoria: The Queen 4 -		
Julia Baird/Random House Publishing Group		
The Sun Does Shine 5 -		
Anthony Ray Hinton/St. Martin's Press		
The World as It Is 6 New		
Benjamin J. Rhodes/Random House Publishing Group		
The Woman Who Smashed Codes 7 -		
Jason Fagone/HarperCollins Publishers		
Educated 8 5		
Tara Westover/Random House Publishing Group		
Get a Grip on Your Grammar 9 -		
Kris Spisak/Career Press, Incorporated		
Factfulness 10 -		
Hans Rosling/Flatiron Books		

Nonfiction Combined

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
Trump's America 1 New		
Newt Gingrich/Center Street		
Magnolia Table 2 3		
Joanna Gaines & Marah Stets/William Morrow & Company		
Calypso 3 2		
David Sedaris/Little, Brown and Company		
The Sun Does Shine 4 -		
Anthony Ray Hinton/St. Martin's Press		
Kitchen Confidential 5 -		
Anthony Bourdain/Ecco Press		
The Plant Paradox 6 -		
Steven R. Gundry/Harper Wave		
The Subtle Art of Not Giving a F*ck 7 9		
Mark Manson/HarperOne		
The World as It Is 8 New		
Benjamin J. Rhodes/Random House		
How to Change Your Mind 9 7		
Michael Pollan/Penguin Press		
The Soul of America 10 4		
Jon Meacham/Random House		

Hardcover Fiction

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
The President Is Missing 1 New		
J. Patterson & B. Clinton/Little, Brown & Company & Knopf		
The Outsider 2 1		
Stephen King/Scribner Book Company		
Oh, the Places You'll Go! 3 3		
Dr. Seuss/Random House Books For Young Readers		
Shelter in Place 4 2		
Nora Roberts/St. Martin's Press		
The Gray Ghost 5 4		
Clive Cussler and Robin Burcell/G.P. Putnam's Sons		

Fiction E-Books

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
The President Is Missing 1 New		
J. Patterson & B. Clinton/Little, Brown & Company & Knopf		
Brief Cases 2 New		
Jim Butcher/Ace Books		
An Elephant & Piggie Biggie! 3 7		
Mo Willems/Disney-Hyperion		
The Fallen 4 -		
David Baldacci/Grand Central Publishing		
The Trials of Apollo Book Three 5 6		
Rick Riordan/Disney-Hyperion		

Methodology

NPD BookScan gathers point-of-sale book data from more than 16,000 locations across the U.S., representing about 85% of the nation's book sales. Print-book data providers include all major booksellers (now inclusive of Walmart) and web retailers, and food stores. E-book data providers include all major e-book retailers. Free e-books and those sold for less than 99 cents are excluded. The fiction and nonfiction lists in all formats include adult, young adult, and juvenile titles; the business list includes only adult titles. The combined lists track sales by title across all print and e-book formats; audio books are excluded. Refer questions to Peter.Saenger@wsj.com.

Hardcover Business

TITLE / AUTHOR / PUBLISHER	THIS WEEK	LAST WEEK
StrengthsFinder 2.0		

PLAY

NEWS QUIZ DANIEL AKST

From this week's
Wall Street Journal

1. Elon Musk's Boring Co. was tapped for a new project. What is it?



- A. A program of therapies for people whose lives are too exciting
- B. An express train from downtown Chicago to O'Hare International Airport
- C. A pneumatic people-mover connecting San Francisco to Silicon Valley
- D. A new tunnel between New York and New Jersey

2. Thanks to speculative fever for electric-car commodities, which one flirted with four-year highs?

- A. Pork bellies
- B. Nickel
- C. Zinc
- D. Cadmium

3. A few top law firms raised starting salaries for recent law school grads—to what annual figure?

- A. \$150,000
- B. \$190,000
- C. \$240,000
- D. \$875,000

4. President Trump huddled with North Korean leader Kim Jong Un on a Singaporean resort island—at what hotel?

- A. Trump International
- B. The Sentosa
- C. The Capella
- D. The Cantata

5. A judge rejected a government effort to block AT&T's planned acquisition of Time Warner—whose assets include which of these?

Answers are listed below the crossword solutions at the right

- A. HBO
- B. CNN
- C. Warner Bros.
- D. All of the above

6. Fed officials raised interest rates and plan to do what next year after each policy meeting?

- A. Take home doggie bags filled with cash
- B. Go to Disneyland
- C. Monitor markets using artificial intelligence
- D. Hold a press conference

7. In the Charleston, S.C. area, Rep. Mark Sanford lost a Republican House primary—to whom?

- A. Jill Arrington
- B. Katie Arrington
- C. Katie Cassidy
- D. Katie Couric

8. What change did French President Emmanuel Macron call for in the European Union??

- A. He wants French to replace English as the default language in EU institutions.
- B. He demanded that the EU start licensing chefs.
- C. He advocated EU-wide guarantees for members' bonds.
- D. He called for a cashless EU economy by 2028.

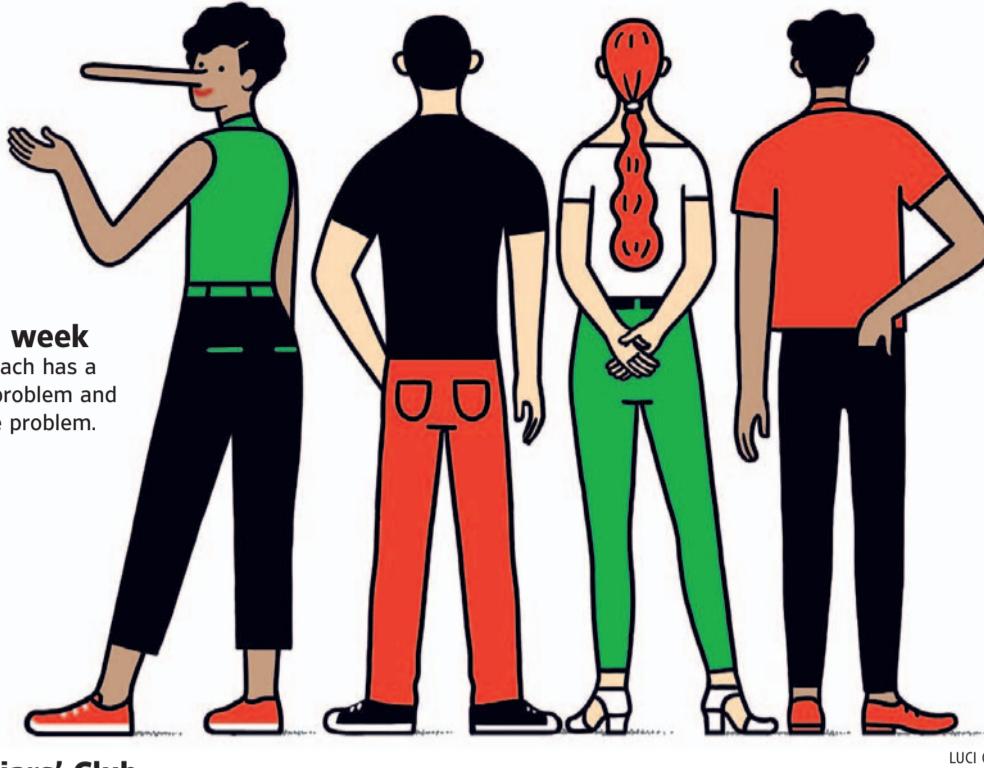
9. After studies showed food cholesterol doesn't raise blood cholesterol much, Americans are eating more eggs. How many did we eat last year per capita?

- A. 76
- B. 176
- C. 276
- D. 376



VARSITY MATH

Provided by National Museum of Mathematics



LUCI GUTIÉRREZ

This week

the coach has a logic problem and a time problem.

Liars' Club

Four people meet and make the following statements.

Person 1: One or more of us are lying.

Person 2: Two or more of us are lying.

Person 3: Three or more of us are lying.

Person 4: All of us are lying.

Which ones are lying?

Learn more about the National Museum of Mathematics (MoMath) at momath.org

Palindrome Times

A 24-hour digital clock occasionally shows times that are palindromes such as 0:34:30, 21:33:12 and 1:20:21, if we ignore the colons.

What is the smallest interval between two such times?

For previous weeks' puzzles, and to discuss strategies with other solvers, go to WSJ.com/puzzle.

SOLUTIONS TO LAST WEEK'S PUZZLES

Urban Renewal

RULESON	F	R	U	L	E	M	D	S	T	R	O	M
ARAPAHO	I	F	R	U	A	S	C	I	P	A	L	S
MADISON	S	O	N	D	M	A	N	S	O	E	N	T
ALEXIS	S	O	W	S	A	L	E	M	M	A	L	S
STEELS	S	E	P	E	S	E	P	I	A	L	E	S
LAREDO	D	O	O	R	E	A	E	E	T	E	N	A
IPADAPPS	D	A	P	P	S	A	E	S	E	D	E	P
PARISH	F	R	I	D	A	R	O	D	E	G	E	P
ICET	S	A	V	N	N	H	A	V	A	N	N	S
DEREK	C	A	M	M	A	N	A	N	A	N	N	S
COMET	C	O	M	E	T	A	B	U	T	R	R	S
DEBUTED	L	A	R	A	M	I	E	R	E	R	R	S
PTA	Y	O	R	E	F	I	N	D	S	O	R	S
LASVEGAS	L	A	S	V	A	L	V	A	S	O	R	S
APHIDS	A	P	H	I	D	S	A	U	T	E	R	S
ZEES	Z	E	S	E	S	E	T	A	M	E	R	S
ASSASSIN	A	S	S	S	I	N	T	S	C	O	L	S
PIECE	P	I	E	C	S	E	T	O	N	O	R	S
STOREY	S	T	O	R	E	Y	R	E	T	R	E	S
DOVER	D	O	V	E	R	O	U	S	V	I	O	S
ERMITAGE	E	R	M	I	T	A	G	E	A	T	E	S
BARTRACES	B	A	R	T	C	R	E	S	E	N	T	S
TRACES	T	R	A	C	E	S	E	N	I	T	E	S

Trail Mix

O	P	E	R	A	M	A	E	L	S	T	R	O	M
S	A	L	E	S	E	V	E	N	T	A	C	H	E
I	R	O	N	I	C	P	L	A	Y	L	I	S	T
T	A	P	E	S	U	P	T	H	R	I	L	A	
I	N	I	M	I	T	A	B	L	E	D	E	P	
O	N	R	A	M	P	S	B	E	E	C	H	E	
A	V	R	S	E	E	Y	E	L	I	N	E	R	
E	A	S	K	E	O	G	H	P	L	A	N	S	
B	R	O	A	D	E	N	S	W	A	I	S	T	
R	E	M	A	S	T	E	R	C	H	A	P	E	
A	G	E	N	T	S	C	O	L	O	S	S	A	
P	E	S	T	I	R	O	D	E	R	L	I	E	
S	T	E	N	T	I	S	T	I	N	G	E	S	
T	E	N	T	I	S	I	N	G	E	S	E	S	

