

THE WALL STREET JOURNAL.

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Wildfires Ravage California Wine Country, Send Thousands Fleeing



INFERNO: More than a dozen wildfires in Northern California destroyed at least 2,000 houses and businesses and left at least 10 people dead, officials said Monday. Gov. Jerry Brown declared a state of emergency in several counties as the blazes continued to rage. A3

JEFF CHIU/ASSOCIATED PRESS

Battered Dollar Climbs Back

By DANIEL KRUGER
AND IRA IOSEBASHVILI

Investors are buying the U.S. dollar again, betting that an increasingly aggressive Federal Reserve and tumult in European politics will help lift the currency as it rebounds following its longest slide in a decade.

The dollar has already bounced roughly 2.9% from its September lows and has risen in five of the past six weeks, powered by gains against the euro, yen and emerging-market currencies. Investors betting against the dollar have also cut back on their positions recently.

The surge in demand for dollars caught some investors

off guard. The Fed took an unexpectedly aggressive tone when officials signaled they expect four rate increases by the end of next year and the Republican tax overhaul plan spurred hopes for faster U.S. growth.

Meanwhile, strong showings by antiestablishment parties in Germany and a secession push in Spain's Catalonia region led to renewed concerns about the European Union, halting gains in the euro that had sapped the greenback's strength.

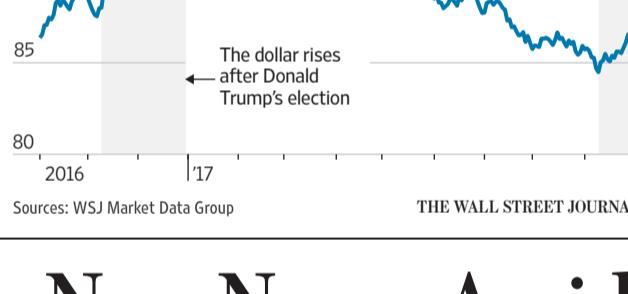
The surprise recovery in the currency highlights the unpredictable turns financial markets have taken this year. Expecta-

Please see DOLLAR page A10

Upswing

A selloff in the dollar has reversed in recent sessions, boosted by signals the Federal Reserve remains on course to raise rates and a Republican proposal to overhaul taxes.

WSJ Dollar Index



Sources: WSJ Market Data Group

THE WALL STREET JOURNAL.

The concession comes a week after GE's longtime leader, Jeff Immelt, resigned as chairman and left the company's board. Since taking over as CEO, John Flannery, who is now chairman too, has been moving aggressively to break with the past, replacing GE's finance chief and two other senior leaders on Friday.

The GE veteran is also expected to unveil his restructuring efforts and reset financial targets in November, according to people familiar with the matter. They include a plan to generate more savings than the \$2 billion previously targeted by the end of 2018, the people said.

The new GE chief is under pressure to share with investors his plans to cut costs and boost profits at a company whose shares have fallen more than 25% so far this year, missing out on a broad stock market rally and erasing more than \$50 billion in market value. The shares fell 3.9% on Monday to \$23.43, their lowest close in more than two years.

Trian first invested \$2.5 billion in GE in 2015 in what was portrayed as a collaborative move. But the investor has been unhappy with GE's stock performance.

Please see GE page A6

Weinstein Co. Eyes New Name Amid Scandal

LOS ANGELES—Weinstein Co. is considering changing its name as it moves to distance itself from former co-chairman Harvey Weinstein, the larger-than-life

By ERICH SCHWARTZEL,
JOE FLINT AND BEN FRITZ

Hollywood mogul who was once the studio's biggest asset, but who has become its biggest liability.

A Weinstein-free name is in the works as the studio has en-

listed two ad agencies to develop a new brand identity, a person close to the company said. In addition, Harvey Weinstein's name is being scrubbed from the credits of coming film and television projects, people familiar with the matter said, as the company tries to contain the fallout from allegations that Mr. Weinstein had for decades sexually harassed actresses, female subordinates and other women.

The changes are among the most tangible signs yet of Har-

vey Weinstein's downfall. The producer behind Oscar-winning hits like "The King's Speech" was fired by his board Sunday after a New York Times report last week said he had paid financial settlements to at least eight women following allegations of sexual misconduct.

Earlier on Sunday, worried that he could soon be dismissed, Harvey Weinstein emailed several powerful Hollywood business associates imploring them to send letters to Weinstein Co.

board members asking that he be given "a second chance." If he were to be fired, Harvey Weinstein predicted, it "would destroy the company," he wrote. It is unclear whether any of the email's recipients complied with the request.

The tumult has also put pressure on Bob Weinstein, brother of Harvey and now the company's sole chairman, as well as David Glasser, a longtime lieutenant of the brothers who is president and chief operating officer.

Messrs. Weinstein and Glasser are now in charge at Weinstein Co. and have spent the past several days assuring others in Hollywood that the studio will stay open and keep releasing movies. Weinstein Co.'s board is scheduled to meet Wednesday to decide whether Bob Weinstein and Mr. Glasser should be named to run the company permanently, a person with knowledge of the plans said.

A spokeswoman for Wein-

Please see STUDIO page A6

The Shopper Retailers Want Is 26 Years Old

Marketing, products revamped for millennials

By ELLEN BYRON

The Scotts Miracle-Gro Co. has started offering gardening lessons for young homeowners that cover basic tips—really, really basic—like making sure sunlight can reach plants.

"These are simple things we wouldn't have really thought to do or needed to do 15 to 20 years ago," says Jim King, senior vice president of corporate affairs for Scotts. "But this is a group who may not have grown up putting their hands in the dirt growing their vegetable garden in mom and dad's backyard."

The biggest single age cohort today in the U.S. is 26-year-olds, who number 4.8 million, according to Torsten Slok, chief international economist for Deutsche Bank. People 25, 27 and 24

follow close behind, in that order. Many are on the verge of life-defining moments such as choosing a career, buying a house and having children.

Companies looking to grab a piece of that business have run into a problem. This generation, with its over-scheduled childhoods, tech-dependent lifestyles and delayed adulthood, is radically different from previous ones.

Companies are developing new products, overhauling marketing and launching educational programs—all with the goal of luring the archetypal 26-year-old.

"They grew up playing soccer, having dance recitals and playing an Xbox," says Scott's Mr. King. "They probably didn't spend as much time helping mom and dad out in the yard as their pre-

Please see TARGET page A14

INSIDE



THE HIDDEN BATTLE OF THE SEXES AT WORK

JOURNAL REPORT, RI



ECONOMIST THALER WINS NOBEL PRIZE

U.S. NEWS, A2

McDonald's McSpicy Problem: An Indian Partner Gone Rogue

* * *

After chain tries to pull out of 150 outlets, defiant franchisee keeps serving

By CORINNE ABRAMS
AND ERIC BELLMAN

NEW DELHI—McDonald's Corp. has a baffling problem in India. It can't get restaurants there to stop selling its food.

In August, after a lengthy dispute, the fast-food giant ordered its partner of 22 years in northern and eastern India to stop using the McDonald's brand and system. But Connaught Plaza Restaurants Pvt. Ltd., which operated 40% of McDonald's Indian outlets, about 150 restaurants, went rogue.

It has continued to sell Maharaja Macs, McAloo Tikki and McSpicy Paneer burgers under the golden arches—using the McDonald's name and recipes.

"I cannot allow a large or-

ganization, this [multinational] monster, whatever you want to call it, to truly belittle our contributions," says Connaught Plaza's defiant managing director, Vikram Bakshi.

McDonald's has accused Connaught Plaza, a joint venture between Mr. Bakshi and McDonald's India Pvt. Ltd., of breaking agreements on financial management, internal controls and paying royalties, among other things.

"We'll continue to take steps to exercise our legal and contractual rights and enforce the termination," says a McDonald's spokesman in Hong Kong, Ron Christianson. "It will take time to bring the current situation to a final resolution."

Mr. Bakshi denies most accu-

Please see INDIA page A14

U.S. NEWS

Nobel Goes to Economist Richard Thaler

American Richard Thaler won the Nobel Prize in economics for upending the longstanding notion that individuals make rational decisions about their futures and finances and helping to develop policies intended to nudge people toward altering their choices.

By Ben Leubsdorf
in Washington and
David Gauthier-Villars
in Stockholm

The University of Chicago professor helped to advance automatic enrollment in retirement-savings plans and automatic increases in contributions to these plans, a major shift in how Americans save money. He also influenced public policy on smoking, organ donations and beyond.

"I basically have made a career stealing ideas from psychologists," the economist quipped at a news conference in Chicago.

Monday's award highlighted the decadeslong rise of behavioral economics from the profession's margins. The strain of research came to prominence in the 1980s and 1990s and challenged the popular view in eco-

Honor Roll

Top 10 universities, research institutions or companies that have received Nobel prizes, based on recipients' affiliation at the time of prize announcement.

Economics	Physics, chemistry, and physiology or medicine
Harvard University	7
Stanford University	2
MIT	5
University of Cambridge	4
California Institute of Technology	19
University of Chicago	13
Columbia University	4
University of California Berkeley	5
Princeton University	6
Rockefeller University	12

Notes: Institution shown is the parent institution. Winners with multiple affiliations are counted in the totals for both institutions. Excludes winners for whom no affiliation is available.

Source: Nobel Foundation

THE WALL STREET JOURNAL.

nomics that individual decision-making was rational, predictable and easily modeled.

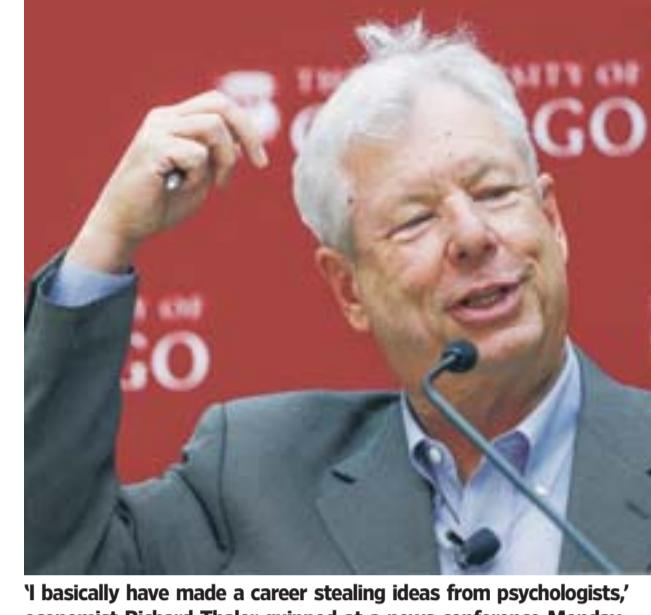
The Royal Swedish Academy of Sciences said his "contributions have built a bridge between the economic and psychological analyses of individual decision-making."

Asked to describe the takeaway from his research, Mr.

Thaler told reporters: "The most important lesson is that economic agents are humans and that economic models have to incorporate that."

The 72-year-old economist said he would spend his cash award of 9 million Swedish kronor (\$1.1 million) "as irrationally as possible."

Mr. Thaler is known well be-



KAMIL KRZACZINSKI/REUTERS

I basically have made a career stealing ideas from psychologists,' economist Richard Thaler quipped at a news conference Monday.

yond the world of economics, aided by his mischievous sense of humor and the popularity of "Nudge," the 2008 book he co-wrote. Mr. Thaler appeared as himself in "The Big Short," the 2015 film centered on the collapse of the housing bubble that shook financial markets a decade ago, explaining Wall Street's creation of collateralized debt obligations at a blackjack table with the singer Selena Gomez.

Mr. Thaler, who is from New Jersey, has said he "began to have deviant thoughts about economic theory" when he was a graduate student at the University of Rochester, where he earned his Ph.D. in 1974. He wrote in his 2015 book "Misbe-

having" that he "was never quite sure whether the problem was in the theory or in my flawed understanding of the subject matter," as he wasn't a star student. "We did not expect much of him," was his thesis adviser's assessment.

After teaching stints at Rochester and Cornell University, in 1995 he took his contrarian notions to the University of Chicago, the heart of efficient-market theories. He argued that human and financial behavior is often messier and more complicated than is laid out in traditional economic models.

If financial markets were rational, he asked during the tech boom of the late 1990s, then why were technology stocks so badly mispriced? His evidence was the case of Palm Inc., which was valued more than 3Com Corp., which owned it.

Mr. Thaler said at his news conference that the rising prominence of behavioral economics has reflected new generations of researchers embracing its ideas more than older economists abandoning their models.

"I don't think I've changed anybody's mind in 40 years, you basically don't change anybody's mind," he said.

CORRECTIONS & AMPLIFICATIONS

An article from last month about an advisory panel that was jointly established by Hong Kong's regulator and the city's stock market was inadvertently published in Monday's Business & Finance section.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

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Laureate Broke With the Herd, And Changed Lives of Millions

BY JASON ZWEIG

This year's Nobel Prize in economics was awarded for calling out loud, "The emperor has no clothes."

Richard Thaler, an economics professor at the University of Chicago Booth School of

Business, has spent most of the past four decades pointing out that people don't act—or invest—the way economists say they do. He has also changed the investing world itself, enabling millions of people to save more than they otherwise would have thought possible.

In the 1970s, experiments by Amos Tversky and Daniel Kahneman, two Israeli psychologists, had poked so many holes in the idea that people are "rational" that it already resembled a battered kitchen colander. But economists, ignoring that attack from outside their field, still clung to their notion of rationality as if it were a pristine golden bowl.

So Prof. Thaler shattered the idea from within. In a series of brilliant and startlingly funny articles published in prestigious academic journals beginning in the early 1980s,

he pointed out that only economists think that people think the way economists think they think. Instead, non-economists think like human beings: impatiently, inconsistently, easily distracted by irrelevant factors.

Worse, Prof. Thaler pointed out, even most economists think like human beings.

"The fact that people are human is only interesting if uttered by an economist,"

Prof. Thaler said when I spoke to him on Monday. "It's obvious to everybody else."

To an economist, everything is about incentives and, to a lesser extent, information. Prof. Thaler showed that financial behavior is largely a problem of faulty self-control.

Instead of figuring out their goals and then immediately investing in a diversified portfolio likely to achieve the highest return for an acceptable level of risk, people often can't act on

their own best intentions. Why invest today when you will have even more to invest tomorrow?

As a result, says Stephen Utkus, head of the Vanguard Group's Center for Investor Research, "we're a nation of procrastinators, not a nation of portfolio managers."

In research done primarily with Shlomo Benartzi at the University of California Los Angeles, Prof. Thaler figured out that people will save far more for retirement if you take the effort out of it.

Sign them up automatically for a 401(k) retirement plan, instead of asking them whether they would like to join, and 90% of them will stick with it. Get them to commit now to invest more when they get their next raise, and they won't feel any shrinkage in their paycheck. Stop mechanically putting a portion of their savings into their employer's own company stock, while still enabling them to invest there if they wish, and people will diversify more broadly.

At least 15 million people in the U.S. are saving more for retirement thanks to this line of research, estimates Prof. Benartzi of UCLA. Mr. Utkus of Vanguard thinks the number may be closer to 50 million.

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INSTRUMENTS FOR PROFESSIONALS

U.S. NEWS

Deadly Fires Wreak Havoc In California

Thousands flee as blazes kill 10 people and destroy scores of homes and businesses

BY ALEJANDRO LAZO
AND ERIN AILWORTH

SANTA ROSA, Calif.—More than a dozen wildfires ravaging Northern California killed at least 10 people, destroyed at least 2,000 houses and businesses, and turned parts of the state's bucolic wine country into an inferno.

State fire officials said Monday that some people were injured and thousands had fled their homes.

The fires started overnight Sunday, driven by wind gusts of 50 miles an hour. By Monday, more than 18 fires had burned a total of 80,000 acres across at least seven northern counties, including Napa and Sonoma, in the wine region.

Separately on Monday, another wildfire charred 2,000 acres in Southern California, east of Anaheim, burning several homes and prompting evacuations. One firefighter was injured.

Gov. Jerry Brown declared a state of emergency in seven northern counties and one southern county, and asked President Donald Trump to declare a major disaster, calling the devastation "extraordinary."

"Presently, these fires continue their path of destruction," Mr. Brown wrote. "Many residents had little time to flee due to the fires' rapid and erratic rate of spread through the rural terrain. Tragically, these fires have already taken lives and emergency responders anticipate the number of fatalities could grow."

The Northern California fires may be among the most damaging in recent state history, according to fire officials. In 2003, the Cedar Fire in San Diego County burned more than 280,000 acres, destroyed 2,820 buildings and killed 15 people. A 1991 fire in Oakland burned 2,900 homes and killed 25 people.

Firefighters on Monday faced a "dynamic situation, things are changing very rapidly," said Mark Ghilarducci, director of the California Governor's Office of Emergency Services.

Around 4,500 police, fire



Northern California's wine region was hit hard by the wildfires. Above, a burned-out home next to a vineyard in Sonoma County.

and emergency medical personnel were deployed to the Northern California fires.

California and other western states are accustomed to wildfires sparked in the hot dry late summer and fall months. It isn't uncommon for the fires to burn tens of thousands of acres—often in remote forests and hills. But Monday's fires in both Northern and Southern California burned near population centers.

In Sonoma County, a part of the county seat of Santa Rosa, a city of about 175,000 people, was under mandatory evacuation orders, while the county's main jail and North County jail

were being evacuated, the county sheriff posted on Twitter. Other parts of Sonoma County also were under mandatory evacuation orders.

James Gore, a Sonoma County supervisor, said the strong winds overnight had caused the fire to jump from the wild, rural parts of the county straight into the urban infrastructure "in a heartbeat."

"We are in dire straits here and we are just trying to hold on," he said.

By early afternoon in Santa Rosa, the sky overhead had turned completely white and was tinged with an orange

haze. Ash was falling like snow and residents walked the streets wearing medical face masks.