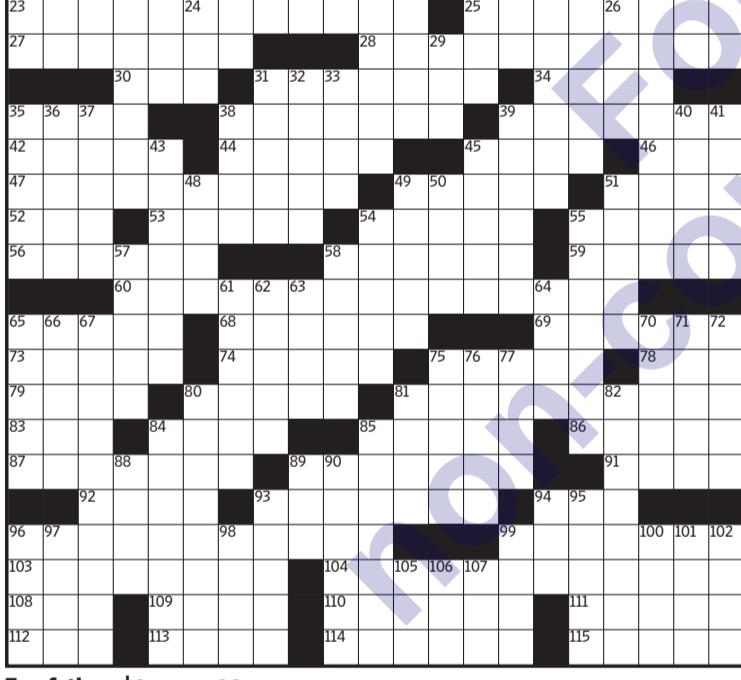
Varsity Math

In Staircase Numbers, A = 10,203,040,506,070,809 = 1,202,337,603 × 8,486,003 and B = 90,807,060,504,030,201 = 99,465,061 × 91,220,741.

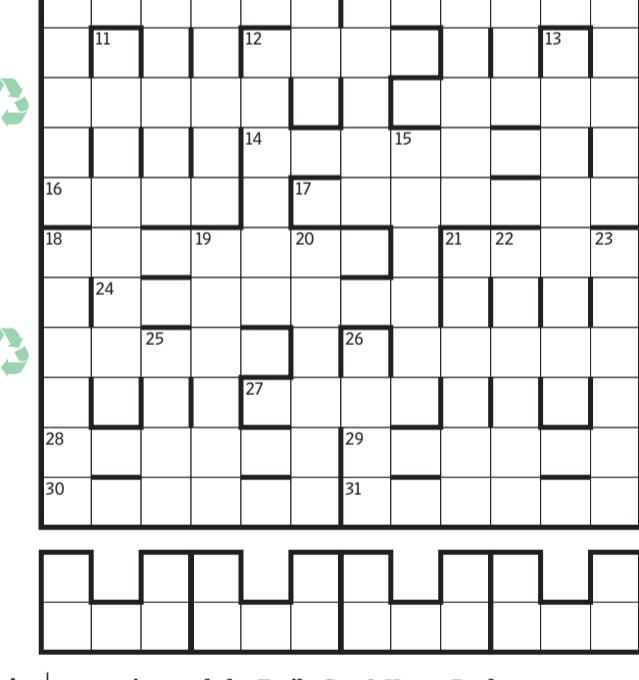
In Arithmetical Question, the number of seconds in six weeks is exactly the same as 10 factorial.

Answers to the News Quiz: 1.B, 2.B, 3.B, 4.C, 5.D, 6.D, 7.B, 8.A, 9.C

THE JOURNAL WEEKEND PUZZLES edited by MIKE SHENK



- 36 Flooded
37 Brownish gray
38 Amiable
39 The leisure class
40 Worry
41 Old footwear
43 Leave the cabin
45 Reacts to a punch
48 "Doggone!"
49 "Life preserver," in diner lingo
50 Yen
51 Primary strategy
54 Irritated state
55 Was glum
57 "None for me"
58 Skim the surface, in a way
61 Dailies, in the movie biz
62 Push
63 Marine mollusk
64 Skeptic's scoff
65 "The Crucible" setting
66 Pamplona pal
67 It incorporates decorative half-timbering



Recycling Center | a cryptic puzzle by Emily Cox & Henry Rathvon

- Each Down clue answer discards its central letter, dropping it straight down into a bin below the grid. For columns with two Down answers, the upper discard goes in the bin's upper square and the lower discard goes in its lower square. When filled, the bins will provide their own labels. The contents of the four bins are collectively recycled (that is, all 20 letters anagrammed) into four new things, which appear in the grid as the four unclued Across answers.
- Across**
- 1 Lose everything to bugs with recycling (2,4)
 - 5 Critical speaker's given a massage (6)
 - 9 Central Norway joined with a country in Africa (6)
 - 10 Opera presented in modern animation (6)
 - 12 Sounds like stock depressions (4)
 - 14 Saw a therapist's error in spinoff of punk album (3,4)
 - 16 Dump around a lodge (4)
 - 17 Put new embellishments on study or piece of news (7)
- Down**
- 1 Old man capturing heart of young dolphin (7)
 - 2 Endlessly bake gooey chocolate sort of cake pastry (7)
 - 3 Play nut crazily, in the wrong way (7)
 - 4 Run, carrying a fortune-seeker's pack (5)
 - 5 London prison wall's opening into void (7)
 - 6 Stranded in Leeds mistakenly (7)
- Get the solutions to this week's Journal Weekend Puzzles in next Saturday's Wall Street Journal. Solve crosswords and acrostics online, get pointers on solving cryptic puzzles and discuss all of the puzzles online at WSJ.com/Puzzles.

Forefathers | by Harold Jones

- Across
- 1 Plays a round
 - 6 Paces for playing
 - 12 Magnet end
 - 16 Bachelor's last words
 - 19 Miss by —
 - 20 Zealous
 - 21 Franklin stove makeup
 - 22 Fuzzy surface
 - 23 Chief of the kitchen police?
 - 25 Samoan's skirt
 - 27 Buys before anybody else has a chance to a chance?
 - 28 Template for making prison release decisions?
 - 30 Parker product
 - 31 China's location
 - 34 Trump marriage, e.g.
 - 35 Museum named for a sugar magnate
 - 38 "Out of my capabilities"
 - 39 Smucker's selections
 - 42 Edgar, e.g.
 - 44 Namely
 - 45 Winning team in the "Black Sox" Scandal" World Series
- 46 Draw on
- 47 Line at a stop sign?
- 49 On account of
- 51 Falafel holder
- 52 Clairvoyance initials
- 53 It makes the morning papers
- 54 Facial scrub target
- 55 Budget problem
- 56 1962 #1 hit for Tommy Roe
- 58 Not hitched
- 59 Impassioned speeches
- 60 "Would you consider giving me liberty instead of death?"?
- 65 Milton's

TIME, AN HERMÈS OBJECT.



Carré H
Time, square like an Hermès scarf.



Hot Seats
Heirs apparent
to the classic
Peacock chair
D10

FASHION | FOOD | DESIGN | TRAVEL | GEAR

OFF DUTY

THE WALL STREET JOURNAL.

Italian Job
The hardworking,
if extravagant,
Lamborghini SUV
D7



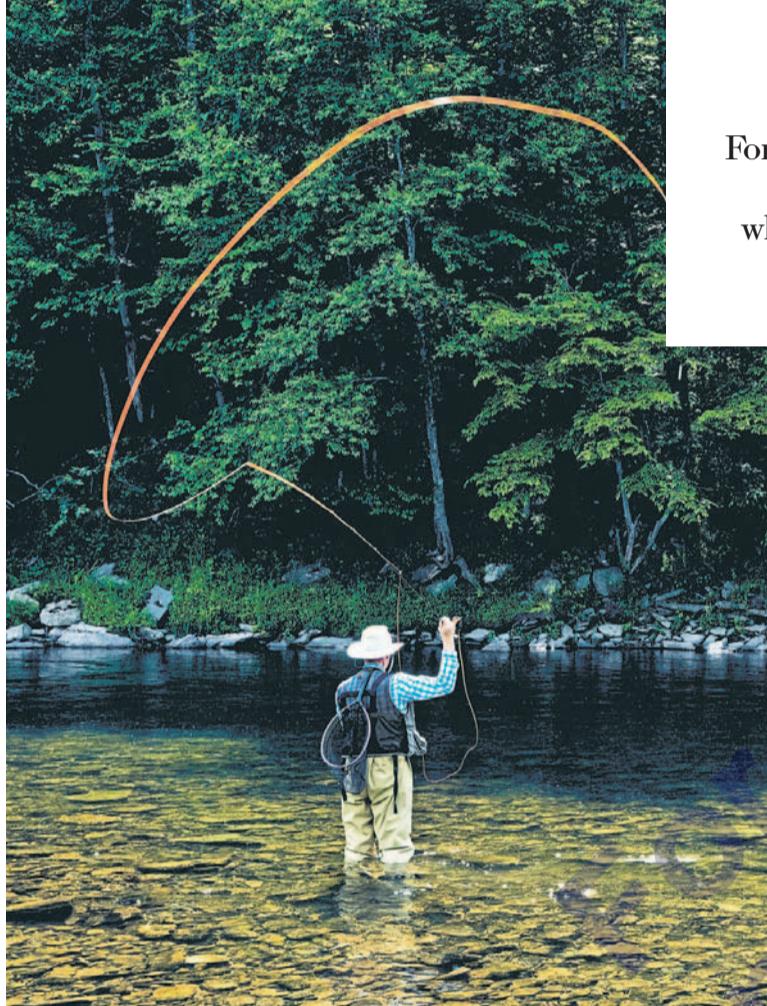
SATURDAY/SUNDAY, JUNE 16 - 17, 2018 | **D1**



TAKE MONDAY OFF

Are You a Catskills Person?

For a long weekend of rustic charms, great food and no snootiness, whisk yourself away to New York's Sullivan County



PAOLA + MURRAY FOR THE WALL STREET JOURNAL

ARCADIAN RHYTHMS Clockwise from top left: Sunny's Pop, a seasonal pop-up shop selling curiosities in Narrowsburg, N.Y.; Laundrette, a former Narrowsburg laundromat on the Delaware River, now an artisanal pizza joint; a trio from Buck Brook Alpacas, a family-owned farm in Roscoe; Phil Eggleton, owner of Trout Town Adventures, fly fishing on the Beaver Kill..

By ELIZABETH DUNN

IF YOU'VE HEARD of Sullivan County, it's probably for its "Borscht Belt" days: the post-World War II decades immortalized in the film "Dirty Dancing," when sprawling, country club-style resorts carpeted the lonely western foothills of New York's Catskill mountain range. In the 1960s, the region was said to have more hotel rooms than any other county in America, but by the time Baby and Johnny mamboed into theaters in 1987, the resorts had all gone—doomed, in large part, by air travel's growing viability as an affordable middle-class luxury. With them went the region's cachet as a vacation spot.

Recently, however, after a long hibernation, the western Catskills has come alive again as a weekend retreat for New Yorkers with a yen for the great outdoors. While Sullivan County lacks the moneyed polish of other destinations within an easy drive of New York City—like Columbia County across the Hudson River, or Massachusetts's Berkshire Mountains—it's new boutique hotels, shops and restaurants intriguingly share the landscape with ancient tackle shops, tractor-repair businesses and abandoned farmhouses. To the creative types beginning to flock here, that unvarnished local character is part of the appeal. Another serious draw: the shallow, sandy-bottom streams that allowed the area to give birth to American dry fly fishing in the 19th century, and still produce world-class trout fishing today.

Sullivan County, a roughly two-hour drive from New York City, encompasses almost 1,000 square miles, too much to cover in a single weekend (even a long one), so our itinerary focuses on the lush Delaware Valley, which forms the county's western edge, and the border of the protected land up north that comprises the Catskill Forest Preserve, where outdoor pursuits meet small-town charm.

Day One: Friday

5 p.m. Arrive by car in Livingston Manor (pop: 1,200), a straight shot from New York City up Route 17, the drab-but-efficient highway bisecting Sullivan County (from this point on, back roads only for you). Stylish accommodations are still sparse in these parts but exceptions include the four small inns opened since 2014 by fifth-generation Livingston Manorite Sims Foster and his wife, Kirsten. Their latest project is the DeBruce, a 19th-century boardinghouse recently refurbished into an elegant 14-room country inn. You might be tempted to collapse for the evening in front of one of the property's original fieldstone fireplaces. For now, though, drop your bags. It's time to get a beer. *From \$469 per night on weekends, thedebruce.com*

6 p.m. Head down DeBruce Road for about five minutes until it tees into Old Route 17. Hang a right, and soon a cherry-red barn with solar panels on the roof will appear on your right-hand side. Outside, there's a grain silo painted with an angry raccoon. This is Catskill Brewery, where you'll find locals meeting up for a post-work sharpener at a small bar nestled amid pipes and fermentation tanks on the brewery's production floor. If you're in an experimental mood, opt for a 5-beer tasting flight to try the likes of Freak Tractor (a wild ale) and Eye of Newt (a Flanders-style red ale). *672 Old Rte. 17, catskillbrewery.com*

Please turn to page D8

Inside



A SHAGGY RUG STORY

The signature carpet of the '70s is back—trimmer, denser and easier to clean **D10**



MAJOR-LEAGUE LOOKS

As the World Cup unfolds, a guide to soccer-influenced men's style **D3**



NO SPAIN, NO GAIN

How to spend an indulgent day in Madrid, even if your budget is weak **D9**



REMOTELY INTERESTING

Thanks to voice-command tech, the reign of TV clickers is falling apart **D6**

STYLE & FASHION



YOU SAY YOU WANT AN EVOLUTION Lucille Ball (left) wears a shirt dress in a 1954 episode of 'I Love Lucy,' and a model sashays in a relatively racy, tie-dye version in an Altuzarra fashion show (Dress, \$1,850, [barneys.com](#))

FASHION WITH A PAST / NANCY MACDONELL

How a Shirt Grew Into a Dress

IN JUNE 1938, Vogue magazine declared the shirtwaist dress—aka the shirt dress—an American institution” and suggested one should be sealed in a time capsule “for the purpose of enlightening future civilizations about our own.”

The article is illustrated with tidy rows of shirt dresses, ranging from a brown-and-white seersucker model for \$8 (adjusted for inflation, that's about \$143 today) to a black-and-white crinkled organdie from Peck & Peck, long-lost purveyors of high-end WASP garb, for \$33, or \$589 today. You could get a shirt dress for \$3 in 1938, but such a garment was unlikely to figure in Vogue. Still, the story nicely encapsulates what's made the style such a classic, and why new generations might value it: You can pay as much or (almost) as little as you'd like and still get a good-looking dress that you can wear just about anywhere.

As Karin Gustafsson, the creative director of Cos, a label

whose lineup invariably features shirt dresses, said, “It's so versatile. You can wear one with sandals or over trousers or with heels and a clutch. You can just throw it on and look really nice.”

Also: A shirt dress doesn't get in the way. “There's an element of seriousness and function that's useful

among the current season's big trends. Just as in 1938, prices run the gamut. And just as in 1938, we're living in dangerously interesting times. When news headlines can induce panic attacks, honest, dependable clothes become our security blankets—one reason the shirt dress appeals.

In the 1970s, Halston's Ultrasuede shirt dress, one of his best-selling designs, could be worn unapologetically in lieu of a suit.

for a woman's closet and lifestyle,” said New York designer Rachel Comey. “There are moments when you want your clothes to stand out and make a statement. And then there are times when you just want to get things done.”

Eighty years after Vogue's pronouncement, the shirt dress is

And then there are its proto-feminist origins. The shirt began life as a shirtwaist, or blouse (hence the initial confusion over the name, with early versions also known as shirtwaisters). The shirtwaist and tailored skirt served as the uniform for the 1890s New Woman, who demanded the same

educational and professional opportunities as men. Rather than wearing fussy dresses bedecked with yards of the over-the-top trim beloved by Victorians, she preferred progressive, menswear-inspired clothes. Since neither the shirt-waist nor the skirt required precise fits, they were easily mass manufactured. Result: democratic fashion, accessible to society women and stenographers alike.

Thanks to a robust American ready-to-wear industry that quickly seized on the appeal of separates, working and middle-class women in the U.S. were considered much better dressed than their peers in Europe, where mass fashion lagged behind. The shirt dress and separates are both products of what Lois Long, the first fashion editor for the New Yorker, called “the American genius for mass production.”

Helped along by World War I, when women went to work in unprecedented numbers and wanted appropriately functional clothes, the shirtwaist and skirt eventually became one. By the 1930s, the shirt dress had more or less settled into its modern form, becoming the backbone of many women's wardrobes in the decades before stretch fabrics transformed the way we dressed. It showed up in the collections of designers as varied as Claire McCordell, whose unstructured clothes often wrapped and tied to create an individualized fit, and Christian Dior, who was credited with reviving the sort of rigid silhouettes the shirt dress had snubbed. In the 1970s, Halston's Ultrasuede shirt dress, one of his best-selling designs, could be worn unapologetically in lieu of a suit.

For designers today, the shirt dress is a template, an opportunity to put a personal stamp on a classic style. In an email, Chitose Abe of the Japanese label Sacai, whose design signature is the hybrid garment, said that because the shirt dress form is so simple, it lends itself to experimentation: “Different types of fabrics and volumes can instantly change the recognizable shape.”

It's a trick that shirt dress wearers know, too, said Joseph Altuzarra, another designer for whom the shirt dress is a constant. “There's a sensuality that doesn't feel fussy or overdone,” he said. “It's not form fitting, so there's an ease of movement. You can unbutton the top buttons so that the front is open, you can roll up the sleeves, you can open the bottom so that you see more leg.”

This versatility—this generosity of spirit—has made the dress a classic of American design. Perhaps, to paraphrase the automotive analogy that equated the little black dress with the Model T, the shirt dress is a Mustang—an ironically sexy symbol of freedom. And like the Mustang, which is one exception to Ford's recent decision to stop producing passenger cars, it's not going anywhere.

VARIETY PACK / THE SHIRT DRESS'S VERSATILE FORM CAN ASSUME MANY PERSONAS



For a Not-Royal Wedding Gussied up in pink silk, it can be event-worthy. Dress, \$2,380, [Louis Vuitton](#) 212-274-9090



For a Sad Desk Salad Even the cubicle-bound can look stylish in this snappy option. Le Fou Wilfred Dress, \$135, [aritzia.com](#)



For a Sophisticated Funeral In black moire with pearl details, it defies expectation. Dress, \$1,600, [Thom Browne](#), 212-633-1197

Mask Me Anything

Korean sheet masks are a beauty phenom, spurred on by Instagram selfies. But do these packets of cuteness actually do anything?



PACKET MENTALITY From left: Timeless Ferment Snail Hydrogel Mask, \$9 each, [tonymoly.us](#); Spotlight Mask, \$30 for five, [satdayskin.com](#); My Real Squeeze Mask, \$2 each, [us.innisfree.com](#); Dr. Jart+ All That Contours Hydrogel Expansion Stretch Mask, \$8 each, [sephora.com](#); Reset Button Soothe + Restore Mask, \$6 each, [peachandlily.com](#)

STYLE & FASHION



Cuff Links, \$150, Paul Smith, 646-613-3060

Nike & Off-White Jersey, \$150, nike.com



Indoor Kreft SPZL Sneakers, \$100, adidas.com



T-shirt, \$440, acnestudios.com



A photo from 'Juergen Teller: Zittern auf dem Sofa' exhibition at the Garage Museum of Contemporary Art in Moscow (Jun. 8-Aug. 19, 2018)



Damir Doma & Lotto Shorts, \$175, damirdoma.com



Louis Vuitton 2018 FIFA World Cup Official Licensed Product Collection Backpack, \$3,750, louisvuitton.com

Coaches like Zinedine Zidane often favor fine tailoring on the field.



Goal Oriented

Even if the World Cup doesn't incite you to cheer along, it may inspire your next look

BY JACOB GALLAGHER

THE U.S. WON'T be playing in the World Cup this year, due to a gut-punching loss in the qualifying rounds to Trinidad and Tobago, but over a billion people world-wide are still primed to tune in to the games in Russia which kicked off this week.

With so fervid a following, soccer is permeating every part of culture, from low (the best-selling FIFA videogame) to high (Italian artist Maurizio Cattelan recently made soccer scarfs for museums around the globe and, this month, German photographer Juergen Teller opened an exhibition in Moscow capturing soccer fans at their most fanatic).

Unsurprisingly, the game's influence is flooding the world of style. "In terms of mainstream fashion, soccer definitely seems like it has been pushed to the forefront," observed Sam Diss, an editor at London-based soccer magazine Mundial. Recent soccer/fashion mashups include: Nike jerseys designed by Virgil Abloh; bags stamped with soccer-ball imagery by Louis Vuitton; similarly ball-inspired sweatshirts by Gosha Rubchinskiy for Adidas; and a patchworked version of a Paris Saint Germain team jersey from Koché. With their own riffs on shiny jerseys, Acne Studios, Versace and Supreme have all joined the field.

That said, soccer and fashion are old friends. In 2001, then-Manchester United star David Beckham appeared on the cover of niche British fashion magazine The Face, paving the way for preening players. "Beckham is so influential that basically all [players] are following in his footsteps," said Simon Doonan, Barneys New York creative ambassador-at-large and the author of "Soccer Style: The Magic and the Madness." Mr. Doonan's book, out this month, celebrates players like Hidetoshi Nakata, an aviator-sunglasses-sporting Japanese ex-footballer who's haunted Louis Vuitton runway shows, and the French striker Djibril Cisse, who wore a Jean Paul Gaultier dress in 2003.