Residents fearing the fire would spread, packed up and prepared to evacuate. All patients at Kaiser Permanente's Santa Rosa Medical Center and at the Sutter Santa Rosa Regional Hospital were evacuated on Monday, the hospitals said in statements.

Large patches of the usually golden hills nearby were charred black. A huge plume of gray smoke billowed over the hills.

Many residents had lost communication services like the

internet and cable television.

Anthony Robinson, 32, walked out of Coddington Mobile Estates, a mobile home park in Santa Rosa, with a twisted mass of metal under his arm. It was all that was left of his car after fire swept through the area late Sunday, burning his mobile home and others, as well as nearby businesses to the ground.

Mr. Robinson said he fled his home with his dog and cat on Sunday around 11 p.m. when the smoke-filled air became too thick to breathe.

"Came back two hours later to see hellfire over here," he said.

Military Doctors Pitch In After Las Vegas Shooting

BY JEANNE WHALEN

As he raced to triage victims of the Las Vegas shooting on the night of Oct. 1, Brandon Snook encountered many familiar wounds. He had seen them in the bodies of U.S. soldiers evacuated from battle in Fallujah, Iraq.

Dr. Snook, a surgeon and colonel in the Air Force, is one of several military personnel who pitched in to treat shooting victims at University Medical Center of Southern Nevada. The nearby Nellis Air Force Base supplies the hospital with doctors and nurses aiming to maintain their battlefield skills when they are stateside, where gun violence in some cities provides a steady supply of horrific wounds.

"Unfortunately, what we often see in the military are penetrating wounds from gunshot or shrapnel," Dr. Snook said. The Las Vegas onslaught, he added, was "pretty comparable" to a tough day in combat. Air Force surgeons staff

trauma wards at hospitals in Baltimore, Miami and Birmingham, Ala. Brooke Army Medical Center in San Antonio provides trauma care to civilians in southwest Texas. Navy physicians team up with a Los Angeles hospital, considering it an "ideal trauma training environment with over 25,000 trauma evaluations and over 6,000 trauma admissions annually," according to a Navy website.

The programs "reflect the reality that you have 34,000 to 35,000 people who die of a gunshot a year, and also two to three times that many who are injured," said Sandro Galea, dean of Boston University's School of Public Health. "So it's entirely rational for the military to send people for training at civilian hospitals."

The training opportunities don't always stem from violence. High-speed car crashes can produce injuries that resemble those caused by improvised explosive devices, military surgeons say. But much of what military medical staff see

Timeline Changes As More Is Learned

LAS VEGAS—The gunman responsible for the deaths of 58 people here shot a hotel security guard minutes before he began firing into the crowd of concertgoers from his room, law-enforcement officials said Monday.

That revelation significantly changes the timeline of events and deepens the mystery around the Oct. 1 shooting.

The Las Vegas Metropolitan Police Department last week said that security guard Jesus Campos was responding to an

open-door alarm on Stephen Paddock's floor as the shooting was under way at the Mandalay Bay Resort and Casino, and speculated that the encounter was what caused Paddock to stop shooting.

The change to the timeline leaves it unclear why Paddock stopped shooting, and investigators didn't comment on the matter. They had earlier said he fired on the crowd for nine to 11 minutes.

Clark County Sheriff Joseph Lombardo said Monday that "some things are going to change" in the investigation as police learn more information.

After the press conference,

Las Vegas Metropolitan Police Department spokeswoman Laura Meltzer said police believe Mr. Campos was able to notify his security dispatcher after he was shot, allowing police to more quickly find Paddock's room.

Mr. Lombardo said police have found evidence showing Paddock moving around Las Vegas more than 200 times in the days before the shooting, and he was always alone.

"We believe he decided to take the lives he did and he had a very purposeful plan he carried out," the sheriff said.

—Chris Kirkham and Jim Carlton

Academies of Sciences, Engineering and Medicine last year recommended greater cooperation between military and civilian trauma care, saying it would improve survival rates on both sides. Among the steps it advised were better sharing of data on treatment approaches and outcomes, and more placement of military personnel in civilian trauma wards.

The training can go both ways. University of Alabama at Birmingham Hospital learned about a new type of tourniquet from Air Force medical personnel embedded at the hospital, according to Jeff Kerby, head of trauma surgery at the hospital. They used it "in the field in a military operation...and brought it back here," he said.

The device—a balloon that expands inside the aorta to block deadly bleeding from injuries to the chest, abdomen and pelvis—was developed by two Air Force surgeons working in Iraq, Todd Rasmussen and Jonathan Eliason.

in civilian trauma centers is gun-related—sometimes involving the same weapons used in battle zones.

Stephen Paddock, who carried out the massacre in Las Vegas that killed 58 people and wounded nearly 500, used semiautomatic rifles that resemble military arms, law-en-

forcement officials said. Known as high-velocity weapons, they can do more damage than a typical handgun because the greater speed of the bullet creates a larger zone of injured tissue, trauma surgeons say.

"There's a lot of trauma at these locations," Col. Spencer

Cocanour, vice commander of the Air Force's 24th Special Operations Wing, said of the U.S. cities where the military trains. The arrangements get military personnel "to the level of skill we need" and give the hospitals free labor, he said.

A report from the National

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U.S. NEWS

Donald Trump, a President Without a Party



CAPITAL JOURNAL

By Gerald F. Seib

Increasingly, Donald Trump is a president without a party.

With virtually no Republicans votes to spare in the Senate, where his agenda hangs in the balance, he has nonetheless become estranged from two key figures in his own party. First it was John McCain of Arizona, over his defiance of the president on health care.

Next it was Bob Corker of Tennessee, who feuded with the president in a remarkable weekend of exchanged insults.

As it happens, Mr. McCain is chairman of the Senate Armed Services Committee; Mr. Corker is chairman of the Senate Foreign Relations Committee. Thus, the president is alienated from the two most important Senate figures on national security just as two critical national security issues are coming to a boil: the fate of the nuclear deal with Iran and the increasingly dangerous standoff with North Korea.

Meanwhile, Mr. Trump backed the losing candidate in a Republican primary in Alabama, finding himself trapped between the party establishment whose choice he supported and the social conservative foot soldiers who backed Roy Moore, the candidate who actually won.

Now, Mr. Trump's once and



SHAWN THREN/POOL/ZUMA PRESS

President Trump has opened the door to cooperation with Democrats as he becomes estranged from leaders of his own GOP.

perhaps current political guru, Steve Bannon, has set out to attack much of the rest of the Republican caucus in the Senate. He's also gunning for the GOP congressional leadership, with which the president is himself increasingly disillusioned.

After a conversation with Mr. Bannon in recent days, Robert Kuttner of the American Prospect summarized his agenda this way: "Bannon's current obsession is to blow up Senate Majority Leader Mitch McConnell and Republican Senate incumbents

whom he regards as hostile to his brand of nationalism."

Mr. Trump has tried to adjust to this growing estrangement from leaders of his own party by opening the door to cooperation with Democrats on immigration and health care. But after seemingly striking a deal with Democrats to protect the legal status of so-called Dreamers—young immigrants brought here illegally as youths—he plotted strategy over how to follow through on that agreement with a group of Republican senators last week.

What emerged was a list

of demands that may well blow up any pending immigration deal. To get the Dreamers deal Democrats want, Mr. Trump called for, among other things, funding for a wall along the Mexican border, new restrictions on those seeking asylum in the U.S. and punishment for localities that declare themselves "sanctuary cities."

Those principles surely are negotiable. Still, they seem to leave Mr. Trump in a kind of immigration no man's land, between Democrats wanting a Dreamers fix and Republicans hoping to use that as a lever to push

broad immigration changes.

The question is: Where is this all supposed to lead?

There is an answer to that—in the long run. Mr. Trump would like to lead, and Mr. Bannon would like to create, a Republican Party different from the one that exists. It would be molded in the Trump image: nationalist, skeptical of immigration and trade agreements, dubious about the virtues of diplomacy and international negotiations, with economic strategies skewed to help workers in traditional Amer-

ican industries.

After all, Mr. Trump has said—most notably at a conservative conference in February—that he wants the GOP to be the party "of the American worker."

There are three problems with that vision, though. First, that party doesn't exist today. The current version of the GOP was built largely by merging the interests of the business community with the agenda of social conservatives. Neither of those groups would win top billing in the vision for a new, Trump-inspired party.

The second problem is that it isn't at all clear that such a new Republican Party would, in fact, be a majority party. There are disaffected people in both current major parties—disgruntled blue-collar workers, fearful middle-class Americans, those who feel culturally alienated from the current Democratic establishment—who are drawn to such a vision. But ultimately, Mr. Trump failed to win the popular vote, and he has never come close to winning majority approval for the job he's doing as president.

The third problem is that, while waiting for that GOP to emerge, Mr. Trump confronts the job of governing today. The current party has just 52 members in the Senate, and, as noted, Mr. Trump doesn't have the loyal support of all of them. Mr. Bannon and his allies are threatening to challenge other Republican incumbents next year, which won't exactly keep those targeted at his side. Meantime, Mr. Trump hasn't forged reliable tactical alliances with enough Democrats to make up the difference. Which leaves him a leader in search of reliable followers.

WASHINGTON WIRE

FAMILY PLANNING

State Sues Over Birth-Control Rules

Washington state said it is suing President Donald Trump over his decision to let more employers claiming religious or moral objections opt-out of providing no-cost birth control to women.

State Attorney General Bob Ferguson, who successfully sued to block President Trump's initial travel ban early this year, announced his latest lawsuit on Monday, just three days after the new rules were issued.

President Trump's policy is designed to roll back parts of former President Barack Obama's health-care law, which required that most companies cover birth control as preventive care for women, at no additional cost.

Mr. Ferguson says the administration's actions violate the First Amendment, because it requires individuals to bear the burden of religions to which they don't belong, and the equal protection requirements of the Fifth Amendment, because it applies to women but not men.

—Associated Press

DEMOCRATIC PARTY

Actor to Speak At Iowa Event

Actor Alec Baldwin is scheduled to headline the Iowa Democratic Party's annual fundraising banquet next month.

State Democratic Party officials on Monday announced the actor, who received an Emmy for his parody of President Donald Trump last month, would be the keynote speaker at the Nov. 27 event in Des Moines.

The annual event typically draws would-be presidential candidates, given Iowa's role as the lead-off presidential caucus state.

Mr. Baldwin is expected to make other political appearances, including in Virginia ahead of the governor's election in November there.

Iowa Democrats, after reviving in Barack Obama twice carrying their state, are at a 20-year low with Republicans holding the Statehouse majority, the governorship, both U.S. Senate seats and a majority of U.S. House seats.

—Associated Press

Immigration Plan Imperils Talks to Aid 'Dreamers'

By LAURA MECKLER

WASHINGTON—President

Donald Trump's demand that Congress approve dozens of immigration-enforcement measures threatens to derail negotiations on Capitol Hill over legislation that would help young people brought to the U.S. illegally as children.

Most of the demands released Sunday pleased his core supporters, but drew opposition from Democrats and even some Republicans, including funding for a Southern border wall, making it easier to deport people and new limits on future legal migration.

Several people involved in the issue said Monday they weren't sure whether Mr. Trump and his aides were trying to kill the "Dreamer" legislation by setting conditions that they know can't be met. Another possibility, they said, was that the president is trying to signal to his strongest supporters that he is with them in

spirit but he would in fact be willing to settle for something much less sweeping.

One GOP leadership aide said the Trump move was unhelpful because it gives conservatives "false hope about what can be achieved" and also upsets Democrats whom they need to pass any measure.

"The Trump administration created a crisis by terminating the DACA program," said Sen. Dianne Feinstein (D., Calif.), using the program's official name, Deferred Action for Childhood Arrivals. "Now it's demanding draconian changes to our immigration system in exchange for fixing that crisis. It's wrong to play with people's lives and DACA recipients shouldn't be a political football."

Administration officials said Monday that the president believes in the proposals laid out Sunday and thinks most of them can pass Congress. Still, they said he is willing to negotiate. "There is always room for discussion with the president,"

a White House official said.

Democrats could try to force the GOP's hand by insisting that Dreamer protections be included in a government spending bill that Congress must pass by Dec. 8, which will need Democratic votes to be approved.

For now, immigration hard-liners were thrilled that Mr. Trump had taken a tough line, particularly after a White House dinner last month where he agreed with Democratic leaders on the contours of a much narrower deal to continue

the protections provided by DACA.

At that dinner, Mr. Trump agreed with Senate Minority Leader Chuck Schumer (D., N.Y.) and House Minority Leader Nancy Pelosi (D., Calif.) on a package that would include a legalization program for Dreamers and border security measures, not including the border wall, according to all three people and their aides.

That alarmed immigration conservatives both inside and outside the White House. Peo-

ple familiar with the situation said the response prompted Mr. Trump's top domestic policy aide, Stephen Miller, to begin developing new principles to toughen Mr. Trump's position.

Last week, Mr. Miller participated in a White House dinner with key congressional Republicans and made clear he was putting together the immigration principles that were released Sunday, according to a person familiar with the dinner.

—Eli Stokols contributed to this article.

Prototype sections of a border wall under construction between Mexico and the U.S.

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—Eli Stokols contributed to this article.

California's Feinstein Is 'All In' for Re-Election Bid

By NATALIE ANDREWS

Sen. Dianne Feinstein of California said she would run for re-election, ending speculation that the Senate's oldest member could sit out the race amid criticism from the Democratic Party's progressive wing.

"I am running for re-election to the Senate," the senator, who was first elected to the chamber in 1992, tweeted on Monday. "Lots more to do: ending gun violence, combatting climate change, access to healthcare. I'm all in!"

Ms. Feinstein, 84 years old, is the top Democrat on the Senate Judiciary Committee and she introduced legislation last week that would ban the sale, transfer, manufacture or possession of "bump stocks" and other accessories that accelerate a semiautomatic weapon's rate of fire. The proposal, made in the wake of the Las Vegas mass shooting, has drawn bipartisan support.



ALEX EDELMAN/ZUMA PRESS

U.S. Sen. Dianne Feinstein, the top Democrat on the Judiciary Committee, tweeted Monday she plans to seek another term.

The senator, who has prided herself on being a pragmatist who is able to work with Republicans, has faced criticism this year from her party's left flank. As progressives call for blanket resistance to President Donald Trump's agenda, Ms.

Feinstein drew criticism early for voting to confirm several of the GOP president's cabinet nominees and for not ruling out working with Mr. Trump.

One of her most prominent critics is California state Senator Kamala Harris, also a Democrat, endorsed Mr. Sanders's proposal.

Ms. Feinstein didn't sign on to a single-payer health-care proposal that Sen. Bernie Sanders of Vermont, who is unaffiliated with any party but caucuses with the Democrats, unveiled in September. California's junior U.S. senator, Sen. Kamala Harris, also a Democrat, endorsed Mr. Sanders's proposal.

Ms. Harris posted her support for Ms. Feinstein on social media soon after her colleague

posted her plans on Twitter, writing on Facebook: "What Californians get from Dianne is someone who sticks to her principles and achieves results regardless of powerful opponents, from the assault weapons ban to the CIA torture report."

U.S. Rep. Ro Khanna (D., Calif.), who beat an incumbent Democrat to win his seat last year, is encouraging progressive lawmakers to challenge Ms. Feinstein's seat.

Feinstein supported the war in Iraq," he said, a reference to her 2002 vote to authorize the use of force, which was supported by many centrist Democrats at the time. He also criticized her stances on internet freedoms and the Patriot Act. "Put simply, she doesn't represent the views or values of most Californians."

Democrats in the Senate face a tough map in 2018, with 23 seats to defend, along with the two independent senators who caucus with them.

—Associated Press

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We are.

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better-connected consultants.



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The better the world works.

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EY

Building a better
working world

U.S. NEWS

Emails Shed Light on Campaign Meeting

By REBECCA BALLHAUS

Newly disclosed emails shed light on the period leading up to a June 2016 meeting at Trump Tower between a Russian lawyer linked to the Kremlin and top campaign aides to President Donald Trump.

The new information appears to bolster lawyer Natalia Veselnitskaya's position that she wanted the meeting to argue her case for overturning the Magnitsky Act, a U.S. law targeting Russian human-rights abuses. Ms. Veselnitskaya has previously said the meeting wasn't organized to provide damaging information about Mr. Trump's Democratic opponent, Hillary Clinton.

The meeting became a flashpoint of controversy this summer when Mr. Trump's eldest son, Donald Trump Jr., released emails showing that he had been told the purpose of the meeting was for the Russian government to provide allegedly incriminating information about Mrs. Clinton.

Scott Balber, a lawyer for the Azerbaijani-Russian billionaire Aras Agalarov, provided emails Monday from the period leading up to the meeting, which Mr. Agalarov helped arrange for Ms. Veselnitskaya. In an interview, he also offered more information that, along with the emails, supported Ms. Veselnitskaya's account that the meeting wasn't about Mrs. Clinton.

Ms. Veselnitskaya has waged a yearslong campaign against



Lawyer Natalia Veselnitskaya has said she didn't have damaging information about Hillary Clinton.

the Magnitsky Act. As part of that effort, she routinely reached out to Russian authorities, she said earlier this year. She didn't respond to a request to comment Monday.

In October 2015, Ms. Veselnitskaya shared information

about her anti-Magnitsky campaign with Prosecutor General Yuri Chaika, a top official appointed by the Kremlin, Mr. Balber said. In May 2016, less than two weeks before the June 9 Trump Tower meeting, Ms. Veselnitskaya also provided Mr.

Agalarov with a five-page set of talking points that included the same information she had given Mr. Chaika, Mr. Balber said.

Included in the information she shared with the men, Mr. Balber said Monday, was a single reference to Mrs. Clinton.

Ms. Veselnitskaya alleged that a U.S. firm, Ziff Brothers Investments, had dodged taxes in Russia and later donated to Democrats, including possibly Mrs. Clinton.

Mr. Chaika's office released a statement in spring 2016 alleging Ziff Brothers Investments of evading taxes in Russia. The company hasn't been charged and has previously declined to comment on the allegations.