The soccer-influenced clothes that are proliferating today are markedly wearable. A soccer jersey is, after all, as simply cut as a T-shirt. "It doesn't feel like that big of a stretch to be able to work [a jersey] into your wardrobe," said Mundial magazine's Mr. Diss. It's a nice way to get in the action, even during a World Cup where the hometown team won't be representing.



'Soccer Style: The Magic and the Madness' (Laurence King Publishing) by Simon Doonan, \$30, laurenceking.com



Gosha Rubchinskiy

Style pioneer David Beckham in a Kent & Curwen rugby shirt.

Maurizio Cattelan Scarf, \$65, store.moma.org



Chloé

EATING & DRINKING



MESSAGE IN A BOTTLE / NOVELIST SERGIO DE LA PAVA ON OUR/NEW YORK VODKA



What Is Vodka, Anyway? Depends Where You Pour It

CALI, COLOMBIA. I am 7, visiting. Some instigator is walking around the party with cute little glasses of water; I take one, and down it goes. But this water burns. The adults laugh. *Aguardiente*, or fire water, is something like the Colombian national drink, violent yet sweet. It is not intended for 7-year-olds.

That's where a sip of Our/Detroit brand vodka takes me, despite vodka being a very different fiery water. Only I don't want to be 7 again—could barely tolerate it the first time—so I drink no more. Besides, I'm only drinking this vodka as a preamble. My minor consumption of Our/Detroit and Our/Los Angeles vodkas is merely the setting of a baseline; my editor at The Wall Street Journal sent them for the sake of comparison with Our/New York, the subject of this story assignment.

The novel concept behind Our/New York and the other Our/Vodka brands: Distilleries in the various cities make vodka using a single global recipe but local ingredients,

with the idea that the drinker can discern the taste of each place in the spirit produced there.

To me, drinking out of obligation is itself a novel concept. I don't drink much; obligation I'm severely familiar with. But this is a strange kind of obligation, principally freeing, because I am not drinking to excess for the usual reasons (evasion, revelry, cellular activation). I am "on assignment." This means that I, a soft-drinking member of two traditionally hard-drinking professions—lawyer, novelist—am finally not only complying with stereotypes but exceeding them by temporarily making the drinking of alcohol my profession.

While vodka is a surprisingly rich entity susceptible to analysis, its purported aim is a nullity. This is no mere metaphor. In the United States, the legal definition of vodka stipulates the liquid must be "without distinctive character, aroma, taste, or color." This absence of sensory experience during ingestion is somehow a goal.

But if that definition tells us what vodka isn't, what affirmatively is it? If we limit ourselves to basics we can say it is a spirit consisting primarily of ethanol and water made by distilling a substance that has undergone fermentation. Is vodka a Russian or Polish invention? No one can say definitively, but either way we're talking about a drink more than 500 years old.

There is great allowable variance when it comes to production. All sorts of grains are used as a base for vodka—corn, rice, barley, wheat—but also potatoes and even sweet potatoes. As one learned bartender put it to me, as long as you have sugars, you're good. For you science types, no sugars would mean no fermentation, no resulting ethanol and no vodka. Grapes and other fruits with the requisite sugars work nicely too. If all that seems unduly expansive, you've hit on something. Truth is, with vodka, we're fast approaching anything-goes territory.

Imprecision and amorphousness

create fertile ground for notions like craft and even, potentially, artistry. At the start of my drinking life (the intentional one, not the accidental, Colombian, 7-year-old one), I would order Absolut vodka to distinguish myself from the riff-raff. Today, that would feel like sitting in a fine restaurant and asking the waiter to bring you meat. In an era that includes chocolate vodka and bacon vodka, the individual who just wants to develop or foster a good old-fashioned drinking problem can get confused. Spurred by pettiness, I've never gone in for these overtly flavored vodkas.

On a recent trip to Moscow, I thought I might get to the bottom of all this. Maybe I was in search of the elemental. I think I wanted to drink from the same greenish bottle the red-faced peasant offers Veslovsky in "Anna Karenina." Nothing like that happened, and the failure of vodka to achieve sufficient centrality there felt a bit like a letdown. For example, at an intellectually kinetic dinner with

Russian poets, novelists and critics, the rosé moved, but two clear bottles of vodka just sat inertly on the table—at least until my wife, Susanna, and I started downing shots and coercing everyone into joining us. The mental revelations that followed included the fact that Susanna must have walked into a New York City shop before our trip and said something like: I'm soon going to Moscow, kindly sell me your most clichéd Russian head covering. And make it purple!

Once we returned to New York, the bottles of Russian vodka I brought back were like works of art I hesitated to despoil by opening. And I must confess that bottle aesthetics have driven my vodka-purchasing decisions since. This was certainly true of a vodka billing itself as "organic" that I bought based more on my love of all things spherical than on any nuanced understanding of that claim.

The bottle of Our/New York, if not a work of art, is certainly striking in its defiance. With its crown cap, the kind you'd pop off an old-school Coke bottle, it looks like something hurriedly produced at a speakeasy—perhaps fitting for a product of the first Manhattan distillery since Prohibition.

I don't have the greatest understanding of what that all means. I just know this: Our/New York is the smoothest, best-tasting vodka I have ever poured. I guess it's floral and fruity and whatever but it also just goes down so easily, easier than anything 80 proof has any right to.

I worry about subjectivity so I arrange a drunken blind taste test, with friends comparing various vodkas. Five of six members of my inexpert panel agree that Our/New York is best, with many references to its smoothness and ease of consumption.

Ease is great, but I distrust it. So I go to Our/New York's distillery/bar in Chelsea, in search of answers. I drink more and question Dave Ortiz, one of the partners in the Our/New York distillery. I hear about filtration and NYC tap water, and stare at the color scheme of the room, meant to suggest street, sidewalk, and sky. I tell the bartender the vodka cocktail I'm having is even better than the one that preceded it, and he says that's always the case. And somewhere in there I just decide it doesn't matter, the how or why.

Two nights later I'm back at that Our/New York bottle, but this time in private, and maybe I've identified a side effect. Nostalgia is on me and growing. I see the faces from that party in Cali so long ago. The aguardiente, the shocked child, the uproar that followed. So long ago. Most of the faces are gone now. Everything now present will one day be gone. Our/New York can't fix this, only draw more of my attention to it. I was right, nothing is easy. I put the bottle away.

Mr. de la Pava is the author, most recently, of "Lost Empress: A Novel" (Pantheon).

SLOW FOOD FAST / SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

Green Salad With Peas, Fennel, Avocado and Queso Fresco

FOR A SNAPSHOT of Napa at this time of year, look no further than this salad. "It's spring from our garden," said chef Katianna Hong, who picks her produce within walking distance of the kitchen door at the Charter Oak, in St. Helena, Calif.

At the restaurant, the recipe evolves with the seasons. "We tend to use a few lettuce varieties and something more substantial," said Ms. Hong. In this late-spring version, her fourth Slow Food Fast contribution, the "something more substantial" comes from poached peas and thinly sliced fennel, radishes, celery and rhubarb. Avocado, crumbled queso fresco and an herby dressing bolstered with mayo and more peas, puréed until creamy, lend a little richness.

If you don't happen to have a garden outside your own kitchen as pristine and productive as the one Ms. Hong has at her disposal, no worries: This recipe truly is endlessly adaptable. "Just go to your grocery store and get what looks best," the chef said. What you see below is a formula for a balanced bowl; define the different factors depending on what's available where you are. Feel free to use just one lettuce variety, so long as it's tender and sturdy. If you can't find rhubarb, up the amount of celery or fennel. And if your basil is bruised or picked over, use more cilantro or mint instead. In short, swap out ingredients as needed to use what's most appealing at the market at this very minute. —Kitty Greenwald

Total Time: 30 minutes
Serves: 4

2 cloves garlic
Zest and juice of 2 lemons
1 cup mint leaves, roughly torn
2 ½ cups poached peas
1 cup cilantro
1 cup basil
½ cup olive oil, plus more to drizzle
1 tablespoon rice wine vinegar
2 tablespoons mayonnaise
Kosher salt
6 cups butter lettuce

and/or Little Gem lettuce

2 pale-green stalks celery, thinly sliced on the bias
½ cup thinly sliced or shaved rhubarb
2 large avocados, diced
3 radishes, thinly sliced
1 head fennel, halved and thinly sliced
1 cup crumbled queso fresco

1. Make vinaigrette: In a food processor, combine garlic, half the lemon juice, half the zest, half the mint,

1 cup peas, half the cilantro, half the basil, olive oil, vinegar and mayo. Pulse to combine. Once smooth and uniform, season with salt and more lemon juice and zest to taste.
2. Make salad: In a large bowl combine lettuce, remaining herbs, celery, rhubarb, avocado, radishes, fennel and queso fresco. Dress with enough vinaigrette to lightly coat. Season with more lemon juice, lemon zest, olive oil and salt to taste.



DAVID MALOSH FOR THE WALL STREET JOURNAL. FOOD STYLING BY EUGENE JOH. PROP STYLING BY NIDIA COEVA. ILLUSTRATION BY MICHAEL HOWEYER

The Chef

Katianna Hong

Her Restaurant

The Charter Oak in St. Helena, Calif.

What she is know for

Mastering live-fire cooking and maximizing California's bounty. Translating her Michelin-star-studded training into accessible full-flavored dishes

F. MARTIN RAMIN/THE WALL STREET JOURNAL LETTERING BY ANGELA SOUTHERN

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GEAR & GADGETS

Life After Remotes

With the speedy adoption of voice command we're on the verge of smashing the TV clicker's hold on us. Will anyone miss it?

By MATTHEW KITCHEN

THE V REMOTES are an iconic staple of the American home. Developed in the 1950s with model names like the "Lazy Bones," they were crafted to keep us planted in the overstuffed couches that eventually devoured them. Couples have sparred over remotes. Cable channels crafted slogans and game shows around them. Comics mocked their bewildering mix of buttons.

But in the last few years, Alexa and Siri have moved in. With this invasion of A.I. assistants comes incredible command over technology: Don't set a timer or check the weather; ask. Don't flip

through a binder of CDs for the right song; shout. And don't spring for that spinning, oak coffee-table caddy to house your obnoxious array of remotes. With the latest TV innovations, all you'll need to say is "Alexa, play 'Dawson's Creek'" to immediately power on your TV, streaming device and soundbar, search for the show (now on Hulu), and start where it you left off.

"The control and convenience that comes from the next generation of voice is really going to enhance the TV experience," said John Taylor, senior vice president of LG Electronics and friend of Eugene Polley and Dr. Robert Adler, engineers who invented Zenith's original 1950 remote. But Mr. Taylor admits that he still can't imagine a day when our thumbs are rendered completely unnecessary.