According to Donald Trump Jr., the meeting proved disappointing. In July of this year, after reports of the meeting first emerged, he said that Ms. Veselnitskaya "stated that she had information that individuals connected to Russia were funding the Democratic National Committee and supporting Clinton," but "It quickly became clear that she had no meaningful information."

The meeting is now being probed by Special Counsel Robert Mueller, who is investigating whether associates of Mr. Trump colluded with Moscow as part of his probe into Russia's alleged interference in the 2016 U.S. election, according to people familiar with the matter.

President Trump has denied his campaign colluded with Moscow, and Russia has denied meddling in the U.S. election.

On June 3, 2016—less than a week before the meeting took place—British publicist Rob Goldstone, who was working for Mr. Agalarov, wrote to the younger Mr. Trump to say that Russia's "crown prosecutor"

was offering "to provide the Trump campaign with some official documents and information that would incriminate Hillary and her dealings with Russia and would be very useful to your father."

The "crown prosecutor" was believed to be a reference to Mr. Chaika, the Russian prosecutor general.

Mr. Balber said on Monday that Mr. Goldstone had "gotten it backwards"—that Ms. Veselnitskaya had provided information to Mr. Chaika, rather than the other way around. Mr. Goldstone's attorney declined to comment.

In July 2017, asked whether Mr. Chaika had a role in arranging Ms. Veselnitskaya's meeting in Trump Tower, the Russian prosecutor general's office said it "does not exchange information and does not conduct any meetings at the international level outside the framework regulated by international legal agreements and Russian procedural legislation."

In a newly disclosed email from the morning of the meeting, Ms. Veselnitskaya also referenced her campaign against the Magnitsky Act.

In an email to Mr. Goldstone, Ms. Veselnitskaya asked to bring lobbyist Rinat Akhmetshin to the meeting, saying he was "working to advance these issues with several congressmen." Mr. Akhmetshin is a Russian-born lobbyist who has worked to overturn the Magnitsky Act.

ready endured disappointing box-office returns in recent years, faces challenges without Harvey Weinstein and the connections he brought to the prestige projects.

"Film is the higher risk," the banker said. "Harvey's name has been attached to success for many years."

Mr. Glasser, a former child actor whose credits include "Pee Wee's Big Adventure," is well known to agents and other behind-the-scenes players in Hollywood. Only recently has he become involved in projects as a hands-on producer.

Persuading A-list talent to continue working with Weinstein Co. will largely fall to Bob Weinstein, who has worked alongside his brother for decades but kept a much-lower profile while focusing on horror films and other genre movies, like the "Scream" series.

Like his brother, Bob Weinstein also has a reputation for a hot temper, said people who have worked with him.

In one particularly heated conflict in the company's New York office several years ago, Harvey punched Bob in the face, knocking him to the ground, said people who witnessed the incident. Afterward, these people recalled, Bob Weinstein loudly declared: "I've been assaulted!"

—Keach Hagey
and Tripp Mickle
contributed to this article.

STUDIO

Continued from Page One

stein Co. declined to comment about the company, Bob Weinstein or other executives. Sallie Hofmeister, a spokeswoman for Harvey Weinstein, declined to comment. In a statement to the Times last week, Mr. Weinstein apologized for how he had "behaved with colleagues in the past."

Few names in Hollywood were as synonymous with their company as Harvey Weinstein's, and his dismissal has thrown Weinstein Co. executives into damage-control mode. On Monday, high-profile celebrities who have worked with Mr. Weinstein, including Meryl Streep and Judi Dench, denounced the producer.

The blowback has reached far

outside Hollywood, given Harvey Weinstein's prominence as a Democratic fundraiser and his closeness to Presidents Bill Clinton and Barack Obama, as well as to Hillary Clinton. Several Democratic politicians said over the weekend that they would donate contributions from Mr. Weinstein to charity. But critics complained that the Clintons and Mr. Obama have not publicly addressed the allegations against Mr. Weinstein.

Meanwhile, in the Southeast, utilities said crews had restored electrical service to all but a few thousand of the more than 100,000 homes and businesses that lost power because of Nate in Mississippi, Alabama, Louisiana and Florida.

Stuck in the Gulf of Mexico for two days because of Nate, the Carnival Fantasy began moving toward its berth after the Coast Guard reopened the port of Mobile, Ala.

—Associated Press

Representatives for Mr. Obama and the Clintons didn't immediately respond to requests

for comment.

The Weinstein brothers' relationship has long been tumultuous, according to people who worked with them. The men have even allegedly come to blows in their own offices.

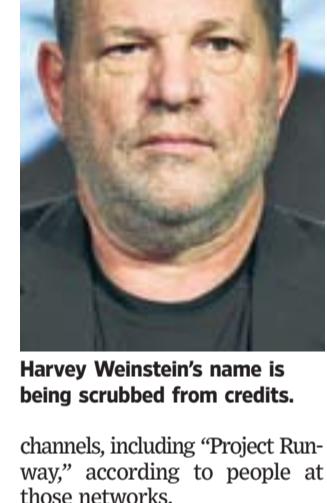
An employee town hall was held at Weinstein Co. headquarters Monday morning, where Bob Weinstein and Mr. Glasser sought to reassure shaken employees. Bob Weinstein, who until now has overseen the Dimension Films division of Weinstein Co., has called producers on coming projects to tell them it is business as usual at the studio.

"[Bob Weinstein] said, 'No fear at all,'" said Marvin Pearl, a producer whose production company shares offices with Weinstein Co. A film Mr. Pearl produced, "The War With Grandpa," is scheduled for release by Weinstein Co.'s Dimension Films on Feb. 23.

Bob Weinstein told Mr. Pearl

that Harvey Weinstein's name will be removed from the "War With Grandpa" credits. "He said he was fired, and that it was a complete separation," Mr. Pearl recalled of the conversation on Monday.

On Monday, Weinstein Co. reached out to Viacom Inc.'s MTV and Paramount Network, as well as Lifetime to let them know Harvey Weinstein's name would no longer appear among the executive producers of shows the company is making for those



Harvey Weinstein's name is being scrubbed from credits.

channels, including "Project Runway," according to people at those networks.

In addition, Apple Inc. Monday terminated plans for a biopic series on Elvis Presley that was going to be produced by Weinstein Co., according to a person familiar with the company's decision.

Removing Harvey Weinstein's name from the company and its credits won't immediately solve the problems facing the studio.

Weinstein Co. has a relatively successful television arm it has been trying to unload for years and a valuable library of past movies, according to a banker who has worked with the studio. But its film arm, which has al-

ready endured disappointing box-office returns in recent years, faces challenges without Harvey Weinstein and the connections he brought to the prestige projects.

"Film is the higher risk," the banker said. "Harvey's name has been attached to success for many years."

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contributed to this article.

and GE's appliances business while also scaling back its financing arm, which once was one of the country's biggest lenders.

Some GE investors and analysts have questioned whether the latest changes meant that GE's longstanding dividend could be altered to free up cash.

"The dividend remains a top priority," GE spokeswoman Deirdre Latour said Monday.

Earlier this year, Messrs. Garden and Peltz met with Messrs. Immelt and Bornstein to push them on cost-cutting targets that were ultimately announced in March, people familiar with the matter said. Trian raised the possibility it would seek a board seat for Mr. Garden, but wouldn't if GE management proved it could make the savings hit the bottom line, the people said.

But when Mr. Immelt in May seemed to walk back a long-term profit target, and the market began sending the stock down, Trian's executives stepped up their effort to get a board seat, the people said.

GE wanted to avoid the distraction of a potential proxy fight and no directors opposed Mr. Garden's selection, though some were more encouraging than others, one person said.

Some argued GE has so much restructuring to do that it cannot spend six months battling Trian, this person added. Mr. Garden's appointment "avoids a big fight and avoids a big distraction."

GE began serious discussions about giving Trian co-founder Ed Garden a board seat six months ago after it became clear company executives "couldn't execute themselves out of that discussion," one person familiar with the matter said Monday.

Mr. Immelt didn't have a say in the board's final decision to appoint Mr. Garden, this person said. In any case, this person said, Mr. Immelt "wasn't going to enjoy sitting around with them [Trian officials] in the room."

Mr. Immelt didn't respond to a request for comment.

For Trian, GE's decision comes a day before the largest proxy battle in history is expected to be decided as it wages a high-profile fight for its co-founder Nelson Peltz to take a board seat at Procter & Gamble Co.

Mr. Garden, who had worked closely with Mr. Immelt and departing finance chief Jeff Bornstein, is currently on the board of Bank of New York Mellon Corp. and Pentair PLC.

"Like other GE shareholders, I am disappointed by the recent performance of GE's stock," Mr. Garden said in a statement. He succeeded former Deere & Co.

CEO Robert Lane, who retired Monday from GE's board after 12 years. The board has 18 members.

GE has proven a drag on Trian's performance this year, given the investment has been among the biggest bets in a portfolio of eight stocks. The value of Trian's GE position Monday is about \$1.7 billion, down from \$2.1 billion at the end of December, according to public disclosures, even though Trian has bought more shares this year.

Trian's flagship fund was up 4% for the year, after expenses, through Friday, according to a person familiar with the matter, significantly underperforming the S&P 500 index, which has returned 16% including dividends.

Trian will now have access to GE board's deliberations and detailed financial results, just as the nearly 300,000-person company is conducting a strategic review of its business portfolio and deciding how to cut costs and spend its cash. Mr. Flannery's initial moves include cutting corporate staff, delaying construction of part of GE's new Boston headquarters and moving to sell its fleet of corporate jets.

Under Mr. Immelt, GE shifted its focus back to its core industrial units, which make everything from jet engines to MRI machines, while using a series of acquisitions to push deeper into the oil business. Mr. Immelt sold off NBCUniversal

and GE's appliances business while also scaling back its financing arm, which once was one of the country's biggest lenders.

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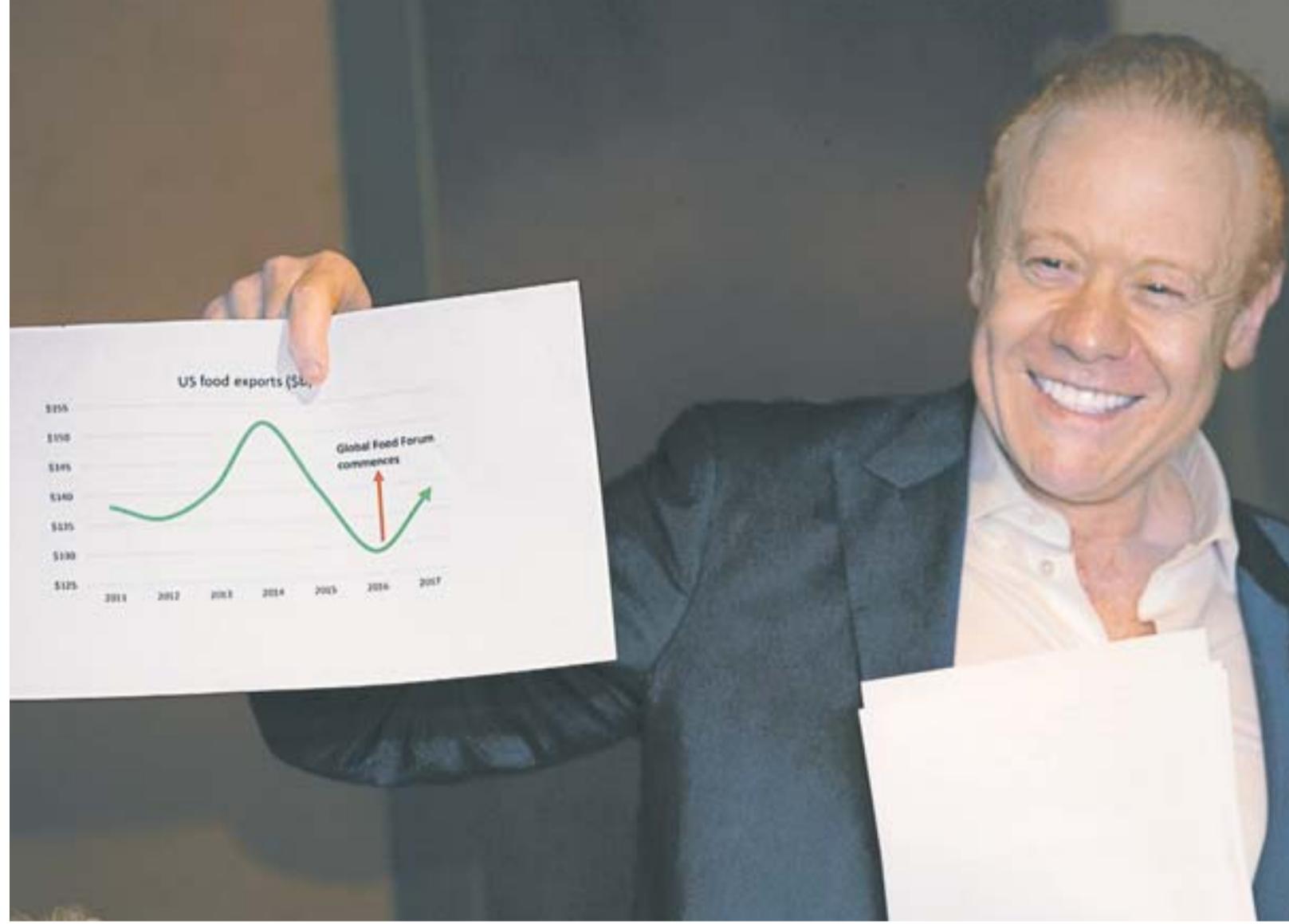
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WORLD NEWS

Satellite Gives Japan Global Edge

Tokyo looks to new system for driverless cars and defense against North Korea

BY ALASTAIR GALE
AND CHIEKO TSUNEOKA

TANEGASHIMA, Japan—With its latest satellite launch, Japan is taking a leap in technology to keep its self-driving cars in their highway lanes, land delivery drones on matchbox-sized targets in the country, and potentially help destroy North Korean missile sites.

Tuesday's launch, Japan's fourth of a geo-positioning satellite, will allow the country to start operating its own version of the U.S. military-controlled Global Positioning System in April, a network that will cover Japan and the surrounding region.

The new system—working in coordination with the American system until it can stand alone in a few years—will provide location accuracy down to a few centimeters, compared with a few meters for GPS.

Japan says the service is aimed at providing better location data for its commercial users. Under its new system, geo-location satellites will hover directly above Japan, fixing the problem in the country's dense urban areas of existing GPS signals occasionally being blocked by tall buildings.

As GPS has become deeply integrated in many nations' economies, such as the tracking of delivery trucks, other countries and regions have been developing their own geo-location systems.

A new European system began at the end of last year. After the launch of its final satellite last year, India expects its own satellite-navigation system to become operational in 2018. China forecasts its own system will start in 2020. Japan's system, the Quasi-Zenith Satellite



Japan launched a geo-positioning satellite from the island of Tanegashima in August. It sent up a fourth one on Tuesday morning.

System, or QZSS, will provide the most precise location data of all.

The Japanese system will work in conjunction with the GPS network but can potentially run independently when it reaches seven satellites around 2023.

One of the most significant benefits may be in the development of self-driving cars.

Several companies are working to develop the technology, including top Toyota Motor parts supplier Denso Corp., which in June disclosed a new venture with Japanese government funding to commercialize a service for centimeter-level precision global satellite positioning and support development of autonomous vehicles in fields such as agricultural and construction.

Tokyo is also studying military uses as the nation eases restrictions on its armed forces in the face of growing challenges from North Korea and China.

Kazuto Suzuki, a member of

Geo-positioning network to provide location accuracy to just a few centimeters.

a panel on security at the government's Committee on National Space Policy, said the Japanese system would be a backup for the military if the U.S. system is damaged or becomes unavailable.

But some defense experts say QZSS could eventually give Japan more control of its weapons systems.

"It gives Japan an independent capability that has military utility," said Lance Gatling, head of defense consultancy Nexial Research in Tokyo.

One common military application for existing GPS: guidance systems for missiles. Japan doesn't have missiles that could strike North Korea, but it is considering the purchase of cruise missiles as part of a political debate over developing the ability to hit back at Pyongyang's missile bases in response to an attack.

The threat has been highlighted by two ballistic missiles that were fired over Japan by North Korea in July.

Offensive military capabili-

ties are controversial in Japan, which renounced war after its World War II defeat and relies heavily on a bilateral security treaty with the U.S. for its defense.

Under President Donald Trump, the U.S. has welcomed moves by Prime Minister Shinzo Abe to loosen restrictions on the military, including allowing it to engage in battle to aid Japan's allies if they come under attack.

Defense Minister Itsunori Onodera is a leading advocate of Japan developing a "strike capability" against North Korean missile bases.

A Japanese defense ministry official handling space policy said the ministry was "gathering information with interest" on the new geo-location system, but hasn't decided on potential uses.

Mattis Advises Army to Be Ready

BY BEN KESLING

WASHINGTON—Defense Secretary Jim Mattis said the U.S. is using diplomacy and economic pressure to turn back North Korea's nuclear-weapons program, but cautioned a gathering of Army officers and troops that they need to be ready in case negotiations fail.

Mr. Mattis said the State Department and United Nations are leading the way in diplomacy and sanctions.

"It is right now a diplomatically led, economic sanction-backed effort to try to turn North Korea off this path," Mr. Mattis told the annual meeting of the Association of the U.S. Army, a conference attended by active-duty troops, liaison officers from allied armies and defense contractors.

President Donald Trump last week referred to a gathering of top generals as the "calm before the storm," and over the weekend said talks with North Korea had failed. "Sorry, but only one thing will work," he wrote on Twitter, appearing to refer to military action. Mr. Trump's threats have come as the U.S. aircraft carrier Ronald Reagan and its strike group head toward the Korean Peninsula.

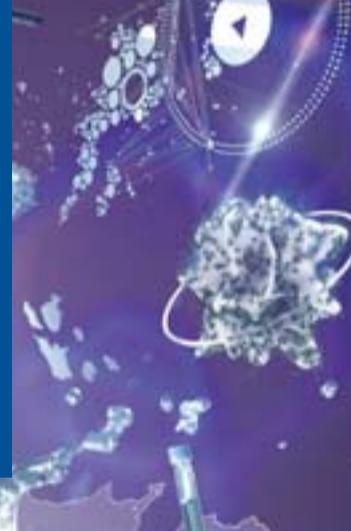
The U.S. warships left port in Japan en route to maneuvers near the Korean Peninsula expected in coming days.

While he called for a strong military for a complicated international situation, Mr. Mattis said the U.S. is losing its advantage against other countries because of budget constraints. "I want the Congress back in the driver's seat of budget decisions, not in the spectator's seat of automatic cuts."

—Nancy A. Youssef contributed to this article

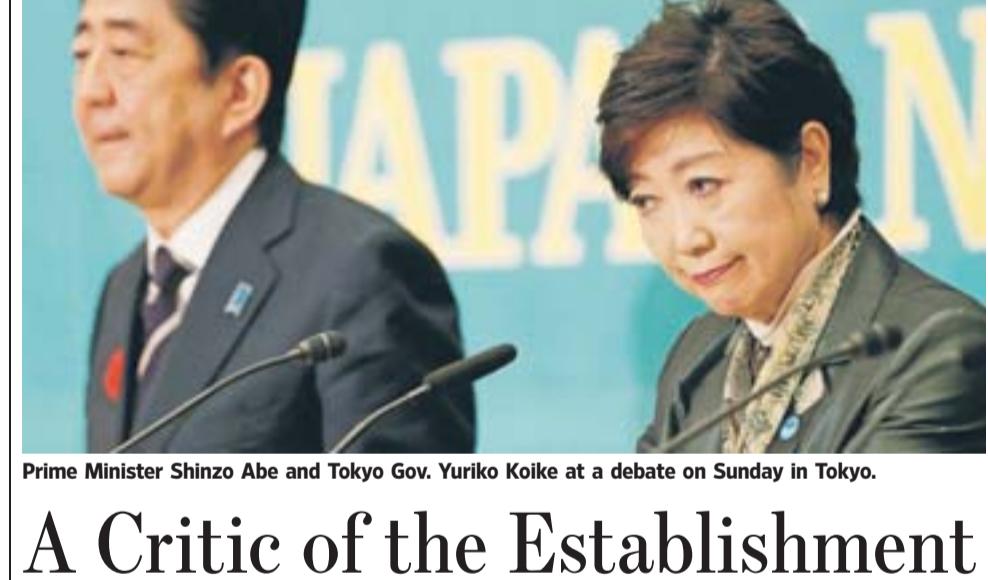
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Prime Minister Shinzo Abe and Tokyo Gov. Yuriko Koike at a debate on Sunday in Tokyo.

A Critic of the Establishment Challenges Japan's Leader

BY PETER LANDERS

TOKYO—The woman who is launching a campaign to oust Japanese Prime Minister Shinzo Abe aims to strike a delicate balance: Be the face of change, but don't promise too much change.

Yuriko Koike, who was elected last year as Tokyo's first female governor, founded a new political party shortly after Mr. Abe indicated last month that he planned to call a snap parliamentary election. The campaign officially begins on Tuesday, and the election is Oct. 22.

If the Party of Hope wins power, Ms. Koike said she would shake up the rigid political establishment in Japan, where many members of parliament are the children or grandchildren of people who held the same office—an arrangement she said can lead them to favor business interests.

"It's a question of whether you're sticking to the status quo or want to take a bold step forward," Ms. Koike said in an interview Monday. "The difference is whether you're oriented toward industry groups or oriented toward the people."

Yet Ms. Koike is also trying to reassure Japanese voters that she will maintain Mr. Abe's tough-on-North Korea policy

and the close alliance with the U.S. just weeks after Pyongyang sent a test missile over Japan and at a time when Mr. Abe has forged a strong bond with President Donald Trump.

"On foreign policy and national security, there are no differences," she said.

The Party of Hope faces an uphill battle. Japan's economy has enjoyed its longest growth streak in more than a decade

13%

Level of support for Yuriko Koike's Party of Hope, in a poll

and the stock market is near a two-decade high.

A poll published in the Yomiuri newspaper on Monday found 32% of voters favored Mr. Abe's Liberal Democratic Party versus 13% for Ms. Koike's party, with many still undecided. No margin of error was given. That compares with 40% support for the LDP in a similar Yomiuri poll a month ago, when the leading opposition group drew only 5%.

Three months ago, Ms. Koike's forces swept local To-

kyo elections over the Liberal Democrats. Mr. Abe acknowledges he mishandled allegations that his government helped his friends win favors but says he did nothing wrong.

And there are other signs that support for Mr. Abe has weakened. The recent Yomiuri poll found opposition to Mr. Abe's cabinet slightly outweighed support at 46% to 41%, while supporters outnumbered opponents in the earlier poll, 50% to 39%.

The video introducing Ms. Koike's Party of Hope shows her striding on high heels past older men who jeer at her.

Ms. Koike has said she herself won't run for parliament, which would mean that she would not be eligible to serve as prime minister even if her party won. Tuesday is the deadline for candidates to declare if they are running. She said she would figure out later who to support for prime minister.

That stance drew a sharp response from Mr. Abe's closest aide, Chief Cabinet Secretary Yoshihide Suga. "Taking on the burden of national government is an extremely serious responsibility," he said last week, adding it was "hard to understand" how the leader of a national party could fail to say who she wanted as prime minister.

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WORLD NEWS

U.K., EU Strain to End Brexit Stalemate

Prime Minister May seeks concessions on payments to bloc, court's jurisdiction

British Prime Minister Theresa May signaled that she expects the European Union to offer concessions over Brexit before the U.K. will make more of its own as negotiations resumed.

By Jenny Gross in London and Valentina Pop in Brussels

"As we look forward to the next stage, the ball is in their court," Mrs. May said on Monday in a speech to Parliament. "But I am optimistic we will receive a positive response."

Seven months after the U.K. opened the two-year negotiating window to leave the EU, the two sides have hit a stalemate over preliminary issues around terms of Britain's exit.

The EU is insisting on "sufficient progress" being made on these issues before moving on to talk about their future relationship. It wants more clarity on British plans to make payments it committed to before the referendum and to what extent the EU's top court should have jurisdiction over the rights of EU citizens living in the U.K.

Margaritis Schinas, the Eu-



AGENCE FRANCE PRESSE/GETTY IMAGES

U.K. Prime Minister Theresa May, seen addressing the House of Commons on Monday, said the ball is in the EU's court in Brexit talks.

ropean Commission's chief spokesman, rejected Mrs. May's view that the ball is EU's court. "There is a clear sequencing to these talks. And so far no solution has been found to step one, which is the divorce proceedings. So the ball is entirely in the U.K.'s court for the rest to hap-

pen," he said. The commission, the EU's executive branch, is conducting the negotiations on behalf of the bloc.

"For the ball to be in our court, you actually need to kick it. At this point, we don't see that," an EU diplomat said.

London had hoped that an offer made by Mrs. May in a

speech last month in Florence, Italy, would unblock the talks and accused the EU of not being flexible enough in its negotiating strategy. In Florence, Mrs. May promised that the U.K. would pay into the EU budget until the end of 2020 and honor commitments made during its period of membership. EU offi-

cials say these statements haven't been translated into concrete negotiating positions.

Mrs. May is fighting to regain credibility in Parliament after a damaging several months, starting with poor election results and most recently, a poorly delivered keynote speech at her party's conference last

week. A delay in settling the initial issues could pose further uncertainties for the U.K. economy and British businesses.

Mrs. May told parliamentarians that the U.K. would have to negotiate what EU rules it had to continue to abide by during the two-year transitional period, including around the jurisdiction of Europe's top court, the European Court of Justice.

In government papers published Monday, the U.K. said it intended to pursue new trade deals with countries outside the EU during the transition period, but that it wouldn't bring any new arrangements into effect during this period if this violated the terms of the agreement on the implementation period. As it prepares to leave the EU, the U.K. said it would seek to adopt existing EU trade agreements and other preferential arrangements to provide continuity for businesses.

The stalemate is hindering any prospective talks among the bloc's 27 other nations on Mrs. May's proposal for a transition period of "around two years" after Brexit "under current terms." If negotiations were to advance this week on some of the technical details, however, EU diplomats expect that such discussions could take place.

◆ Germany's Eurex heats up Brexit clearing battle..... B11

Global Economy Seen Set For Growth

By PAUL HANNON

The global economy is set for continued strong growth into 2018, but the U.K. and Russia are likely to miss out, according to leading indicators released Monday by the Organization for Economic Cooperation and Development.

The research body's gauges of future activity, based on data for August, pointed to faster growth in China, Italy and Brazil, while the strong growth over recent months is set to continue in the U.S., the eurozone as a whole and Japan.

The combined output of the Group of 20 leading economies was 3.6% higher in the three months through June than in the 2016 period. That was the strongest expansion since the first three months of 2015. Among advanced economies, growth was also more evenly balanced, with the U.S. and the eurozone expanding at roughly the same pace.

The OECD's leading indicators suggest growth is set to continue at that faster and more balanced pace through the early months of next year.

However, the U.K. is likely to lag behind, joined by Russia, the indicators show. Among the Group of Seven largest developed economies, the U.K. had the slowest economic growth in the first half of the year.

Turkey Urges U.S. to Reverse Visa Suspension

By YELIZ CANDEMIR



VALENTYN OGIRENKO/REUTERS

Turkish President Erdogan, center, in Kiev on Monday.

tempt, and U.S. officials have said the evidence provided by Turkey isn't strong enough to extradite him.

Turkey responded to the U.S. visa action hours later with its own freeze on U.S.

visa applications.

U.S. Ambassador John Bass said in a statement posted on the embassy's website that the U.S. suspended visa services because of the detention of the Turkish employee of the

ambassador.

"We realize that the suspension of visa services will inconvenience people," he said. "The duration will be a function of ongoing discussions between our two governments about the reasons for the detention of our local staff members and the Turkish government's commitment to protecting our facilities and our personnel here in Turkey."

The ambassador said the arrested employee's job was to strengthen law-enforcement cooperation between the U.S. and Turkey.

"Speaking to and traveling with Turkish police was a part of his regular duties and the Turkish government has not shared any information to indicate the employee was involved in any illegal activity," he said.

Turkish President Recep Tayyip Erdogan, speaking during a visit to Kiev on Monday, called the decision by the U.S. to suspend visa services "very saddening."

In imposing the visa suspension, the U.S. Embassy in Ankara said Sunday that "recent events have forced the United States government to reassess" Turkey's commitment to securing U.S. diplomatic personnel.

Turkish Justice Minister Abdülhamit Güld defended the Turkish decision to arrest the employee, telling broadcaster A Haber, "It is Turkey's right to try a Turkish citizen."

Istanbul prosecutors said on Monday that they had summoned a second U.S. Consulate employee for questioning as a suspect, Anadolu reported.

Investors have been unsettled by the political tensions. The Turkish lira tumbled against the dollar in the afternoon, according to FactSet, while Turkey's main stock index BIST-100 closed nearly 3% lower.

◆ Turkish lira slumps on diplomatic spat..... B12

Pakistan Former Premier Fails to Appear in Court

Associated Press

ISLAMABAD—Pakistan's former Prime Minister Nawaz Sharif failed to appear before an antigraft tribunal, where he was to be indicted on corruption charges along with several family members and co-defendants.

One of the co-defendants in the case—Mr. Sharif's son-in-law, Mohammad Safdar—was arrested at Islamabad airport,

after he and his wife, Maryam Nawaz Sharif, arrived from London, cabinet minister Talal Chaudry said. Police later brought Mr. Safdar before the antigraft tribunal, called Accountability Court, where he appeared alongside his wife.

The corruption charges against Mr. Sharif, his two sons, his daughter Maryam and his son-in-law stem from an investigation into documents

leaked from a Panama law firm that showed the Sharifs had undisclosed assets abroad.

Mr. Chaudry said Mr. Safdar and his wife had returned to Pakistan "to appear before the court, as they believe in the rule of law." Mr. Sharif is in London with his wife, who is said to be recovering from throat cancer surgery.

The Supreme Court disqualified Mr. Sharif from office in

July, forcing him to step down following an investigation into the corruption allegations. Mr. Sharif has denied any wrongdoing. He and some of his party leaders have claimed there are "hidden hands" behind his dismissal and spate of corruption cases.

Mr. Sharif recently appeared before the anticorruption court but the tribunal had to delay his indictment after his chil-

dren, who are co-defendants in the case, failed to appear.

On Monday, his lawyer requested the judge exempt Mr. Sharif from appearing. The judge reserved his decision but granted Mr. Sharif's daughter and her husband bail. He adjourned the case until Friday.

Mr. Sharif's two sons, who didn't appear at Monday's hearing, are also said to be in London with their mother.

DOLLAR

Continued from Page One

tions that stock prices would remain flat as rising inflation pushed bond yields and the dollar higher have been upended in recent months as stocks soared while yields and the dollar fell. The currency's bounce began at a point where many investors were looking for the euro to extend its gains.

The dollar is still down 6.4% for the year against a basket of 16 other currencies tracked by The Wall Street Journal, and few investors believe that its woes are over.

But even a temporary reversal in the currency could have widespread implications for asset markets. A stronger dollar could dent profits for U.S. exporters and multinationals, after rising corporate earnings have helped propel major stock indexes to records.

Dollar strength tends to

investors who have notched big gains this year by betting on the euro, yen and emerging markets.

"This looks like the beginning of a reversal," said Christopher Stanton, chief investment officer at Sunrise Capital LLC. He bought dollars while betting on declines in the euro, sterling and Australian dollar last month for the fund's shorter-term strategies.

The dollar received a jolt after Fed officials were unexpectedly emphatic about the path of future interest rate increases, following a period of soft inflation data.

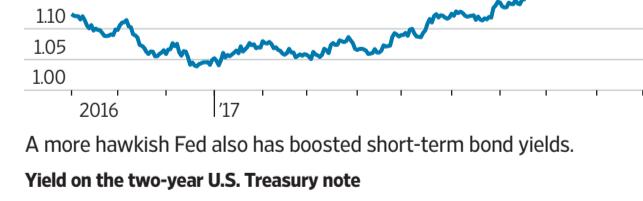
Fed officials indicated last month that they are aiming for a third rate increase by the end of this year, and support three more in 2018. That is important, as rising interest rates typically attract yield-seeking investors to a currency in search of higher returns.

The dollar had fallen earlier in the year as hopes that the Trump administration could enact pro-growth policies waned and as accelerating expansion in Europe boosted hopes that the European Central Bank might

Getting a Lift

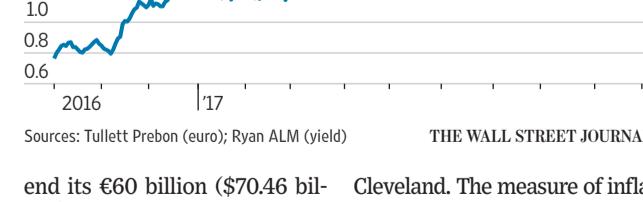
A weakening euro has helped lift the dollar.

How many U.S. dollars one euro buys



A more hawkish Fed also has boosted short-term bond yields.

Yield on the two-year U.S. Treasury note



Sources: Tullett Prebon (euro); Ryan ALM (yield)

Events in Europe have also supported the dollar, which rallied after German elections offered Chancellor Angela Merkel a more tenuous governing majority than had been forecast, increasing anxiety about the stability of Europe's largest economy.

Those concerns were amplified after the Oct. 1 vote in Catalonia, where the Spanish region supported secession in a plebiscite that the central government deemed unconstitutional. This marked a reversal after investors bought the euro following a May election in France where business-friendly centrist Emmanuel Macron defeated right-wing populist Marine Le Pen.

While this dollar bounce may be temporary, and could end with the next piece of bad data or dovish Fed comment, these rebounds can also last many months, making their impact felt on corporate balance sheets and affecting global fund flows.

Currency investors had favored the euro over the dollar on the basis of expectations that the eurozone, with its surprisingly strong growth, of-

fered greater potential for interest-rate increases than the U.S. Money managers, having looked askance at the Fed's relatively modest expectations for a long-term interest rate of about 3%, were looking to the ECB to do more.

The increase in political risk is hurting some of the optimism surrounding Europe. After the Catalan vote, the bond market responded to the upturn in political risk by widening the gap between yields on 10-year debt issued by Germany and Spain to 1.31 percentage points from 1.13, the most since May, according to Tradeweb.

Greater differences between the yields on bonds issued by Germany and other European countries suggests higher investor concern, as the largest and strongest economy in the region tends to serve as its benchmark for risk.

The dollar is "not a one-way trade anymore," said Tim Alt, director of rates and currencies at Aviva Investors. The firm is betting the greenback will gain versus currencies of commodity-producing countries such as Australia and New Zealand.

FROM PAGE ONE

DOLLAR

Continued from Page One

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end its €60 billion (\$70.46 billion) a month in bond purchases.

The lack of sustained inflation isn't restraining the Fed in its efforts to bring its policies into alignment with precrisis standards. "It would be imprudent to keep monetary policy on hold until inflation is back to 2%," Fed Chairwoman Janet Yellen said in a Sept. 26 speech in

Cleveland. The measure of inflation preferred by U.S. central bankers held at 1.4% in August.

"We've repriced the Fed," said Edward Al-Hussainy, a strategist at Columbia Threadneedle Investments. The firm has been placing bets on a stronger dollar for the past two months. "Our view is the dollar has been too cheap."