The most enticing of these

possible clicker replacements is Amazon's Fire TV Cube (\$120, amazon.com), which its marketing director Jen Premer called less a universal remote, more a "love child between the best of Echo and the best of Fire TV." The shiny 3-inch block can manage almost any media device you own via voice command—without a mess of wires. Say "Alexa, turn up the volume" and it happens. Say "Alexa, good night" and everything powers down. The Cube can actually switch on the TV and many of its connected devices via one cable using HDMI-CEC technology. That cable also feeds Cube's functions to the set, including 4K picture, streaming apps and HDR10 or Dolby Atmos sound.

Like modern remotes, Cube can blast invisible infrared light beams to up the volume, switch channels and inputs or push pause on a DVD. Unlike most remotes, Cube gets smarter each day, adding functions via Amazon's Cloud.

At the same time, Polk and Sonos are releasing soundbars that perform many of the same tasks as Cube, but with premium audio in the mix. The Polk Command Bar (\$300, polkaudio.com) integrates the brains and dial of an Echo and features specialized modes like Movie, which equalizes the dialogue, music and effects of a film so characters can be heard clearly. With two tweeters, two mid-range drivers and a 6.5-inch wireless woofer included, "it's quite loud," playing up to 100 decibels, said Marty Wachter, director of UX and technology for Command Bar.



TODD MCLELLAN FOR THE WALL STREET JOURNAL.

The Sonos Beam packs similar functions into a more compact design (\$400, sonos.com). It can sync with a suite of Sonos devices throughout your home so you don't fall behind on a show if you run to refresh your drink.

Meanwhile, scientists at Lancaster University in the U.K. developed a prototype called MatchPoint that focuses on gesture, not voice, as a means of control. Using a webcam, the system recognizes hand or head motions to move an on-screen cursor. It's a ways off, but "as technology becomes more embedded into our everyday lives so does the

abundance of sensing technologies that would allow us to break free of the physical remote," said Christopher Clarke, a lead on the MatchPoint project.

Curiously, these devices that might help eliminate remotes each come with tiny ones of their own, for people who want all the functionality but aren't ready to relinquish the lifelong comfort of button mashing. So we might not be done with clickers yet. "Being able to push a button without moving your body was the big breakthrough" said Tim Brooks, a media historian and former NBC TV executive.

"Moving to something where you say commands as opposed to reach for a device will help. But it's not a fundamental change. It's like a better airplane rather than the first airplane."

Voice command still has drawbacks and limitations. Many people distrust devices that listen at all times. Also, you probably shouldn't shout at the TV if your spouse is sleeping and, while your best friend might understand what you mean by "that film with that big dude who punches that guy" ("Rocky IV," obviously), voice control demands specificity. Flicking

channels with a remote until you land on something that strikes you ("Rocky V") is a passive action compatible with sluggishness. There is comfort in having no idea what you're looking for until you find it. Voice expects you to bring almost all the information to the table. In time, that's bound to change too.

"We're in the very early stages of voice," said Mr. Wachter. "People have been seeing it since the 1960s when 'Star Trek' and 'The Jetsons' were on. I think this is just the start of it. The future? Mind control maybe. But we have a long way to go."

REMOTE POSSIBILITIES / A HISTORY OF INNOVATIVE WIRELESS CONTROLLERS

1955

Zenith Flash-Matic

The first wireless TV remote was effectively a flashlight. You changed volume and channels by pointing it at photoelectric cells in a screen's corners.

1956

Zenith Space Command

This remote had two buttons—no batteries. It manipulated channels and volume via ultrasonic waves,

as a little hammer inside struck an aluminum rod to create frequencies only the TV could hear.

1980

Viewstar Converter

This innovative device used invisible low-frequency light, or infrared (IR), to control a TV's functions. A million-plus were sold in the first five years as IR remotes invaded coffee tables.

1987

CL9 CORE

As more and more devices were controlled via remote, Apple co-founder Steve Jobs created the first programmable universal clicker. Too bad no one understood how to use it.

2007

Logitech Harmony 1000

This \$500 device, which you configured and updated by plugging it into

your computer, could control up to 15 components in a single room. Some people still swear by this as the ultimate TV remote.

2018

Amazon Fire TV Cube

Using multidirectional IR blasts, this voice-controlled box can manage your entire home theater and learn functions via the Cloud. Adorably, it comes with its own remote.



1955

1983



2018



More Than Mates the Eye

A high-tech chessboard allows your opponents to move actual pieces into position from another room or even another country

TWENTY-FIVE YEARS ago my friend Danny dented my brain by teaching me chess.

From this game of conflict we formed a meaningful bond. As teens maturing in line with the modern internet, we traded our tabletop board for a virtual one. When it came time to leave for college—and move farther away for careers—online chess helped us maintain an affable rivalry. Now, thanks to an innovative new chess set dubbed Square Off, we can dispense with the pixels and play real-time chess on a physical board again, no matter our geographical distance.

Old-school purists might argue that the pervasiveness of online chess has ruined the game's tactile appeal. Instead of pushing beautifully carved pieces across a painted board, most players nowadays drag and drop computer icons—a mouseclick is the only tangible element. But like something out of "Harry Potter," Square Off uses motors and magnets to glide an opponent's solid pieces over its rosewood surface, restoring an experience many players thought might be lost to technology. I bought two boards and shipped one to Danny.

Paired to our smartphones via Bluetooth, the boards speak to one another over the internet. When I make a calculated move in Austin, Texas, Danny's board reflects the

strategy in Searcy, Ark. When he counters, his piece eerily parades across my board while the motor quietly hums. Square Off remembers each figure's position and smartly navigates the pieces around each other; Captured men automatically drift to the board's edge. Moves can also be made on the Square Off app, allowing you to face opponents who don't own a board.

Playing face-to-face over a board still offers higher quality chess—but it isn't necessarily growing the game, said Daniel Rensch, an International Master and VP of content for the online community chess.com. He sees Square Off as "an amazing bridge" that combines the strengths of online and real-world games.

Lacking a suitable challenger? Square Off also presents itself as a chess gym for one, an always-ready sparring partner for aspiring grandmasters. With 20 different difficulty levels to ascend, players can work independently on improving their game, battling Square Off's invisible A.I. chess engine on a completely physical board.

My victories against Danny are still few and far between, and my goals remain unchanged: to beat him regularly and reliably. I'll make him wish I'd bought him a Game Boy instead. \$375, squareoffnow.com

—Dylan Love

GEAR & GADGETS



HEAVY FAVORITE

Even at 4,844 pounds, Lambo's super SUV can accelerate to 62 mph in only 3.6 seconds.

RUMBLE SEAT / DAN NEIL



2019 Lamborghini Urus: An SUV for the One Percent

THE OTHER DAY I got a call from a blogger asking about Lamborghini and "toxic bro culture." Please, we call them clients. And it isn't exactly a hot tip that the Italian performance brand attracts egomaniacs with boundary issues. After all, the gender split among buyers is 90% male, making Lambo ownership a veritable *fête d'sausage*.

With the 2019 Urus SUV, Lamborghini management means to reach a wider and more diverse audience, which it certainly will, provided the brand can live down its reputation as the snakeskin pants of automobiles.

I have to say, this one is throwing me a curveball. My motto has always been that the best Lamborghini is somebody else's Lamborghini. I would love to own a classic Espada but I could never keep up with the repairs. The VW Group-era sports cars have been fantastic machines, on road and track; but I could never imagine myself coping with the ridonkulousness, the overageousness, of the Lambo presentation—what with the scissor doors, the stealth-plane styling, the engine revs lashing over diners' heads at the valet stand. I don't even own a track suit.

But the Urus is so good.

Bro. We could totally hang.

If you are still grasping at the very notion of a Lamborghini sport-utility vehicle, you're not keeping up. In the past decade, one European prestige auto maker after another, from Alfa Romeo and Maserati to Bentley and Rolls-Royce, has rolled out high-riding, rough-roading limousines—generally with the expectation that it will double their volume. The Urus is the fifth SUV-like manifestation of parent company VW Group's MLBevo platform, including

Porsche Cayenne, Audi Q8 and Bentley Bentayga.

To be sure, Urus has furthest to go to explain itself. So the world's most selfish car brand—there's even an "Ego" switch—now wants to sell four-door luxury hatchbacks, and at a surprisingly reasonable \$200,000 to start? OK, fine. I'm just running out to Cartier to get a nail gun.

While distinct strains of Gruppe DNA run through the Urus, Lambo's team exercised full authority over the elements of charisma, the look and touch of the thing. Example: The Urus and upcoming Q8's proportions are such that they could wear the same dinner jacket, but you

Still grasping at the very notion of a Lamborghini SUV? Then you're not keeping up.

can't say they look anything alike. The Audi's exterior design is all about signaling modernity through discipline of line. The Urus is hosting a knife fight in geometry class.

The Q8's interior is exotically modern and minimalist, dominated by a sloped console and center stack like polished black marble, a glass cockpit with integrated capacitive switches. The Urus interior is a maximalist rendering of the same functional space, a fantasy flight deck for wealthy 12-year-olds. At the center of business is the padded aircraft-style gearshift lever, flanked by two smaller levers. On the left, the selector for one of six drive modes; on the right is the aforementioned "Ego"

switch, the dynamics personalization feature. To start the Urus you flip up a little red guard in the center and press the button. Missile away!

The powertrain—a front-mounted twin-turbo 4.0-liter V8, eight-speed torque-converter transmission and multi-mode all-wheel drive—is more Ingolstadt than Sant'Agata. But at the press event at the Vallelunga circuit near Rome, Lamborghini's chief technical officer, the amiable Maurizio Reggiani, noted that while the aluminum engine block is the same, the cylinder heads, including turbos and valveware, were built to Lambo's mad-scientist specifications, and the heads "are where you make power."

True enough. In the Lambo state of tune, the 4.0-liter produces 640 hp, glorious stallions all, at 6,000 rpm; and 627 lb-ft of torque from just off idle. All that torque and revs go through its eight-speed ZF transmission and then to the rear-biased AWD system. Urus's mechatronic rear axle can also sling torque side to side at up to 75% to correct understeer or otherwise stabilize the car whilst in pursuit of maximum traction.

Slap on a set of foot-wide 22-inch Pirelli P Zero Corsa tires and you are making some major voodoo. Lamborghini says the 4,844-pound SUV can accelerate to 62 mph in 3.6 seconds—I'll buy that—and 124 mph in 12.8 seconds.

That last seems a little slow. My group was hucking these things around Vallelunga at a pace I estimate would be right on top of a decent Porsche 911 4S. Not a Cayenne, a 911. Romp the Urus out of a slow corner and it feels like someone dribbling a medicine ball on your back. *Whup, haw, whup, hawww...* You're at 120 mph.

No surprise, the big dual-sport is majorly quick and mega fast, because horsepower and traction. But the Audi-like cabin isolation, the deeply pillowd thump of gear shifts, are new textures for Lamborghini. As the Urus quietly thundered and crackled around Vallelunga, I worried it may not be obnoxious enough for young aspirants.