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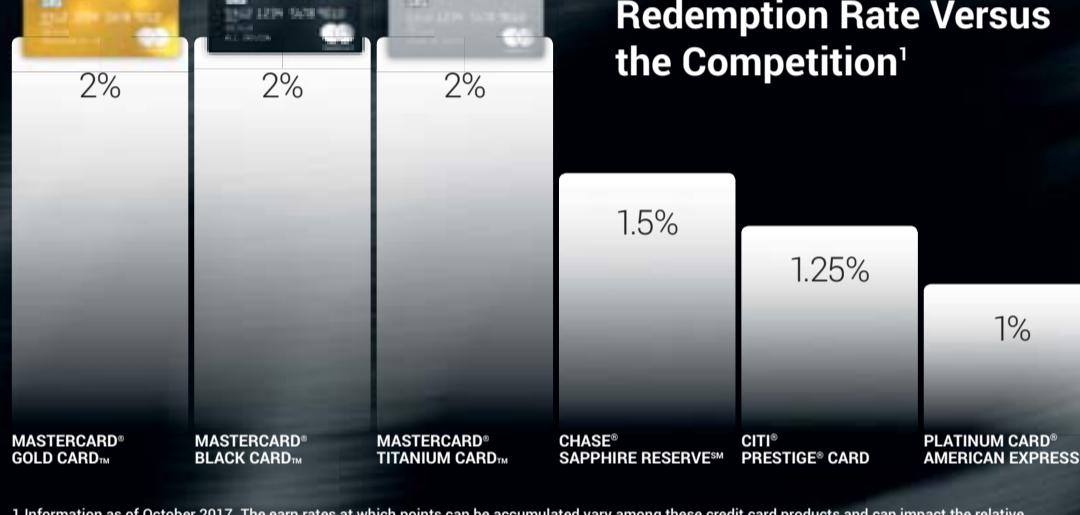
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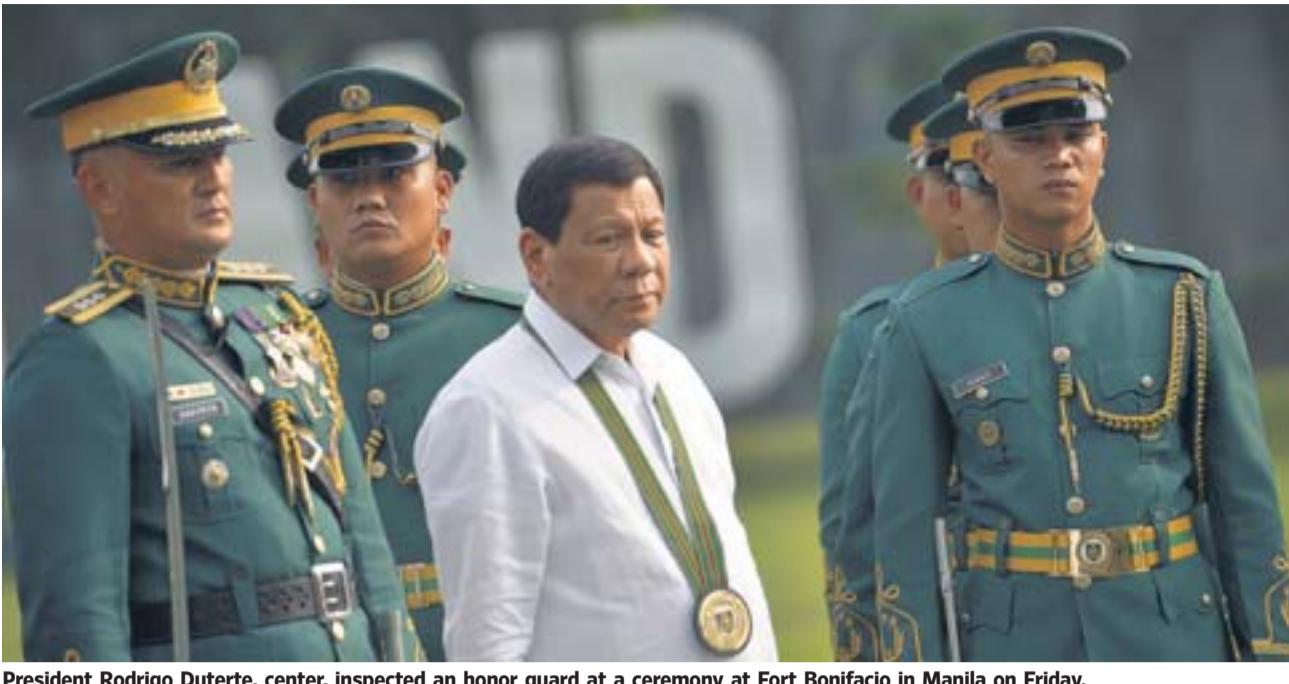
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WORLD NEWS



President Rodrigo Duterte, center, inspected an honor guard at a ceremony at Fort Bonifacio in Manila on Friday.

Philippine Poll Hits Leader

BY JAKE MAXWELL WATTS

Philippine President Rodrigo Duterte's approval ratings fell sharply in September to their lowest level since he took office nearly 16 months ago, following a series of political scandals and an outpouring of opposition to his flagship antinarcotics campaign.

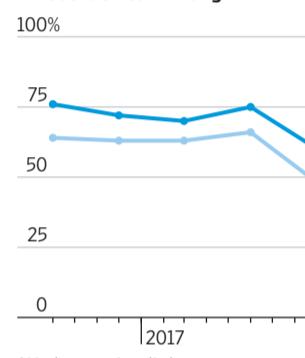
The president's net satisfaction rating fell 18 points to 48, classified as "good," in a survey conducted late last month by independent pollster Social Weather Stations, compared with figures from its June survey. Mr. Duterte's net trust rating fell 15 points to 60, or "very good," over the period, the pollster said Sunday.

In the past three months Mr. Duterte has fended off increasingly vocal opposition to his government's bloody drug war, a policy his administration says has been successful in curbing crime but opponents say has been unnecessarily brutal.

Thousands of antigovernment protesters thronged Manila three weeks ago to call for an end to the campaign, during which more than 3,000 people have been killed by po-

Diminishing Returns

From June to September, Philippine President Rodrigo Duterte's net trust rating fell 15 percentage points and net satisfaction fell 18 points.



*Much trust minus little trust
†Satisfied minus dissatisfied
Source: Social Weather face-to-face interview, latest of 1,500 adults conducted Sept. 23-27; margin of error +/-2.5 percentage points

THE WALL STREET JOURNAL.

lice. Estimates from human rights organizations and local media place the number as high as 13,000 when killings by unknown vigilantes are included.

Social Weather Stations said it didn't have enough data to explain the drop in Mr. Duterte's ratings, but noted the numbers showed the biggest change among poorer Filipinos and those living outside Mr. Duterte's home region of Mindanao.

Declines like this, a normal phenomenon in Philippine presidencies, "can be broadly explained by expectations not being met," said Leo Laroza, director for communications at Social Weather Stations. "A single drop in the satisfaction rating doesn't mean that it's the end of a honeymoon period," he cautioned.

It is common for Philippine presidents to enjoy at least a year of high approval ratings: Mr. Duterte's net satisfaction rating has consistently been above 60 until now and his allies still dominate both houses of Congress.

Mr. Duterte's opponents said the results were an indication that the president's strongman style of governance is losing its appeal. Sen. Risa Hontiveros said the results are an ominous warning that signaled "widening rumblings of discontent."

In a press conference on Monday, presidential spokesman Ernesto Abella acknowledged the survey results, conducted two days after a designated "national day of protest" on Sept. 21, and said the decline was expected "given the fact that people start measuring their expectations usually after the honeymoon period, or after a year in office."

The Social Weather survey was conducted Sept. 23-27 using face-to-face interviews of 1,500 adults nationwide.

Opposition politicians have accused the president of hiding substantial sums of undeclared wealth, triggering an investigation by the government ombudsman. In a separate case, the president's son and son-in-law appeared in a Senate hearing that sought to establish whether they were connected to an attempt to smuggle hundreds of kilograms of methamphetamine through customs.

The president's family has denied wrongdoing and no family members face charges. Mr. Duterte denies having any hidden wealth and has said he won't cooperate with the ombudsman probe.

AFGHANISTAN

Red Cross Scales Back After Attacks

The International Committee of the Red Cross said it would sharply reduce its presence in Afghanistan after deadly attacks on its staff in the north of the country.

Since December, the attacks have left one foreign and six Afghan staff members of the ICRC dead. Three workers were abducted and later released.

Last month, a 38-year-old Spanish national, physiotherapist Lorena Enebral Perez, was fatally shot in an ICRC rehabilitation center by a patient in Balkh province. Her killing had particularly shaken the organization, which has been present in Afghanistan for around 30 years.

Physical rehabilitation was one of the ICRC's first activities in Afghanistan, starting in Kabul in 1988, according to the organization, which now has seven centers across the country.

Those centers manufacture more than 19,000 artificial legs, arms and other orthopedic devices a year and treat hundreds of thousands of patients, according to the ICRC.

After discussions with the organization's headquarters in Geneva, the ICRC reached the conclusion that "there is no other choice but to drastically reduce presence and activities in Afghanistan, in particular in the north of the country," said Monica Zanarelli, head of delegation for the ICRC in Afghanistan.

—Associated Press

CHINA

Foreign-Exchange Reserves Climb

China's foreign-exchange reserves rose last month to their highest level in nearly a year, giving Beijing a breather in its campaign to constrain capital outflows.

Reserves increased by \$16.98 billion in September from August to \$3.109 trillion, the eighth straight month of gains and the highest level since October 2016, data from the People's Bank of China showed.

The larger-than-expected increase likely came from stronger global demand for Chinese exports and Beijing's success in using capital controls to stanch the flow of capital offshore and shore up the yuan, economists said.

The State Administration of Foreign Exchange also cited changes in the values of the dollar and other currencies and assets.

The increase was large enough, some economists said, that China may also have seen a real net inflow of capital—unlike August's \$10.81 billion gain, which was largely due to changes in asset values. "If that's the case, then that would be a notable reverse from August, which still saw net outflows," said Ning Zhang, an economist at UBS.

China tightened scrutiny on capital movements starting last year to reduce outflows. Meanwhile, a weaker dollar has helped strengthen the yuan and reduced Beijing's need to dig deeper into reserves.

—Liyan Qi and Grace Zhu



SHEPHERDING PROTESTS: French sheep breeders flock to Lyon on Monday to draw attention to rising wolf attacks on herds.

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Are Early Mornings the Secret to Success?

to Michelle Obama, early risers are checking emails and more dawn...and then working a full day. WSJ contributor joins Tanya Rivero on Lunch Break to discuss. Photo: Getty

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Sue Shellenbarger
Sept. 26, 2017 8:49 a.m. ET

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WORK & FAMILY

How to Land a 'Stretch' Job

Good leaders can spot unrealized potential and new challenges; here's how to get spotted and th



By Sue Shellenbarger

Sept. 26, 2017 8:49 a.m. ET

Smart leaders have a knack for spotting hidden potential in employees and suggesting jobs to draw it out.

Pushing people into jobs they don't feel qualified for can be just as difficult, however, for employees to sit back and let the invisible hand of management to chart their careers.

DowDuPont Inc. Chief Financial Officer Howard Ungerleider, 53, advance employees who collaborate with colleagues in other departments and look beyond their own jobs toward i



ewitz

to wake up at 4 a.m. do it because they have to—farmers, currency traders and postal workers. Others rise before they want to.

33-year-old Scottsdale, Ariz., resident and founder of

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IN DEPTH

INDIA

Continued from Page One

sations. He vows to continue to fight the company in court and serve its trademark grub for as long as he can.

The standoff has produced a tit-for-tat battle that may be unique in the annals of fast-food wars. McDonald's notified suppliers that Connaught Plaza's outlets were no longer allowed to use the McDonald's brand or trademark menu, and some have stopped supplying to them. Mr. Bakshi has labored to keep his suppliers on board.

Menu items have started disappearing. First to go were the McFlurry desserts and other items that use soft serve. Last Friday, the popular Maharaja Mac—an Indian version of the Big Mac in which the beef has

been replaced by either chicken or cheese-and-corn patties—and McSpicy chicken dropped off the menu at a restaurant in New Delhi's popular shopping district Connaught Place. "Sold out" signs appeared.

The sandwiches were back on Saturday, but restaurants in New Delhi said they were still missing jalapeños, tomatoes, milk and Pizza McPuffs.

Mr. Bakshi says he has been trying to calm his suppliers. He says the Maharaja Mac was off the menu because one had stopped sending jalapeños, which he is trying to buy elsewhere. He says a tomato shortage was a quality issue.

Amitabha Ray, managing director at Schreiber Dynamix Dairies Ltd., says his company stopped selling dairy products to the rebel outlets after being contacted by McDonald's. Other suppliers declined to comment

or didn't respond to requests for comment.

McDonald's fans in Delhi are chowing down while they can. The branch in Connaught Place was buzzing over the weekend.

Rajini Saraf squeezed into a booth and complained about the loss of the McFlurry. "Our taste buds are settled on that flavor. We require it" or we will go elsewhere, she said. "We have more options that are easily available and are more classy than this."

McDonald's needs to find a way to reintegrate or close the rebel outlets. At risk is a market many consider one of the last great untapped opportunities. India currently accounts for a tiny slice of McDonald's nearly \$25 billion in revenues, yet fast-food companies are hoping to find growth there.

Mr. Bakshi opened McDonald's first outlet in India

in 1996 as the company's first beefless restaurant. In the Hindu-majority nation, eating beef is frowned upon and many people are vegetarian, so McDonald's built a menu around chicken and vegetarian patties. The top-selling McAllo Tikki burger has a spicy potato and pea patty. The McSpicy Paneer uses tandoori mayonnaise slathered on a crispy slab of paneer, a fresh cheese.

Mr. Bakshi's northern franchise grew to nearly 170 restaurants, while its southern and western counterpart, Hardcastle Restaurants Pvt. Ltd., a subsidiary of Westlife Development Ltd., has 258 outlets.

Mr. Bakshi says the fast-food giant first wanted to buy him out around 2008. He contends McDonald's has been increasingly tough in an effort to force him out and take what he has built without paying much for

it. McDonald's, in written statements to The Wall Street Journal, has said it has been cutting ties to Mr. Bakshi because of breaches in his agreements with the chain.

While Mr. Bakshi denies most of McDonald's accusations, he admits Connaught Plaza has missed royalty payments. He says the company was only occasionally in violation of its contract—and that it had McDonald's tacit approval. A McDonald's spokesman in Hong Kong, Barry Sum, said McDonald's India didn't allow Connaught Plaza to avoid fulfilling "essential obligations."

McDonald's wouldn't discuss details of the feud, citing continuing court cases. Mr. Sum said McDonald's is looking for a new partner for the region.

Mr. Bakshi says he has asked India's courts to stay McDonald's cancellation of the

company's franchise agreement. He is willing to leave, he says, if he is paid a fair price for his half of the joint venture, which he contends could be worth more than \$100 million. McDonald's has offered him as much as \$7 million, he says, which he considers an insult. McDonald's declined to comment on any offers.

Customers are acting as if the end is near. Delhi University physics student Mayank Pant traveled 30 minutes from campus with two friends to the McDonald's in Connaught Place. He said the outlet next to the campus, now closed, was a popular hangout for students.

"We have a kind of nostalgia for McDonald's," he said. "We are saying goodbye."

—Julie Jargon in Los Angeles
and Vibhuti Agarwal in New Delhi contributed to this article.

TARGET

Continued from Page One
decessors or their predeces-
sors' predecessors."

Companies such as Scotts, Home Depot Inc., Procter & Gamble Co., Williams-Sonoma Inc.'s West Elm and the Sherwin-Williams Co. are hosting classes and online tutorials to teach such basic skills as how to mow the lawn, use a tape measure, mop a floor, hammer a nail and pick a paint color.

Lawn-mower engine maker Briggs & Stratton Corp. built a professional studio inside its Milwaukee office last year to make how-to videos. Power-tool maker Andreas Stihl AG calls these new consumers "Willie Wannabes," compared to their elders, who are "Eddie Experts."

Millennials as a whole are America's latest demographic bubble, overtaking the baby boom generation and, like them, transforming popular culture, retailing, media and lifestyles. They make up about 42% of all home buyers today, and 71% of all first-time home buyers, according to Zillow Group. Some 86% of millennial home buyers reported making at least one improvement to their home in the past year, more than any other generation, Zillow says.

The group of 93 million comprises people born roughly between 1980 and 2000. Baby boomers, born between 1946 and 1964, numbered 78.8 million at their peak and today have 74 million, according to 2016 U.S. Census Bureau population estimates.

Nick Bruno, 26, recruited his father to help assemble a wardrobe for the studio apartment he recently rented in New York City's Harlem neighborhood. He spent the past year living with his parents to save money.

In addition to a new dining table, chairs and a TV stand, the sales representative has bought an arsenal of supplies, including laundry detergent, window cleaner, dish soap and a Swiffer mop for the apartment's wood floors, instead of the mop and bucket Mr. Bruno used on his parents' floors growing up. "I had to read the instructions," he says.

P&G, which makes Swiffer, found millennials clean their homes differently from older generations. "We find that the younger generation is a bit more cramped for time and less likely to do a big, deep clean," says Kevin Wenzel, an associate brand director for P&G's North America surface care business.

Instead, millennials are more likely to clean as needed, which P&G calls "maintenance" cleaning. Swiffer advertisements highlight how its mops and dusters help "in the moment."

Snagging movers

P&G research also showed that some 44% of millennials say they will move in the next year. "Spending as well as interest in different solutions really peaks in those first few weeks," Mr. Wenzel says. "It's a critical point to influence."

It established a "new mover" program and sends about four million consumers who have recently moved coupons and product samples such as a Mr. Clean Magic Eraser, Swiffer duster, Tide detergent pods, Downy fragrance beads and even Old Spice deodorant.

J.C. Penney Co. says the group is willing to hire others for projects. The retailer has pushed into home services, including furnace and air-conditioning repair, water-treatment systems and bathroom renovations, and expanded its window-covering installation.

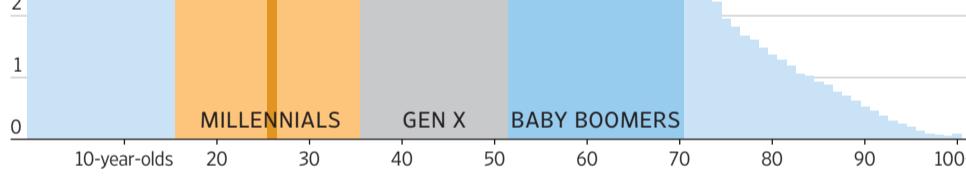


AKERMAN + GRUBER FOR THE WALL STREET JOURNAL

Millions Ready to Spend

Millennials have replaced baby boomers as the largest generation—with 26-year-olds as the largest single age group—creating a wave of consumers for companies to target.

U.S. population by age, December 2016



Millennials are entering prime spending years as they buy homes and make improvements. Their outlays are growing as more of the generation moves into adulthood...

Homebuyers, by age, in the past year

Baby boomers Generation X Millennials

42% 29% 4%

Pct. of homeowners who made improvements in the past year

100%

in 1975 45%

in 2016 24%

Lived away from parents, were ever married, lived with a child and were in the labor force

22%

8%

Lived away from parents, were ever married and lived with a child

15%

13%

Lived away from parents and were in the labor force

6%

23%

In the labor force only

3%

8%

Housekeeping supplies, 2016*

\$400

300

200

100

0

Household furnishings, 2016*

\$1,000

750

500

250

0

Note: Baby boomers are people aged 52-70 for the Labor Department and 53-72 for Zillow; Generation X are 36-51 (Labor) and 38-52 (Zillow); Millennials are 35 and younger (Labor) and 18-37 (Zillow). *Average annual spending for each household member

Sources: Deutsche Bank (population by age); Zillow (homebuyers, home improvements); Labor Department (spending); Census Bureau (living situation)

'come on, how many things can you say about it?" Ms. DeStefano says.

In the end, Ms. DeStefano herself learned a new tape-measure trick: Attach the end of the tape to a nail and hold a pencil against the tape measure's base to draw a circle. More lessons are coming, Ms. DeStefano says, including how to hang Christmas lights.

On a recent Saturday, Nadera Algo, 25, attended a ceiling-fan installation class at a Home Depot store in Manhattan. She has also attended the store's workshop on painting and drywall repair.

Though the high-school chemistry teacher lives at home with her parents in Brooklyn, Ms. Algo wants to learn to do basic repairs for when she eventually moves out, so she doesn't have to hire help. "It's so easy to get ripped off," she says. "And it's cool to know."

Al Manigault, the Home Depot workshop captain leading the class, asked Ms. Algo to attach the fan to an electrical box. He nodded as she twisted wire connectors into place. "Very nice," he said, as the four other students—all middle-aged men—looked on.

John Goldbach, vice president of sales for Stoner Inc.'s auto, DIY and household brands, ramped up basic online training to demonstrate products including paint and varnish removers. Online sales have increased about 20% this year thanks to online education efforts, the company says.

Baby boomers changed the consumer-products industry as they grew up, sending diaper sales soaring in the 1960s, buying power suits in the 1980s and luxury cars and handbags in the 2000s. Marketers promised goods and services that would enable boomers' independent, free spirits.

Millennials are different, though, especially in the rate at which they achieve independence in adulthood. In 2016, just 24% of 25- to 34-year-olds had experienced all four of what the Census Bureau called major life milestones: having lived away from parents, having been married, having lived with a child and being in the labor force.

That compares to the same age group in 1975, when 45% had reached all of those milestones. "Today's young adults look different from prior generations in almost every regard: how much education they have, their work experiences, when they start a family and even how they live with while growing up," according to a report from the Census Bureau.

When considering the store's furniture assortment, West Elm creative director Johanna Uurasjarvi keeps in mind the dream studio apartment she would furnish for her 21-year-old son.

The company is making tables, chairs, bookcases and sofas to better fit inside smaller starter homes and apartments, including a scaled-down sectional couch that can flip from right to left orientation so it accommodates the multiple moves common among young adults.

Edible plants

Targeting this demographic, J.C. Penney last year re-entered the appliance business after 33 years and now calls it one of its best-performing areas. Early on, J.C. Penney assumed that its best-selling refrigerators would be in the \$899 to \$999 price range. But the \$1,599 to \$1,799 models with stainless steel or sleek black finishes and the latest door styles topped sales. Millennials were buying the pricier appliances as a quick cosmetic upgrade to their homes. "It's millennials' beginner way to remodel their kitchen," Mr. McFarland says.

Briggs & Stratton collaborated with Toro Co. to introduce the Mow N' Stow foldable mower, which takes up 70% less room than standard mowers. It is designed to appeal to owners of starter homes, which often have small garages, the company says. The Mow N' Stow also doesn't require users to know how to prime, choke or change the oil of its engine.

"We want to be there when you're ready to buy your first piece of equipment, when you first move into a house, all the way to the last piece of equipment you're going to buy, whenever that is," says Briggs & Stratton Chief Executive Todd Teske.

Scotts' approach is driven by its discovery that millennials aren't trying to achieve the lushest lawn or biggest flowers, as their elders are, executives say. They want to get something out of gardening, Mr. King says.

Scotts last year said it bought a stake in Bonnie Plants, a grower and supplier of vegetables and herbs, because sales of edible plants are strong among millennials, with a growth rate nine times the rate for baby boomers. Millennial households that participated in food gardening increased by four million during 2011 to 2015, equaling the rise of all other age groups combined over the same period, the company says.

Mindful of millennials' propensity to scour product ingredients, Scotts also said it accelerated work to remove phosphorus from fertilizers and bee-killing neonicotinoids from pesticides.

Breanne Loes, a 26-year-old apparel buyer in Minneapolis, likes the idea of gardening, but it doesn't come naturally yet. Her mother picked out two pots of flowers for her apartment's outdoor patio, and reminded her during every phone call this summer to water them. "Last year, my flowers were dead by July," Ms. Loes says. "Now, they're pretty close to dying, but my mom was impressed they lasted this long."

Ms. Loes enjoys do-it-yourself projects, and two summers ago built with her now-husband a wooden headboard in her parents' garage, with help from an online tutorial, her dad, two older brothers and their tools.

The saw wasn't working at first because the blade was backward. "That was embarrassing," says Ms. Loes.

tion center so young adults can learn maintenance for themselves. Snagging a new homeowner's first purchases, says Ted Decker, Home Depot executive vice president of merchandising, helps drive return trips and represents potentially "thousands and thousands of dollars" in lifetime sales.

The company credited home purchases by young adults as a factor in its 9.5% rise in net income in its most recent quarter and raised sales and profit expectations for the rest of the year.

Home Depot executives want to establish stores as an educa-

tional series of online workshops, including videos on how to use a tape measure and how to hide cords, that were so basic some executives worried they were condescending. "You have to start somewhere," Mr. Decker says.

Lisa DeStefano, Home Depot vice president of marketing, initially hesitated looking over the list of proposed video lessons, chosen based on high-frequency online search queries. "Were we selling people short? Were these just too obvious?" she says she asked her team. On the tape-measure tutorial, "I said

GREATER NEW YORK



Re-enactors prepared for the Columbus Day Parade in New York City on Monday. Mayor de Blasio was booed as he walked in the event.

Mayor Booed at Columbus Parade

BY MARA GAY
AND MIKE VILENSKY

New York City Mayor Bill de Blasio was bombarded with boos as he walked in the annual Columbus Day parade because of the city's decision to review an iconic sculpture of Christopher Columbus.

Mr. de Blasio, a Democrat, in August established a commission to make recommendations on how the city should handle monuments some may view as offensive.

Columbus, whose statue adorns the Midtown Manhattan traffic circle named after him, is revered by many in

New York's vast Italian-American community. Others have said the explorer's legacy should be re-examined because of the deaths of Native Americans after the arrival of Europeans to the Americas.

Some parade watchers were having none of it. "Leave Columbus alone!" one man shouted as the mayor walked by. A woman cursed at the mayor in Italian.

Mr. de Blasio, whose grandparents were born in Italy, ignored the shouts, walking about 30 blocks while waving an Italian flag and smiling.

"I'm very proud of my fam-

ily," he said ahead of the parade Monday. "I don't care about any critics."

The mayor said he had no plans to dissolve the monuments commission, which he formed in the aftermath of a violent white-supremacist rally in Charlottesville, Va., in August.

"We're going to have a real public discussion," Mr. de Blasio said. "That should be a conversation people aren't afraid of."

The monuments commission is expected to meet for the first time on Tuesday.

Gov. Andrew Cuomo, a Democrat who is also Italian-

American, has said the Columbus statue should stay put. Walking a few blocks from Mr. de Blasio, the governor defended Columbus as "the symbol for the Italian-American people."

Mr. Cuomo has questioned the usefulness of removing monuments some view as offensive.

"Are you for indigenous people or are you for Christopher Columbus?" the governor said Monday.

"I'm a New Yorker. I'm an American. I'm with all the above. These are all false choices that are more wedges in society," he said

Scandals Hang Over Nassau Race

By JOSEPH DE AVILA

Recent political corruption scandals in Nassau County are casting a shadow on the race to lead this sprawling section of western Long Island.

Nassau County's top elected official, Republican County Executive Edward Mangano, was indicted last year on charges of bribery, conspiracy and extortion. Former North Hempstead Democratic Committee Chairman Gerard Terry pleaded guilty to criminal-tax fraud last month.

While Mr. Mangano, who pleaded not guilty, continues to serve as county executive as he awaits his trial, the Republican Party nominated former state Sen. Jack Martins to run for the position.

Mr. Martins, who lost a 2016 congressional race to former County Executive Tom Suozzi, faces Laura Curran, a Democratic legislator in the county legislature and a former school board trustee in Baldwin, N.Y.

Nassau County Democrats are hoping to persuade voters that their party is the best equipped to clean up politics in the county, despite their own corruption scandals, political analysts said.

The Republican Party, on the other hand, has focused the race more on pocketbook issues like property taxes, they said.

"The challenge for Jack

Martins is to distance himself from the local corruption issues and change the conversation to one of competence and leadership," said Lawrence Levy, executive dean at the National Center for Suburban Studies at Hofstra University.

"The challenge for the Democrats is to tie the Republican candidate to corruption issues when the connection is pretty tenuous," Mr. Levy said.

Democrats in Nassau County, with a total population of 1.3 million, outnumber Republicans 396,000 to 337,000 in what was historically a GOP stronghold.

Republicans, however, are more reliable voters in non-presidential elections, typically giving them the edge in these races, said Michael Dawidziak, a political consultant who often works with Republicans. But it is possible the corruption scandals could motivate more Democrats to vote this year, he added.

The Republicans also were hurt by the 2015 conviction of former Senate Majority Leader Dean Skelos, a Nassau County Republican who was one of New York's most influential politicians. A federal appeals court recently overturned the conviction, citing a U.S. Supreme Court ruling that established a higher standard for federal anticorruption laws,

Please see RACE page A14B

Bolshoi And Met Pair Up In Three Classics

BY CHARLES PASSY

The Metropolitan Opera will partner with Russia's Bolshoi on three productions in the coming seasons, officials with both companies said on Monday.

The joint venture marks the New York company's first such partnership with the Moscow-based institution. The Met said the two organizations have been planning the collaboration since the summer of 2016.

The plan calls for the companies to co-produce three classic works—Verdi's "Aida," Wagner's "Lohengrin" and Richard Strauss's "Salomé"—with performances taking place for each in Russia and New York between 2019 and 2022.

"We're very pleased to be partnering with such a renowned company as the Bolshoi and to be pooling our resources with them," said Metropolitan Opera General Manager Peter Gelb.

The Met didn't say what the productions will cost—or what its share of that expense will be. This season, the Met is spending \$1.5 million to \$4.5 million on each new production it is presenting, company officials said earlier this year.

Casts and creative teams

have yet to be fully set for the collaborative stagings with the Bolshoi. But the Met did say that Yannick Nezet-Seguin, who will take over as the company's music director in the 2020-21 season, will conduct the initial New York performances of each production.

Additionally, acclaimed Russian-born soprano Anna Netrebko will perform in all three operas in both Russia and New York, the Met said.

Co-productions are hardly new to the Met. This season, for example, the company is collaborating with the English

National Opera on a production of Mozart's "Così fan tutte."

Still, the relationship with the Bolshoi is significant because of the Russian institution's storied history, which goes back to the 18th century.

While the Met hasn't collaborated before with the Bolshoi

on a production, the Bolshoi, which hosts both opera and dance, has a history at the Met going back decades. Met officials noted. The Bolshoi Ballet, for example, first appeared at the Met in 1959.

The Met, however, has never appeared in Russia.



DANNY GHITIS FOR THE WALL STREET JOURNAL

Pensions Are a Key Concern in Constitutional Convention Vote

BY MIKE VILENSKY

With roughly five weeks until New Yorkers vote on whether to hold a constitutional convention, concerns about public pensions are driving the opposition.

Convention supporters say the event wouldn't make changes to pension benefits for state retirees, which are guaranteed in the state constitution. But unions opposed to the convention have raised worries about the possibility.

"If you want retirees to phone bank, put up signs, place bumper stickers on their cars, you need a compelling issue to motivate them," said J.H. Snider, an expert on state constitutional conventions who is

running the New York State Constitutional Convention Clearinghouse. "If I were protecting a lifelong pension worth a million dollars or more, I'd react the same way."

On November ballots, New Yorkers can vote for or against the convention, where specially elected delegates from the state's legislative districts can propose amendments to the state constitution. To become law, those amendments must be ratified in a voter referendum.

Much of the campaigning against a convention has come from the state's labor unions, which say the event could roll back worker rights. Collectively these unions, including New York State United Teachers and

AFL-CIO, have donated more than half a million dollars to New Yorkers Against Corruption, a group pushing New Yorkers to vote no, state records show.

Backers say unions oppose a convention because it offers a way around legislators.

In literature to its 20,000 members, the Retired Public Employees Association, a group advocating for New York retirees, wrote that a convention poses a threat to "the integrity

of public pensions." Earlier this year, the teachers union used similar language, writing to members that the convention could bring a day when New York "is relieved of its pension obligations to retirees."

"We don't know who the delegates would be at this point," said Ed Farrell, director of the Retired Public Employees Association. "But we do know there are groups that exist who describe themselves as fiscally conservative or antigovernment and believe the idea of a pension should not exist at all."

Convention supporters say unions are misleading their members.

Evan Davis, a New York City lawyer and convention supporter, has argued that the

state's pension payouts to its existing employees and retirees are federally protected and couldn't be touched.

"It's a scare tactic being used by the unions," said John Bergener Jr., a retiree who is running a pro-convention group.

Mr. Bergener and other convention backers say unions oppose a convention because it is a rare way to bypass the legislative system and their influence over state lawmakers.

There is interest among some fiscal conservatives in pushing pension reform at a convention, but they stressed that their proposals would affect only future state hires.

Assemblyman Michael Fitzpatrick, a Long Island Republi-

can who has raised concerns about municipal pension obligations, said the convention marks an opportunity to transition future public pensions to a system more like a 401(k), where an employer invests retirement money instead of promising a fixed sum. "The system needs to be adjusted to meet a modern fiscal reality," Mr. Fitzpatrick said.

Despite assurances that proposals would affect only future hires, some current and former public employees said they are opposing a convention to protect their pensions.

Crystal Richberg, a New York state public school teacher voting no, said her pension is her "main concern...because it hits home for me personally."

GREATER NEW YORK

Organizer Goes to Bat For Tenants

BY CEZARY PODKUL

Sudesh Chohan was thinking of leaving his Flushing, Queens, apartment after 28 years because he couldn't afford the latest rent increase. His plans changed when the 62-year-old auto mechanic bumped into Aaron Carr.

At Mr. Carr's suggestion, Mr. Chohan attended a June meeting at a playground where Mr. Carr said the building's tenants may have a legal case against their landlord, Kaled Management.

Mr. Carr contended that Kaled had overcharged them by ignoring their apartments' rent-stabilized status, which limits price increases.

In August, Kaled offered tenants refunds, including \$6,030 for Mr. Chohan. Ed Kalikow, Kaled's president, said in a statement tenants were "inadvertently" overcharged and that "making residents financially whole was not only legally compliant, but it was the right thing to do."

At age 29, Mr. Carr has become New York City's self-appointed enforcer of state rent laws. Last year, he started a nonprofit, Housing Rights Initiative, through which he organizes class-action lawsuits against landlords he suspects of breaking the law.

He hopes to launch 75 to 100 cases over the coming year to enforce a requirement that landlords who collect a popular tax break known as "J-51" limit rent increases on tenants. For years, regulators let thousands of owners ignore that rule, making housing less affordable for renters like Mr. Chohan.

Property managers and investors are watching with inter-

est. One class-action lawsuit over the J-51 issue resulted in \$69 million of refunds for 22,000 tenants at the Stuyvesant Town-Peter Cooper Village residential complex in Manhattan and lowered rents by \$105 million. A 2007 class-action case against landlord Pinnacle Group settled for \$2.5 million in 2011.

Many in the industry view Mr. Carr's work with skepticism.

"I look at it as the equivalent of, like, an ambulance chaser," said Brian Newman, who manages about 30 properties for Heritage Realty, one of the firms targeted by Mr. Carr. The Rent Stabilization Association, a landlord group, calls Mr. Carr's efforts "nothing more than fishing expeditions."

Mr. Carr disagrees. "If the landlords are not doing anything wrong, why are they re-stabilizing units?" he asks. "They're doing that because they got caught."

Mr. Carr grew up on Long Island, the only child of an autism researcher and a psychologist. Both parents died in a car crash when he was 20.

"Life took on a whole new meaning," he said. "I needed to attach myself to things that would have an impact on people's lives. I may not be able to get back what was stolen from me, but I can get back what has been stolen from others."

Helping tenants recover overcharges fit that mission. He got the idea while working as chief of staff to New York Assemblyman Michael Blake, a Democrat who represents a gentrifying section of the Bronx.