What gives the Urus its range of motion is its four-corner air suspension, which will lift the belly from a low of 6.2 inches, for dirty track work, to 9.8 inches in "Terra" mode (dirt); There is also a "Sabba" (sand) or "Neve" (snow) mode, and available winter tires to make use of it.

The active/adaptive air suspension heroically re-

sisted body roll and other transient forces; but limits can be found. Magical nameplate aside, it's a 2.5-ton four-door on a raised suspension. If you carry too much speed into a corner the front end will push wide inoffensively until you gather it back up.

Of course there's no excuse for lazy braking. Urus's piece de resistance (sorry) are its carbon ceramic front rotors (17.3 inches in diameter), gripped by 10-pot calipers; these are aided by the 14.6-inch/six-pots in the rear.

In case the kids ask: Lamborghinis have traditionally been named to honor fighting bulls, such as Jalpa, Murcielago, Urraco. The name Urus comes from an extinct variety of extra-large cattle that once roamed Europe, and will again, apparently.

MAKE BREAKFAST HAPPEN SO KIDS CAN BE HUNGRY FOR MORE



Photo By: Peggy Sirota

I was one of our nation's hungry kids growing up. Today, 1 in 6 children in America struggle with hunger. But when they get breakfast, their days are bigger and brighter. Learning, attention, memory and mood improve. Together, we have the power to get breakfast to kids in your neighborhood — let's make it happen. Go to hungeris.org and lend your time or your voice.

Viola Davis, Hunger Is Ambassador

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calipers (rear)
0-62 mph 3.6 seconds
0-124 mph 12.8 seconds
Top Speed 190 mph
Cargo Space 22 cubic feet

2019 LAMBORGHINI URUS

Base Price \$200,000

Price, as Tested \$223,000 (est)

Powertrain Twin-turbocharged, direct-injection DOHC V8; eight-speed automatic transmission with multi-mode manual shift; permanent all-wheel drive (60/40 rear/front static torque split) with torque vectoring rear differential

Power/Torque 640 hp @ 6,000 rpm/627 lb-ft at 2,250 rpm

Length/Width/Height/Wheel-base 201.3/79.4/64.5/118.2 inches

Curb Weight 4,844 pounds

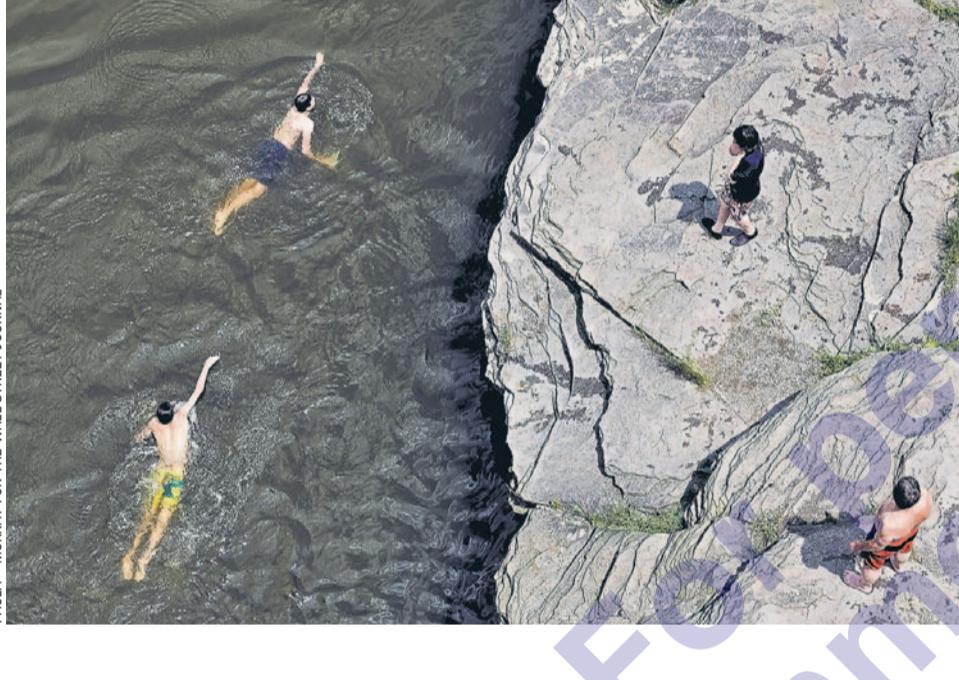
Brakes 17.3-inch carbon ceramic rotors, 10-pot calipers (front)/14.6-inch rotors, six-pot

ADVENTURE & TRAVEL



COUNTY FAIR

Clockwise from above: The year-old DeBruce hotel, an elegantly repurposed boarding house in Livingston Manor; the Kaatskeller, also in Livingston Manor, which serves wood-fired pizza and vintage-style cocktails; Narrowsburg's One Grand Books; Skinners Falls on the Delaware River; a roadside remnant from earlier times, near Roscoe.



smoked trout with blinis. 6 Old County Road, Cochecon, henningslocal.com

1 p.m. Arrive at Skinners Falls, a set of gentle Delaware River rapids on the outskirts of Narrowsburg where you can swim and sun on the rocks. Landers River Trips, a family-owned outfitter since 1955, provides inner tubes on which to take unlimited spills down the falls (\$10). Arrive earlier (and call ahead) if you want to use one to float 5 miles downstream to Narrowsburg (\$26)—a journey that takes about 5 hours on the lazy river. landersrivertrips.com

4:30 p.m. Towel off and head 10 minutes south on Route 97 to Narrowsburg, a town lined with charming storefronts and restaurants—plus a post office that looks like a pristine 1970s set piece—all within a three-minute walk on Bridge Street. At One Grand Books the stock revolves around a curated selection of “desert island books” volunteered by celebs and thinkers ranging from Bill Gates to Tilda Swinton (*60 Main St., Narrowsburg, onegrandbooks.com*). Hit up Nest (*15 Main St., nest-store.com*) and MayerWasner (*55 Main St., mayerwasner.com*) for your stump coffee tables and gauzy caftans, respectively. Sunny’s Pop (*76 Main Street, sunnys-pop.com*) is a seasonal pop-up from Sunrise Ruffalo—who lives nearby with her husband, the actor Mark Ruffalo—that features hand-picked curiosities, such as free-form ceramic mushrooms and decorative animal skulls.

6 p.m. You have two first-rate options for an early dinner. For an ace charcuterie board and sourdough pies wood-fired in an authentic Neapolitan oven, head to the Laundrette, a cleverly repurposed laundromat down by the banks of the Delaware. The menu is chockablock with local products, from cheeses to meats to wine (*20 Fifth St., thelaundrette.xyz*). At the Heron, Sullivan County’s most celebrated farm-to-table joint, everything is good, but the fried chicken is superb. *40 Main Street, theheronrestaurant.com*

8:30 p.m. Head back toward Livingston Manor. Shortly before reaching town, you’ll pass the Arnold House, a sister property to the DeBruce. The tavern here has a pool table, a working jukebox and an ardent local following; Sullivan County shuts down early, especially on Sunday nights, but this is a solid option for one last drink. *839 Shandelee Rd., Livingston Manor, thearnoldhouse.com*

Day Four: Monday

8:30 a.m. You can’t leave the Catskills without taking a hike. After an early breakfast at the DeBruce, ask for a late checkout, then pop down to Main Street Farm, a combination farm shop and gourmet store, for made-to-order sandwiches. Try the Beaverkill, which features house-smoked trout on soft ciabatta bread. *36 Main St., mainstreetfarm.com*

10 a.m. Retrace your steps back up DeBruce Road and you have several hiking options. For sweeping views and a bit of a workout, head for Red Hill Fire Tower. It’s a good 40-minute drive to the trail head, then about an hour’s easy climb on foot to the summit. There, you can ascend a 60-foot observation tower for a bird’s-eye view of the region. For less of a commitment, there are several shorter, flatter trails, such as the Frick Pond Loop, in the forest off Mongaup Road, about 6 miles along DeBruce Road from Livingston Manor.

3 p.m. On the way back toward New York City, stop at Bethel Woods Center for the Arts, on the site where Woodstock took place almost 50 years ago. Now, a permanent amphitheater draws acts like Lynyrd Skynyrd and Dierks Bentley in summer; a small museum is devoted to “telling the story of the Sixties,” complete with artifacts from the period, like a psychedelic school bus and protest banners. Wander the rambling fields where the original concert was held, taking a few final moments to recharge in the peace and quiet of this untouched stretch of countryside. Flower power, indeed. *200 Hurd Rd., Bethel, bethelwoodscenter.org*

Chill in the Catskills

Continued from page D1

7 p.m. Two minutes by car from the brewery is the short strip of road that constitutes downtown Livingston Manor: “Small town, big backyard,” as the sign at the foot of Main Street reads. Along the main drag, you’ll find Upstream Wines & Spirits, specializing in biodynamic wines (*34 Main St.*), Will Hardware, one of New York state’s oldest continuously operating hardware stores (*61 Main St.*) and nothing in the way of chain stores. Pop into Morgan Outdoors, a shop which stocks both hiking boots and local handmade pottery, and ask for owner Lisa Lyons to get the inside scoop on trail conditions. The shop also rents hiking equipment, from walking poles to child carriers, by the day. *46 Main St.*

7:30 p.m. Across the street is the Kaatskeller. By this time on a Friday, it will look like half of Brooklyn emptied out into the picnic tables that fill the restaurant’s front yard. An outdoor oven turns out wood-fired pizzas like the Wild One, topped with wild boar pepperoni and Harissa-spiked San Marzano tomatoes. After dinner, wander upstairs to the Kaatskeller’s bar, which channels 1970s rec-room style with a vintage cocktail cabinet, orange Naugahyde bar stools and the sound of Bob Dylan warbling through the air. The Hemlock Negroni—who knew hemlock was potable?—makes for a good nightcap. *39 Main St., thekaatskeller.com*

Day Two: Saturday

8:30 a.m. Head along Old Route 17, a scenic drive that runs parallel to the highway and rolls gently over the Catskill foothills, to the nearby town of Roscoe (pop: 540), self-styled as “Trout Town USA.” On the sleepy main drag, Stewart Avenue, worn facades announce three fishing-supply shops, a gun store and a couple of restaurants that look like relics of the Johnson administration. A local roaster called Java Love opened a seasonal outpost here in a tiny log cabin that strongly recalls a child’s Lincoln Logs creation. Grab a coffee

and pastries from the shop’s limited selection. *44 Stewart Ave., javaloveroasters.com*

9 a.m. To try your hand at fly fishing (it’s harder than it looks), book a local guide. Phil Eggleton, who runs Trout Town Adventures with his son Dave, has been fishing these waters since the 1970s, and arrives equipped with must-have gear like waders and rods, plus a lifetime’s knowledge of the best local spots. If the rivers are too low for good fishing, as happens later in the summer, he can take you out for a paddle or a hike instead. trouttownadventuresandguideservice.com