"There is not a day that goes



Aaron Carr, above, who has become a self-appointed enforcer of state rent laws, goes after landlords he suspects aren't complying with regulations. He helped Sudesh Chohan, below, get a refund from his landlord at this building in Flushing, Queens.



by that someone is not contacting us about housing concerns," Mr. Blake said. He recalled seeing "a visceral anger" in Mr. Carr when he learned of owners mistreating tenants.

In early 2016, he left Mr. Blake's office to launch Housing Rights Initiative, using personal savings and donations to get started. Now he is getting ready to scale-up with a \$100,000



crowdfunding campaign. The state housing agency says it "aggressively" enforces rent laws, but Mr. Carr openly mocks that claim, saying city and state agencies have often turned a blind eye to tenants' plight.

"We all live in an enforcement desert," he said while standing in front of a slide of the Sahara one August evening

when more than 40 residents of eight Manhattan buildings gathered at a Lutheran church to hear him pitch litigation.

Mr. Carr doesn't file the lawsuits himself. He leaves that to attorneys who agree to charge tenants legal fees only if they prevail. Ten lawsuits have been filed so far, all of which are in various stages of litigation.

Soon after the August meet-

ing, Mr. Carr goes to Civic Hall, a Chelsea co-working space that serves as his informal headquarters, to identify potential plaintiffs. Kim Powell, a tenant activist who helped organize the Pinnacle class-action case, reviews tenant records with him.

"Slam dunk," she says as they review potential plaintiffs in one building.

RACE

Continued from page A14A
and Mr. Skelos will be retried.

The Republicans' corruption scandals "could help level the playing field for the Democrats," Mr. Dawidziak said.

Both candidates said fixing the county's fiscal problems is a priority. Nassau County is forecast to finish the year with a \$53 million deficit, according to the Nassau County Interim Finance Authority. NIFA, which has overseen the county's finances since 2000, estimates the county's budget hole will be nearly \$190 million by 2020.

Ms. Curran, 49 years old, said she would focus on negotiating expiring municipal con-



Democrat Laura Curran, Left, and her Republican rival Jack Martins.

tracts to get better terms and on redeveloping downtowns in the county with transit-friendly projects to grow Nassau's tax base.



BESS ADLER FOR THE WALL STREET JOURNAL

Mr. Martins said he wants towns to take over property-tax assessments from the county. The towns would handle it more accurately, reduc-

ing what Nassau County owes to homeowners in property-tax refunds by up to \$100 million annually, he said.

Ms. Curran said Mr. Martins's plan would shift costs from the county to the towns. She has called for beefing up the county's assessment department and assessment review commission, among other measures.

If Ms. Curran wins the election on Nov. 7, she would be-

come only the third Democratic county executive in Nassau County history and the first woman. Mr. Suozzi, who served from 2002 to 2009, was Nassau's last Democratic county executive.

Ms. Curran, a former newspaper reporter, said there is "a feeling of deep distrust" of politics in Nassau County. "The Re-

publican party, the way it is now, has no credibility to" address it, she said.

Ms. Curran has proposed a host of ethics reforms, including creating an independent office of the inspector general to review county contracts. She also wants to prohibit any political party leaders from being appointed to a job by the county executive, as well as limiting how much money county contractors can donate to county political campaigns.

Mr. Martins, 50, also has

called out corruption, but has stressed that both parties have been tainted by it, citing the recent incarceration of former Democratic county legislators Roger Corbin and Patrick Williams.

"If there is a culture of cor-

ruption in Nassau County then it is a Democratic and Republican culture," said Mr. Martins, a former mayor of Mineola, N.Y. "And the fact that she is celebrating that for political purposes is truly sad and just demonstrates how little vision she has."

Mr. Martins is pitching his own ethics reform plan, including giving the County Legislature the authority to remove the county executive for cause. He also proposes overhauling the existing county board of ethics and having it work more closely with the commissioner of investigations.

Some political consultants aren't convinced that fighting corruption will matter more to voters than issues like property taxes.

Upscale Sports Bar Set to Extend Reach

BY CHARLES PASSY

The Ainsworth wants to take its Mac & Cheese Burger national.

The dining and drinking spot, whose signature burger is topped with macaroni and cheese, has plans to expand well beyond its four current locations in Manhattan and New Jersey. Among the cities slated to come on board within the coming year are Philadelphia, Nashville and Kansas City, Kan.

The restaurant chain, whose first location opened in the Chelsea neighborhood nine years ago, has two more Manhattan locations planned for the months ahead.

The Ainsworth is an upscale take on a sports bar. Its menu features such fare as short-rib tacos, truffle fries and a chopped salad with baby kale, fennel and pomegranate seeds. Several "handcrafted" cocktails are among the drink offerings, including the Ains Martini.

And there is the Mac & Cheese Burger. It doesn't come cheap—at the Manhattan locations, it runs \$19 (or \$24 if you add candied bacon). The chain estimates it has sold close to 30,000 of them in the past three years.

The Ainsworth is the latest in a long line of New York dining spots that have expanded beyond the city. Recent exam-

ples include the Dos Toros fast-casual chain and even the Halal Guys food cart-turned-restaurant chain.

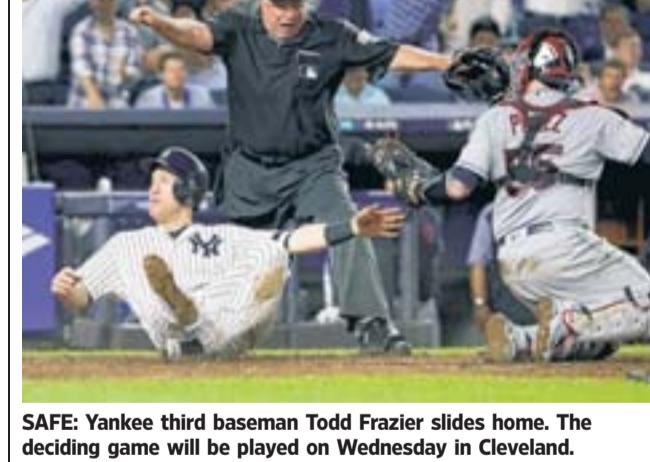
Stephen Zagor, dean of culinary business and industry studies at the Institute of Culinary Education, says going beyond the city successfully isn't so easy, since diners elsewhere aren't necessarily wowed by a restaurant's New York track record. "You have to play to the local culture and adapt to local tastes," he said.

Ainsworth founder Matt Shendell said he thinks his restaurant concept is "super-scalable and Middle America-friendly" and hopes to grow to as many as 15 locations within three years. The chain currently does \$17 million in annual sales, but anticipates that figure more than doubling in 2018.

The Ainsworth, which once operated a restaurant in Las Vegas, says it is prepared to tweak its menu as needed in different markets. At the Kansas City location, for example, Mr. Shendell said he is considering rolling out a burger topped with ribs, playing off that city's barbecue tradition.

The Ainsworth may benefit from the growth that sports bars are enjoying nationwide. In 2016, the category's sales increased 4.4% to \$13 billion, according to Technomic, a restaurant consultancy.

Yankees Tie Series With 7-3 Win



SAFE: Yankee third baseman Todd Frazier slides home. The deciding game will be played on Wednesday in Cleveland.

GREATER NEW YORK WATCH

NEW JERSEY

Four People Dead In Head-On Crash

Four people were killed and two others were injured in a head-on crash in which the drivers lived on the same street.

Gloucester Township police said 53-year-old Richard Mason and 43-year-old Panagiota Ramoundos crashed on Sicklerville Road on Sunday evening.

The drivers, who were killed, lived on Wilson Drive in Winslow Township.

Two passengers in Mr. Ramoundos's vehicle also died and two passengers were injured.

—Associated Press

NEW YORK CITY

Reward Offered After Fatal Hit-and-Run

The family of a New York City emergency medical technician killed in a hit-and-run accident is offering a \$25,000 reward for information to catch the culprit.

Kevin Liang, 27 years old, was riding his motorcycle when he was struck by an SUV on the new Kosciuszko Bridge on Sept. 30. The SUV driver took off and Mr. Liang was later pronounced dead at a hospital, police said.

A funeral service for Mr. Liang will be held Tuesday in Brooklyn.

—Associated Press

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LIFE & ARTS

BONDS: ON RELATIONSHIPS | By Elizabeth Bernstein

When to Go With Your Gut

Making a big decision? Experts weigh in on when instinct or conscious thought is a better bet



When should you trust your gut?

Consult your gut for complex decisions.

These include important, but not life-or-death, choices such as what car to buy, where to move, which job offer to accept. Your conscious mind will have too much information to sort through, and there may not be one clear choice. For example, there's a lot to consider when deciding on a new home: neighborhood (Close to work but not as fun? Farther away but nicer?), price, type of home (Condo or house?). Research shows that when people are given four choices of which car to buy or which apartment to rent—with slightly different characteristics to each—and then are distracted from consciously thinking about their decision, they make better choices. "Our conscious mind is not very good at having all these choices going on at once," says Dr. Bargh. "When you let your mind work on this without paying conscious attention, you make a better decision."

immediate danger. It can help us quickly identify our preferences. And it's good at helping us make complex decisions—say, buying a car—when the amount of information and choices can be overwhelming.

But our gut can push us to be impulsive, to drink or smoke when we shouldn't. It's a bad idea to rely on it when the consequences of our decision are dangerously high. (You'll want to make a few conscious calculations before passing that semi-trailer in the

driving rain.) And if the outcome of our choice will affect someone else, it's best not to rely on our gut alone.

The connections between the gut and the brain are extremely complex, with multiple pathways of communication: the nervous system, immune system and hormonal system, which facilitate messages from the microbiome—the trillions of micro-organisms that live in our gut and produce molecules similar to the neurotransmitters found in the brain, such as serotonin and dopamine. "The gut is not a blind tube," says Raphael Kellman, an internist in New York City and author of "The Whole Brain." "It's a complex system explicitly interconnected with the brain."

In a study published in May 2013 in the journal "Social Cognitive and Affective Neuroscience," researchers at Carnegie Mellon University in Pittsburgh and Northeastern University in Boston performed brain scans on participants who were asked to consider 48 aspects of four different cars, to determine the best choice. Some participants were asked to make an immediate decision, some were allowed to deliberate and some were distracted by a difficult counting task. The researchers found that the same regions of the brain that were activated when the participants were reading about the car choices remained active even when they were distracted. Their unconscious kept working on the problem, even as their conscious mind moved on.

But not always. John Bargh, a psychology professor at Yale and director of the ACME (Automaticity in Cognition, Motivation, and Evaluation) Laboratory, has a book coming out this month: "Before You Know It: The Unconscious Reasons We Do What We Do." Dr. Bargh says that we tend to trust our gut reactions more than our rational ones because they happen so quickly we think they must be true. But there is a problem with this belief, he says: Our emotional states change what our gut tells us. "Say you are angry and tell someone off and think that is the truth," Dr. Bargh says. "The next day you may be in a very different emotional state and the truth is different."

Dr. Bargh says that our gut is better at helping us sort out some things, such as whether we are in

Make a list and set it aside

Using unconscious and conscious thought to make a decision is often best. And conscious thought should come first. An excellent way to do this is to make a list of the benefits and drawbacks of each choice you could make. We are trained in rational decision-making, so this will satisfy your conscious mind. And sometimes the list will be enough to show you a clear decision.

But if it isn't, put it away and do something that absorbs your conscious mind. Go for a hike or run, walk on the beach, play chess, practice a musical instrument. (No vegging out in front of the TV; that's too mind-numbing, experts say.) Go into yourself without distractions from the outside, and your unconscious will keep working on the problem," says Emeran Mayer, a gastroenterologist and neuroscientist and the author of "The Mind-Gut Connection" and a professor at UCLA's David Geffen School of Medicine.

If the stakes are high, try to think rationally

Even if time is tight. For example, if your gut tells you to jump in front of a train to help someone who just fell on the tracks, that might be worth risking your life. If it's telling you to jump in front of that train because you dropped your purse, it's not. Your rational mind, not your gut, will know the difference, Dr. Bargh says.

Pay attention to your state of mind

Remember that strong emotions can change



ROBERT NEUBECKER

your intuition. If you're angry, your gut will give you a different answer than it normally would. Ditto if you're stressed, in the middle of some kind of competition, or even happy and relaxed. "Remember that what we think is right to do changes from moment to moment," Dr. Bargh says. So ask yourself if this is the time to listen to your gut.

Eat well

What you put in your gut makes a difference. Refined foods can damage the microbiome in your gut, and this harms the gut's connections to the brain. "When we eat

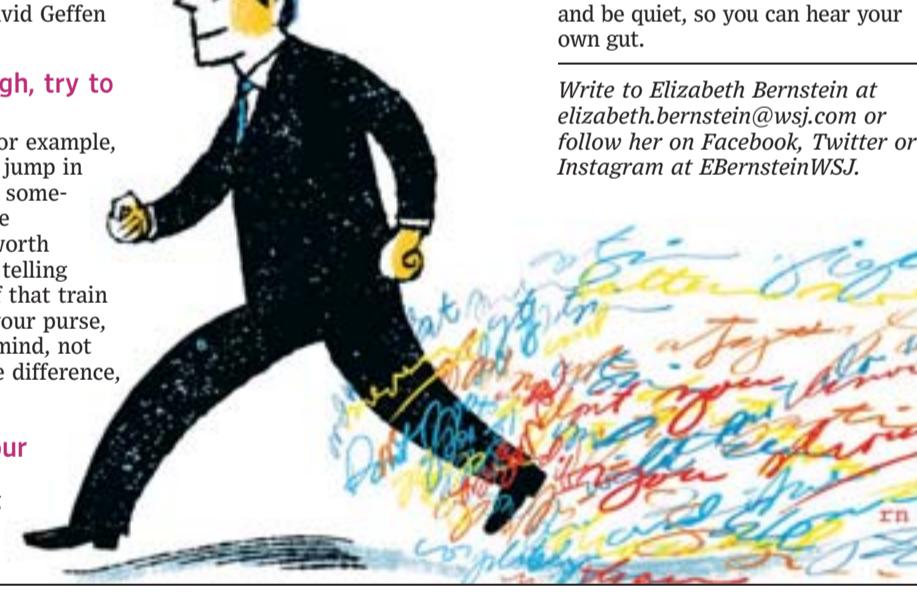
chemicals—and too much food and too fast—the bacteria in our gut will become deforested and lose their abundance," says Dr. Kellman. "And that will affect the transmission of signals to the brain."

He suggests limiting refined foods and eating more vegetables as well as fermented foods that promote healthy bacteria. "Good foods create mental clarity," Dr. Kellman says.

Stop asking for advice.

You can't listen to your own intuition if it's drowned out by other people's opinions, Dr. Mayer says. You're likely getting their gut reactions, not yours. And you may feel obligated to take their advice. Ask others for guidance if you want. But at a certain point you need to stop and be quiet, so you can hear your own gut.

Write to Elizabeth Bernstein at elizabeth.bernstein@wsj.com or follow her on Facebook, Twitter or Instagram at EBernsteinWSJ.



YOUR HEALTH | By Sumathi Reddy

DOCTORS FEEL WHAT IT'S LIKE TO BE IN THE ICU



Artist Shannon Yee prepares Steven Yung, a pediatric critical care doctor at Mount Sinai Hospital, to listen to a recording as part of an art piece that recreates what Ms. Yee experienced as a patient in the ICU.

New York
DRESSED AS A NURSE, Shannon Yee welcomes eight of us as we enter a room in the rehabilitation department of Mount Sinai Hospital.

She passes around paperwork and secures a hospital bracelet on each of us. Among our ranks: a pediatric doctor, a physical therapist, a nurse, and an occupational therapist.

She guides each person to a low-lying cot, covered in white sheets like a hospital bed.

"For the next hour you're going to be lying down," she explains, in an "immersive artwork experiencing the first 18 months of my [brain injury]."

"I would like you to take your shoes off, lie down, pull the blankets up around you and that's it," she says. "I will do the rest."

She comes around and places a sleep mask and headphones on each. There is silence. And then, loud noise.

For 48 minutes we are immersed in the world of Ms. Yee's experience with a rare brain infection that left her critically ill and in the hospital for nine weeks. The

experience is meant to give people a sense of what it's like to have a brain injury and be immobilized in an ICU, and the difficult path of rehabilitation.

In what Ms. Yee describes as an audio-based artwork, the voices of doctors and nurses and her partner come in and out from far and near as her own thoughts cycle through. An explosion signals one of two craniotomy surgeries she had. We listen to the sounds of her getting washed by a nurse removing staples from her head, being incessantly picked and prodded with needles, and learning to walk again. By the end, she is home on the road to recovery.

"One, two, three. Take your time removing the eye mask and headphones," she says gently, tapping each person's shoulder.

A bit foggy and disoriented we reassemble to talk five minutes later.

"Reassembled, Slightly Askew," was borne out of Ms. Yee's experience of getting a sinus infection that caused a subdural empyema, or infection under the skull, at the

Please see HEALTH page A16

LIFE & ARTS

DANCE REVIEW

Fashion at Center Stage

BY ROBERT GRESKOVIC

New York

GEORGE BALANCHINE, who in 1948 founded the New York City Ballet, memorably suggested that if audiences didn't care for the dancing he offered, they could close their eyes and listen to the music. Nowadays, Ballet Master in Chief Peter Martins might suggest that if audiences don't care for the choreography crafted for NYCB's Fall Fashion Gala, now in its sixth year, they could pick up their opera glasses and study the costuming instead.

This autumn's four new fashion-connected ballets entered NYCB's repertory of one-act works amid a 13-performance run of Mr. Martins's strung-out and often unsightly two-act "Swan Lake" (1996). Before the season's end, the costume-pepped new works, dominating a program called "21st Century Choreographers," will be presented two more times.

If previous years' fashion-featured dances are any indication, their afterlife could well be limited to displays of their garments. One vitrine with three past creations is now in the lobby.