12 p.m. Drive five minutes west along Old Route 17 for a lunch of steak and Guinness pie or ricotta toasts at the Red Rose Motel + Tavern, a defunct 1930s-era roadside lodging that has recently been refurbished by a professional antique picker. The tavern abounds with bric-a-brac, like vintage sporting magazines and an old-timey cash register. *21677 County Highway 17, theredrosemotel.com*

2 p.m. Head 30 minutes out of town along roads that switch from pavement to red clay to reach Catskill Pheasantry & Clays, a no-frills bird hunting club. In the winter, during hunting season, it organizes pheasant and partridge hunts; in summer, you can shoot sporting clays at its large compound in the foothills (*374 Neer Road, Long Eddy, catskillpheasantry.com*). If you’re traveling with kids, a family-friendly alternative is to visit Buck Brook Alpacas, a family-owned farm where a herd of long-lashed alpacas are bred for the show ring, as well as their silky fleece. *99 Bestenheider Rd., buckbrookalpacas.com*

4 p.m. Back in Roscoe, pay a visit to Roscoe Beer Co., a five-year-old operation with award-winning beers (like its dark, strong Two Headed Stout) and an outdoor beer garden boasting a life-size version of Jenga. (*145 Rockland Road, Roscoe, roscoebeercompany.com*). Nearby, you’ll also find Prohibition Distillery, located in Roscoe’s former firehouse. Take a tour of the distilling process or just hit the tasting room; try their Bootlegger Bourbon, made from 100% local corn. *10 Union St., Roscoe, prohibitiondistillery.com*

6 p.m. Head back to the DeBruce, where Saturday nights bring a hyperlocal nine-course tasting menu—it’s included with the price of your room—served in a small dining room with mountain views. Chef Aksel Theikulu

forages on the property for esoteric greens and wild berries to complement products from nearby farms. After dinner, nick the inn’s Scrabble set and move downstairs to the tavern for a drink or two in front of the fire.

Day Three: Sunday

10 a.m. Sleep in, then hit the road for the hourlong drive to the little town of Narrowsburg (pop: 430), on the Delaware River. You’ll be stopping for brunch on the way, but if coffee can’t wait, Brandenburg Bakery offers a strong cup that’s especially good with fresh-baked turnovers—a house specialty (*66 Main St., Livingston Manor, brandenburgbakery.com*). Halfway along the route you’ll find Henning’s Local; pay no attention to its odd location above a lonely Mobil station. Chef and owner Henning Nordanger once cooked as private chef for the King of Norway, and the restaurant serves excellent, Norwegian-influenced, farm-to-table brunch cuisine, like



ADVENTURE & TRAVEL

A TALE OF TWO BUDGETS

Conquer Madrid, More or Less

The Spanish capital is a veritable bargain when compared with other European tourist magnets. Andrew Ferren tallies up two winning itineraries, one high-end, the other slyly thrifty



Corral de la Moreria, one of Madrid's most authentic flamenco clubs.



Sala Equis, a cocktail bar and cinema in the bohemian Latina neighborhood.

DANIEL GARCIA DOMINGUEZ (TOP LEFT); LUCIA MARCANO, ILLUSTRATIONS BY MATTHEW COOK

\$2,400 a day

Very deep pockets are not required in Madrid, where you can acquire an abundance of basic survival needs—food, wine and culture—quite reasonably. But if your lifestyle depends on rare vintages and astronomical thread counts, the city can handily deliver those too.

SLEEPING QUARTERS Hotel Santo Mauro is not the “latest” place and that’s precisely the point. Located in a 19th-century nobleman’s palace in the city’s prettiest quarter, it provides layers of style and tranquility. There’s also top-notch service and a spritz of local buzz as glamorous Madrileños pop in to see and be seen in the hotel’s suite of sitting rooms, bar and a cozy restaurant done up by A-list interior designer Lorenzo Castillo.

COST From \$380 per night, acsan-tomauro.com

CULTURE FIX Compared to the extra-terrestrial-looking opera houses that have recently landed in cities like Oslo or Hamburg, Madrid’s neoclassical Teatro Real, which turns 200 this year, may appear buttoned-up and boring. Evidence to the contrary includes a fantastic lineup of opera, ballet, concerts and other programs, plus intermission nibbles care of Ramon Friexa (a local restaurant with two Michelin stars). Even if you don’t see a show, take a backstage tour (like the Pentagon, the building has more floors below ground than above).

COST Opera tickets peak out at \$240 each for the best seats in the house. Tours are about \$10, teatro-real.com/en/

OUTDOOR EXCURSION

An hour north of Madrid sits Spain’s loveliest royal palace, La Granja de San Ildefonso, built by the first Bourbon king, Felipe V, in 1724 with gardens and fountains designed to remind him of his youth at Versailles. At 4,000 feet above sea level, La Granja boasts crisp, dry air in summer and visitors who so desire can get good and wet at the Fountain of Fame, which shoots a jet 150 feet in the air.

COST About \$500 for a driver for half day, with more affordable options like buses, trains and ride-sharing apps like Uber and Cabify; entrance to palace and gardens, \$10, patrimonionacional.es/real-sitio/palacio-real-de-la-granja-de-san-ildefonso

MIDDAY MEAL Santceloni, known for celebrating seasonal delicacies, is the only restaurant in Madrid to have won all three of Spain’s national gastronomic prizes—for cui-

sine, sommelier and atmosphere. Dishes range from firm white asparagus bathed in an emulsion of smoked carrot, corn and curry to decadent duck lasagna. Don’t skip the cheese table.

COST About \$460 for a three-course lunch for two plus a bottle of wine, restaurante-santceloni.com.

SOUVENIR Spain creates exceptional leather goods, often for foreign (read Italian) brands. A proud member of the Made-in-Spain-label club is La Portegna, a line of men’s and women’s shoes, bags, wallets and other goods crafted in Utrera, Andalusia.

COST \$300 for a leather tote, \$110 for suede travel slippers, laportegna.es

REFRESHMENT Enjoy sunset and a crisp Catalan rosé from the rooftop terrace at the Principal hotel with humbling views of the city stretching far beyond the whimsical, if massive, sculpture topping the iconic Metropolis Building just across the street.

COST \$15 for two glasses of wine, theprincipalmadridhotel.com



DINNER Corral de la Moreria, one of Madrid’s most authentic flamenco clubs (called tablao here) has upped its game with a tiny gastronomic restaurant in a former dressing room. Diners enjoy a six- or nine-course tasting menu by celebrated Basque chef David García while listening to the restless guitars and fast-moving feet of the 8 p.m. flamenco show. After dinner they pass into the tablao for the real show.

COST About \$240 for two for a short tasting menu (to allow time for flamenco performance) and a bottle of wine plus the show, corraldelamoreria.com

NIGHTCAP If flamenco makes you want to twitch rhythmically yourself, head to the Jungle Jazz Club at Amazonico in Barrio Salamanca. Since it’s a frat party for well-heeled 40-year-old Spaniards, they take reservations.

COST Cocktails for two \$40, thejungle-jazzclub.com

TOTAL COST: \$2,435 (exchange rate at press time: \$1 = € 0.85)

\$400 a day

If lodging were free, you could live in Madrid for an entire week on \$400. Unfortunately, under-\$150 hotel rooms tend to offer wrinkle-enhancing lighting and synthetic “wood” floors—real buzz kills if you plan to spend time indoors. But paying just a bit more yields big rewards.

SLEEPING QUARTERS The latest addition to the Madrid hotel boom is the NH Collection Gran Via, which just opened in May on—appropriately enough—Gran Via. The bustling boulevard is Madrid’s version of Manhattan’s Broadway, and like other hotels in the area, it’s upside down with lobby and restaurants on the top floors to make the most of the views. Restaurant Picalagartos Sky Bar generates its own buzz with a hipster culinary and cocktail scene.

COST \$180 for a double room, nh-collection.com

CULTURE FIX Behind the vast Reina Sofia modern and contemporary art museum, nearly 40 contemporary art galleries line Calle del Doctor Fourquet. Check out established Madrid dealers like Helga de Alvear and Espacio Minimo as well as the smaller cutting-edge spaces, such as Nogueras Blanchard.

COST Looking is free, buying is on you.

OUTDOOR EXCURSION For joggers, cyclists and anyone who craves being outside, Madrid Rio, a newish 6-mile park, is giving the grand Retiro Park a run for its money. It was created in 2011 on the reclaimed banks of the Manzanares River, which, while not much of a river, winds through one helluva park. There are bike paths, zip lines, 17 playgrounds, urban beaches, cafes, bars and a few museums and historic monuments tucked in along the way.

COST Free, esmadrid.com/madridrio



MIDDAY MEAL Sitting at the juncture of the trendy Chueca and Malasaña neighborhoods, Café Comercial was deeply mourned when it closed in 2016, but all was forgiven when it opened with a groovy new look by interior design studio Madrid in Love and a vastly upgraded menu. Simple dishes like sirloin steak, grilled razor clams and seafood risotto are adroitly prepared. Or do like the locals and sit at the bar making a lunch of a wedge of Spanish omelet and a *flauta* (a slender baguette) of jamón Serrano and fresh tomato.

COST About \$70 for lunch for two with wine, cafecomercialmadrid.com

SOUVENIR

Most American homes appallingly lack an aceitera—the little cruet or flask that lets you serve olive oil without ruining your tablecloth with drips. Madrid’s best selection of aceiteras—not to mention an encyclopedic selection of sangria pitchers and other must-have items is available at Alambique, a delightful shop near the Royal Palace that specializes in Spanish crockery and utensils. They also have really fun cooking classes for paella, pintxos, ceviche and sushi.



COST \$10-20 for an olive oil cruet, alam-bique.com

REFRESHMENT Restaurant resuscitator Carlos Zamora (re-launcher of La Camenita, Celso y Manolo among other noteworthy restos) just rebooted an ages-old boîte in the heart of historic Madrid as Café Angelica. Signature fare: special coffees, herbal teas, a selection of organic snacks (including a corps of avocado toast options) and few decadent sweets. The outdoor seating area, spilling down a series of staircase landings, is one of Madrid’s most Instagrammable nooks.

COST \$25 for two, cafeangelica.es

DINNER Arzabal, one of two newish restaurants set inside the Reina Sofia museum, is considered by many exacting gourmands the gold standard of Madrid tapas joints. Start with porcini croquetas, jamón ibérico, fried artichokes and steak tartare—all designed for easy sharing—and go from there.

COST About \$90 for dinner for two with wine, arzabal.com

NIGHTCAP Located in a former pornographic cinema, Sala Equis (*equis* is the Spanish letter X) in the bohemian La Latina neighborhood has traded adult films for adult beverages and organic snacks, along with a cocktail bar and micro-cinema. Both highbrow arty films and offbeat comedies are shown in their original language.

COST \$20 for two for the 10 p.m. screening and two craft beers, salaequis.es

TOTAL COST: \$400 (exchange rate at press time: \$1 = € 0.85)

DESIGN & DECORATING

BY MIRANDA AGEE

THE WILDLY LONG fibers of shag rugs, in hues such as Day-Glo orange and electric blue, suited the loosey-goosey, experimental 1960s and '70s. But the hirsute floor covering eventually flatlined, done in by its scratchy feel, reputation for harboring dirt and tendency to swallow keys and earring-backs whole—as well as its association with cocaine-fueled decadence.

Thanks to tweaks to the manufacturing formula, however, shags have resurfaced as a luxurious, denser, lower-pile and more comfortable option. In the '70s, "shag rugs had a kind of rec-room association," noted designer Jonathan Adler, whose collections include elevated varieties that mix viscous fibers with wool to add shimmer and glamour. "I don't call them shag," he said, but "sometimes you need a little extra squish."

Other nouveau shag makers embrace the essential casualness of the style. Designer Luke Irwin's new collection modernizes the laid back look of Berbers—the thick, white Moroccan rugs with large-scale geometric patterns that are the closest thing to shag rugs we've seen

Old-school shags had a tendency to swallow keys and earrings whole.

post-1970s. Berbers, he said, "match the informality of the world in general." In Mr. Irwin's versions, magenta and cobalt replace the brown or black of the naive patterns in classic Berbers, but the traditional neutral backgrounds remain.

Though shags get a bad rap for allegedly attracting dirt, said Bachman Brown, a New York-based interior designer, "now the pile is a touch shorter and a lot thicker"—improving its potential for good hygiene. The pile height of five decades ago (which topped 4 inches) and knots that were woven further apart limited designs to solid colors or super graphics. "I remember the shag rugs of the '70s being tufted—held together by a plastic grid—so the fibers were easy to pull out," said Shanan Campanaro, creative director of Eskayel, a home-goods empire built around moody, organic watercolor prints. Eskayel's new Tamandot Tesoro shag, near right, exemplifies the shorter but still expressive pile (a little over an inch of bamboo silk) and close knotting that make more complex patterns possible. "I could have the structure of the intricate design shine through while simulating the movement of my watercolors," said Ms. Campanaro.

The hugely improved vacuums of our era also make contemporary iterations—whose pile heights range from $\frac{1}{4}$ of an inch to 2 inches—a livable luxury. "I like to think of today's modern shags as a mink jacket for your floor," said Mr. Brown. "It doesn't get more elegant than that."



HAPPY FEET Interior designer Bachman Brown put a Vista rug (see inset for detail), from Orley Shabahang's Shag Series, in his New York apartment.



Tamandot Tesoro Rug, \$12,960 for 9 feet by 12 feet, eskayel.com

Ghan Rug, \$1,620 for about 6 feet by 8 feet, armadillo-co.com

Prismatic Shag Rug, \$1,920 for 8 feet by 10 feet, aelfie.com

FAST FIVE

Prouder Peacocks

These clever variations on Morticia Addams's throne of choice spread their tails less predictably



Vintage Bamboo Peacock Chairs, \$3,800 for a pair, chairish.com



Justina Blakeney Zahra Peacock Chair by Selamat Designs, \$893, thejungalow.com



Painho High Back Club Chair, from \$3,670, tidelli.com, 424-335-0711



Cala Chair by Doshi Levien, \$4,281, Kettal Showroom, 917-409-2650



Patricia Urquiola Crinoline Armchair, from \$5,154, bebitalia.com

DESIGN & DECORATING

HOUSE TOUR

One Sharp Flat

In a 900-square-foot London apartment, an interior architect indulges his penchant for layering, details, art and objets but avoids visual cacophony by following a few organizing principles



BY CATHERINE ROMANO

WHEN I DESIGN a place, I think about the emotion that will be provoked when you walk in," said interior architect Martin Brudnizki. In the case of his own apartment in London, Mr. Brudnizki wanted to convey comfort and escape "but not necessarily visual quiet," he said. "I wanted an enormous number of layers, textures, art, objects, plants. So much of my work is about the client, but this was all about me."

One could argue that the commercial spaces for which Mr. Brudnizki's eponymous New York and London firm are known—Manhattan's Beekman hotel, the newly opened London social club Annabel's, among others—achieve a homeliness through similarly rich eclecticism. With his own flat, however, he faced a constraint that hoteliers and restaurateurs rarely battle the way urban dwellers do. He had to pack the practical and aesthetic needs of himself and his boyfriend, Jonathan Brook, into 900 square feet. This required a two-prong attack.

First, every inch of the apartment needed to serve a function, if not two. A round table placed behind the sofa not only accommodates family photos, a lamp and plants, it creates breathing room, opening the flow from the living room into the kitchen. The little kitchen island openly displays candles and rattan baskets, providing storage with visual interest as well as a place to take breakfast.

Second, the décor follows structural and organizational precepts. Art is typically hung in neat vertical rows ("Salon style would become messy quickly"). The palette includes only green, blue, pink and brown, and all architectural woodwork is painted off-white. "I could stand in the hallway and see everything," said Mr. Brudnizki. "It had to harmonize."

THE LIGHT AT THE END OF THE CHUNNEL

In the London flat of interior architect Martin Brudnizki, the kitchen acts as a palate cleanser to the otherwise densely decorated apartment. The white of the kitchen's hi-gloss cabinets and the calacatta oro marble introduces an element of freshness and reflects the ample light provided by a large window overlooking the city's rooftops. When you first enter the apartment, said Mr. Brudnizki, a section of the living room wall "blocks the stove and oven and guides the eye to the plants and window." He painted the kitchen walls a lighter green than that of the living room's sea-grass wallpaper, which produces the optical illusion of depth, making the kitchen appear longer and bigger.

**BLUE MEDLEY**

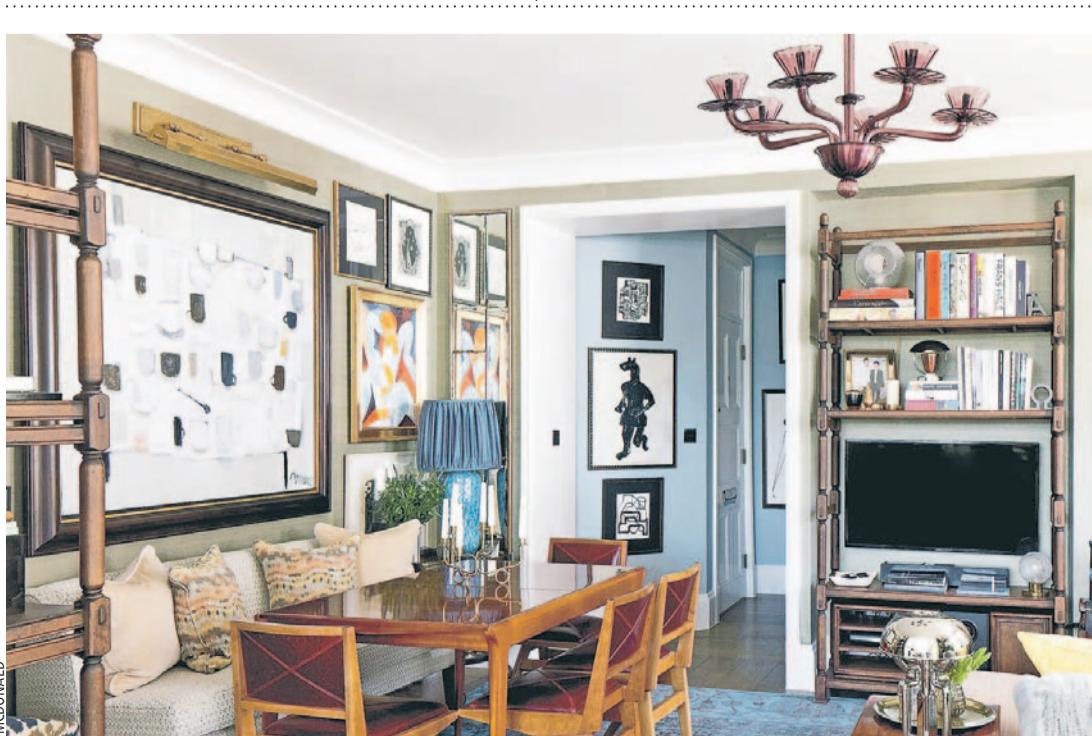
With the master bedroom décor, Mr. Brudnizki wanted to achieve two goals: to hang the large painting by U.K. artist Andrew Norrey over the bed; and to make sense of two niches flanking what might have been a fireplace in the original Victorian mansion of which the apartment is the top floor. So that he didn't obscure the painting, Mr. Brudnizki designed a low, Art Deco-esque sleigh bed with no headboard. He also created highboys to fit in the alcoves and fashioned decorative valances to hide lights above each highboy. A visual theme of curves—seen in the valances, the Fornasetti urn, the giant-tassel lamp from Arteriors and the brass and marble table—ties the room together. More soothing cohesion comes from the blues and greens that recur in the navy-lacquered bed, the marble table top, the pale, silk-covered walls and the pigments in the painting. The coral lamp shade picks up the cerise and pink in the art work.

**MARBLE GAME**

"I warned my mother when she visited that the bathroom was tiny, and she said, 'It's not small, it's perfect!'" said Mr. Brudnizki, who was born in Stockholm. Among the tricks he employed to fake spaciousness: installing a vanity without cabinets "so you see the corners through it and the room reads bigger," he said. He also added a massive mirror. And though the metals are a mix of chrome and brass, all of the tiles are white marble, from the subway pattern on the walls to the small hexagons on the floor, as is the vanity. "You want the bathroom to be white so in the mirror you get a relatively realistic reflection of yourself," he said.

**PLANTS THAT CLIMB THE WALL**

In the kitchen, three identical cupboards camouflage (from left): a washer-dryer; a refrigerator and freezer; and a utility closet and mechanicals. Mr. Brudnizki highlighted the details of the cabinet faces by painting them white, then hung botanical prints on them in vertical rows, a technique that helps combat any sense of clutter. "I found a book of prints called 'Flora of the British Isles' that was literally falling apart, so I framed some of them," he said. "I thought they went well with the plants at the window, and of course, the apartment is in London. It was perfect." The red leather stools are extras left over from another project, which saved Mr. Brudnizki a bit of money. "We're all on a budget," he said.

**SOFA SO GOOD**

If two more chairs replaced the banquette, the whole dining set would need to be moved away from the wall so you could walk around it properly, explained Mr. Brudnizki. The banquette, so easily pushed up against the wall, saves space. The upholstered banquette also adds softness, he said, and additional pillows invite people to linger after a meal: "It's a bit more casual." The largest painting here is an abstraction of a table with glasses on it, suitable subject matter given its placement. The television can be pulled out and angled toward the dining table, when desired. Mr. Brudnizki pointed out that the TV and the large kitchen window form an axis. "They are two viewing points, one reality and one a different type of reality, which is interesting."



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