Of this year's collaborations, Troy Schumacher's "The Wind Still Brings" proved the most harmonious blend of design and dance. Jonathan Saunders's summery play-clothes, suggesting beachwear in blue and coral cabana stripes, helped give the romping and at times slumbering arrangements of the choreography an apt air. Three movements of William Walton's Piano Quartet in D Minor smoothly underpin the dance's formal configurations as well as its informal, breezy forays, even as the three-part ballet fails to especially distinguish any of its 14 dancers.

"Composer's Holiday" the first professional choreographic effort by 18-year-old Gianna Reisen, has costumes by Virgil Abloh of Off-White and takes shape as a curiously detailed affair for two couples and a

framing ensemble of four women and four men. Set to "Three American Pieces for Violin and Piano" by Lukas Foss, Ms. Reisen's work is an array of sometimes oddball choreographic elements. Some find her tutu-wearing women pulled along like a little train as they variously sink to their knees. The basic-black garb, with a few of the women in white or peeled-apple pink, is more plain than pointed. The unadorned costuming feels disconnected from the intriguing eccentricity of Ms. Reisen's dancemaking.



Indiana Woodward, above, and Chase Finlay and Tiler Peck, top.

"Not Our Fate," Lauren Lovette's three-part, 10-dancer work, is set to selections of Michael Nyman's churning, pulsing "Concert Suite From Prospero's Books" and brings two couples into focus amid the sometimes mad-dash pacing. With its nontraditional presence, the at times acrobatic male duet for Preston Chamblee and Taylor Stanley catches the audience's attention more than the predictable female-male pairing of Meaghan Dutton-O'Hara and Ask la Cour. The costuming of Fernando Garcia and Laura Kim of Monse and Oscar de la Renta only puzzles; it dresses

the women in laced-up black bodices and full, white, handkerchief-skirts and the men in black-and-white couture takes on James Dean-style jeans and T-shirts.

"Pulcinella Variations," the latest effort from NYCB resident choreographer Justin Peck, grabs its audience's attention from the start. With its cast of five women and four men clustered in Tsumori Chisato's cartoonish costumes—with surrealist, Salvador Dalí-like details and gaudy, geometric designs suggesting the heavy-handed whimsy of Niki de Saint Phalle—Mr. Peck's nine-part dance suite takes off, covering the stage with lively, artful movements.

Mr. Peck's felicities include not only often-fleet solos—in which, in particular, Indiana Woodward and Anthony Huxley especially shine—but also two dynamic duets. One, silken and amorous, showcases radiant Sara Mearns and poetic Jared Angle; another, more playful and teasing, features quicksilver Tiler Peck and eager Gonzalo Garcia.

But, set to Igor Stravinsky's 1922 concert-suite reduction of his 1920 "Pulcinella," a *commedia dell'arte* "ballet with song in one act," the 20-minute dance largely lacks the flashes of fun-loving spontaneity that have become a Peck hallmark. One brief leaning-in arrangement for the men checking out a darting solo by Sterling Hyatt is an isolated fillip in a conventionally accomplished dance.

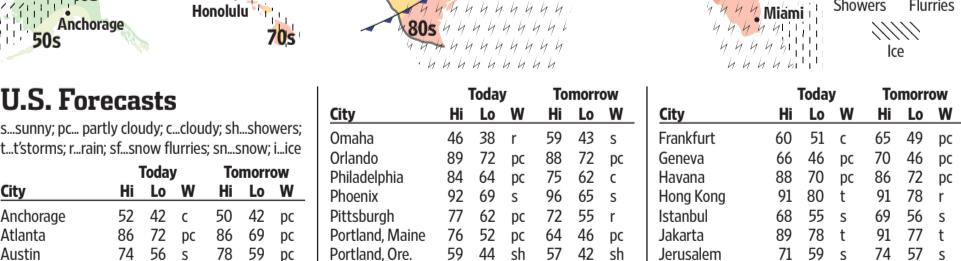
Elsewhere, one of the run's "Here/Now" programs offers "The Times Are Racing," Mr. Peck's work from January flush with energy and moment. With a cast of 20 costumed by Humberto Leon as if off the racks of a savvy shop, "The Times" mates fashion with dance in a way the latest Fall Fashion Gala never quite managed.

New York City Ballet

Through Oct. 15

Mr. Greskovic writes about dance for the Journal.

Weather



U.S. Forecasts

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

Today Hi Lo W Yesterday Hi Lo W

City	Hi	Lo	W	Hi	Lo	W
Anchorage	52	42	c	50	42	pc
Atlanta	86	72	pc	86	69	pc
Austin	74	56	s	78	59	c
Baltimore	84	61	pc	74	59	c
Boise	69	46	pc	58	33	pc
Boston	78	58	pc	65	53	pc
Burlington	73	48	pc	59	45	r
Charlotte	85	71	c	86	68	t
Chicago	66	56	r	64	57	r
Cleveland	76	61	pc	71	58	r
Dallas	73	51	pc	76	57	pc
Denver	53	32	s	66	42	s
Detroit	72	54	pc	63	54	r
Honolulu	87	73	pc	87	76	t
Houston	81	62	pc	81	65	pc
Indianapolis	77	59	sh	69	55	pc
Kansas City	50	40	r	61	44	s
Las Vegas	77	57	s	86	60	s
Little Rock	84	51	pc	75	52	pc
Los Angeles	84	60	s	77	58	s
Miami	89	80	pc	88	78	t
Milwaukee	64	54	pc	63	55	r
Minneapolis	57	41	pc	61	51	pc
Nashville	83	67	r	79	54	pc
New Orleans	88	74	pc	88	74	pc
New York City	80	63	pc	72	58	pc
Oklahoma City	59	40	pc	68	49	pc

International

Today Hi Lo W Yesterday Hi Lo W

City	Hi	Lo	W	Hi	Lo	W
Amsterdam	60	57	c	62	53	pc
Athens	73	59	s	74	60	s
Baghdad	97	66	s	92	64	s
Bangkok	89	76	t	88	78	t
Beijing	52	40	sh	61	44	pc
Berlin	56	51	c	59	51	pc
Brussels	62	54	c	64	55	pc
Buenos Aires	68	51	p	68	47	s
Dubai	98	79	s	99	82	s
Dublin	58	52	c	58	45	pc
Edinburgh	57	52	r	58	44	sh

LIFE & ARTS

HEALTH

Continued from page A15

age of 30. A playwright and producer, she experienced a coma, temporary paralysis of her left side, and extensive rehabilitation.

The 39-year-old now lives in Belfast, Ireland, with her partner and 15-month-old baby. For five years, she and a team of four others researched and produced the artwork. It has been on tour since 2015 in the United Kingdom, Ireland and most recently Canada.

Robert McConnell, who was

Ms. Yee's neurosurgeon at Royal Victoria Hospital in Belfast, says her condition was rare. They see maybe two to three such cases a year, in a population of 1.9 million, he says.

Dr. McConnell was consulted on the artwork, as were Ms. Yee's head injury nurse and neuropsychologist. All the voices were recorded by actors.

"Often when we see unconscious people or people who are emerging from reduced consciousness it can be very hard to have a perspective of how they're feeling, or even the impact of minor things you say to them," Dr. McConnell says.

The Mount Sinai exhibition is the first in a hospital and in the United States. For two weeks, 160 employees, most from the rehabilitation department, have filtered into the room to experience what many of their patients do.

Ms. Yee hopes to bring the production to other hospitals. Mount Sinai staff are filling out surveys to assess the project's effectiveness to determine if the hospital will bring it back on a larger scale to reach other departments. She received funding from the Wellcome Trust, the big U.K. charity among others. Grants from Mount Sinai funded bringing the work to the hospital.

To achieve the unusual sound effects Ms. Yee worked in a sonic lab at Queen's University Belfast. "It has speakers everywhere so you can send sound 360 degrees and then record it and manipulate it and capture it," Ms. Yee says. The effect is a cacophony of sounds that can sound far away or near, above or below.

Some participants said they were struck by how much Ms. Yee absorbed when unconscious, when medical staff assumed she couldn't hear what they were saying.

"We have to keep personalizing the patient," says Steven Yung, a pediatric critical care doctor at Sinai, who experienced the artwork last week. "Even though we have such good medicines and such good therapies to keep them completely asleep, there's a lot happening," he says. "And we're taught that and know that but to experience that is completely different."

Dr. Yung says the artwork made him even more aware of how loud intensive care units can be. "I think we really need to work on what is constructive sound, what is therapeutic sound and what is not," he says.

'We have to keep personalizing the patient,' says one critical-care doctor.

Jaimie Porter, an occupational therapist who works on the brain injury rehabilitation unit, says she was struck by how repetitive some of the questions were. "You do kind of ask the same types of things and there's a reason for it," she says. "It's evaluative and you want to see progress, and to be able to point that out to the patient is really impactful. But maybe acknowledging that more or maybe even changing it up a little bit so it's not so rote."

Andrea Johnston, a senior occupational therapist, has helped facilitate some of the discussions of the artwork after each session. One day last week, she grew emotional talking about how the project has changed how she does her job.

"I now have a visceral memory that I will carry with me," she said in the discussion which she facilitated. "I will try to remember every time I pass that threshold into a patient's room. I really, I feel it in me, I feel differently in the unit."



Shannon Yee brought her immersive art project to Mount Sinai in New York so hospital staff could experience what it is like to be in the ICU.

The WSJ Daily Crossword | Edited by Mike Shenk



BELIEVE IT OR NOT | By Peter A. Collins

- | Across | Down |
|--|--|
| 1 Washington Monument setting | 63 Lots |
| 5 Dust bit | 64 Lampshade shade |
| 9 Theater backdrop | 65 Message machine button |
| 14 Miscellaneous collection | 66 Explosive report |
| 15 Call from a cruiser | 67 Libertine's look |
| 16 Without help | 28 Extremists |
| 17 Lunch spot | 29 Discussion venue |
| 18 Frightful | 30 Meditative goal |
| 19 Try to pass the bar? | 31 You might get down from the junk? |
| 20 *Was acquainted with rock drummer Keith? | 32 Means of control |
| 21 Sporters of dreadlocks | 33 Request to a chauffeur |
| 22 Composer Sibelius | 34 Rocket component |
| 23 Comedian Frederick | 35 Pieta figure |
| 24 Bombs and Beefer | 36 River that forms much of Kentucky's border |
| 25 Jennifer Lopez album "J to L-O" | 37 Sinusoidal |
| 26 *Wildebeest Preserve? | 38 Bill featuring Jefferson's portrait |
| 27 For one | 39 Inaccurate information, and what the starred answers have in common |
| 28 Burn soother | 40 Source of "shampoo" and "bunglow" |
| 29 Golfer Palmer, familiarly | 41 Ski resort in Vermont |
| 30 Temple attendees | 42 Ski resort trails |
| 31 Company with a star logo | 43 Olympic track medalist Devers |
| 32 Call from a cruiser | 44 Round hammer part |
| 33 For one | 45 Declaration of love for a Greek consonant? |
| 34 Burn soother | 46 Quartet of Monopoly properties: Abbr. |
| 35 Golfer Palmer, familiarly | 47 *Lopsided victory |
| 36 Temple attendees | 48 At the Staples Center, perhaps |
| 37 Company with a star logo | 49 Citi Field squad |
| 38 Inaccurate information, and what the starred answers have in common | 50 "Immediately!" |
| 39 Inaccurate information, and what the starred answers have in common | 51 Michael or Gabriel |
| 40 Source of "shampoo" and "bunglow" | 52 Warrior of 1990s TV |
| 41 Ski resort in Vermont | 53 Salad cheese |
| 42 Ski resort trails | 54 River past Rugby |
| 43 Olympic track medalist Devers | 55 Marionette mover |
| 44 Round hammer part | 56 Insult |
| 45 Declaration of love for a Greek consonant? | 57 Mao follower? |
| 46 Quartet of Monopoly properties: Abbr. | 58 Insult |
| 47 *Lopsided victory | 59 Michael or Gabriel |
| 48 At the Staples Center, perhaps | 60 Account |
| 49 Citi Field squad | 61 Gulf States ruler |
| 50 "Immediately!" | 62 Sheet material |
| 51 Michael or Gabriel | |
| 52 Warrior of 1990s TV | |
| 53 Salad cheese | |
| 54 River past Rugby | |
| 55 Marionette mover | |
| 56 Insult | |
| 57 Mao follower? | |
| 58 Insult | |
| 59 Michael or Gabriel | |
| 60 Account | |
| 61 Gulf States ruler | |
| 62 Sheet material | |

Previous Puzzle's Solution



► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

LIFE & ARTS

EXHIBITION REVIEW

An Unsubtle Reminder, Comrade

Bolshevik posters offered utopian visions, often focused on the mundane, undergirded with an unmistakable message of power

BY EDWARD ROTHSTEIN

Brunswick, Maine

HOW MARVELOUS it must be to be certain that you are at the vanguard of both aesthetic taste and political ideology. You understand not only what the utopian future should be, but what it must be, and not only what it must be but what it shall be, quashing all opposition. Your will is supreme, your artistic vision compelling.

Such is the mental world of Bolshevik posters, slapped on walls in Russia beginning with the October Revolution of 1917 (now the focus of centennial commemorations). They were expressions of just such certainty; many bore warnings that any who defaced them would suffer as counter-revolutionaries.

Some 70 posters from the collection of Svetlana and Eric Silverman are at the Bowdoin College Museum of Art, mounted with illuminating if partially restrained commentary, in "Constructing Revolution: Soviet Propaganda Posters From Between the World Wars." Their impact remains daunting, their mental world surprisingly familiar. It has been embraced not just by other regimes but by contemporary political movements. But these posters, read closely, undercut such advocacy.

It might be tempting to treat them as aesthetic artifacts invoking Futurism, Constructivism and modernist montage. But these posters were meant to be populist not elitist, their meanings grasped instantly, and their mass-produced presence inescapable.

As utopian visions, they are also surprisingly preoccupied with the mundane. Through a megaphone, a woman hails a "proletarian park of culture and leisure" (1932). Another image proclaims: "Radio. Let Us Create a Single Will Out of the Will of Millions" (1925). (Titles here are translations of their bold-faced messages.)

Images are also ominous, as if engaged in battle. In Gustav Gustavovich Klutsis's "Development of Transport Is One of the Most Important Tasks in Fulfillment of the Five-Year Plan" (1929), a giant train speeds at us, dwarfing an ethnic citizen sauntering along on a camel.

The dialectic is ruthless. In these posters, proportions are distended, the vertical is skewed, space is split by pastiche. Utopia is a realm of power, not peace.

In one 1930 poster by Klutsis coal workers bear hammers and drills like weaponry, looming diagonally over us, prepared to stomp where needed. In many, gestures slash as a sword does in Dmitry Moor's "Long Live the Worldwide Red October!" (1920): Bolshevik forces are in red, opponents in black—a mob of rapacious bankers, monstrous monarchists and conniving colonialists.

One stunning 1931 graphic shows a factory worker swinging a mallet that arcs through the air outlining a Communist sickle. We imagine a utopian clang as it lands slamming the head of a sleeping slacker.

Stalin, here, gets his due. Many poster artists fell out of favor, we read: "Mayakovskiy committed suicide (or was assassinated) in 1928, Klutsis was executed in 1938, Dmitry Bulanov was arrested in 1941 and died while serving his sentence." We see, too, a 1947 poster urging care for orphans

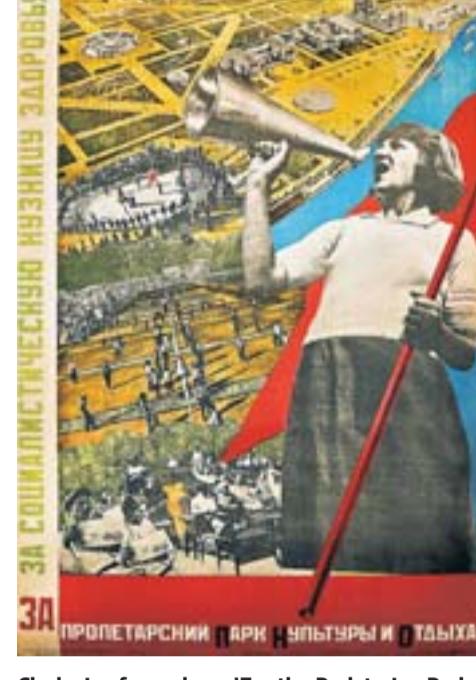


COLLECTION OF SVETLANA AND ERIC SILVERMAN / (3)

that incorporates a 1936 image of Stalin holding a happy young girl. We learn that she later became a real orphan: Stalin had her father shot and her mother exiled. A companion exhibition here, "Dmitri Baltermants: Documenting and Staging a Soviet Reality," shows remarkable World War II

photographs by Baltermants, whose journalism was also propaganda: "I was the leader of staged photography," he later confessed. "I made some truly grandiose stagings."

But neither exhibition provides much context for the Bolsheviks. Descriptions really do make them sound just like slightly mil-



Clockwise from above 'For the Proletarian Park of Culture and Leisure' (1932); an installation view; '1905: The Road to October' (1929)

tant progressives, which is as they are often treated. When the Museum of the American Revolution opened recently in Philadelphia, it illustrated late 18th century demands of American farmers and laborers by arranging their tools as a Communist Party's hammer and sickle. Similar implications occasionally appear here. In some posters, women are portrayed as "active, strong, young, and often androgynous." The Bolsheviks' goal was "to liberate all women and men from discrimination and exploitation, from sexual prejudice, and gender stereotypes." Such implied admiration is cherry picking as we can see from the posters' sweeping absolutism, but even greater adoration persists in many contemporary street demonstrations that thrive on notions of fat-cat villainy being vanquished by populist militarism.

Lenin, who dominates many posters, accompanied by smiling marchers and smoke-belching industrial plants, also gets off too easily. But look more closely: These posters brook no opposition. In 1919, we read, the writer Leonid Andreev boasted: "In the matter of world propaganda and the art of fighting with the world, the Bolsheviks could teach even the Germans." The Germans learned well.

And in March 1922, though never publicly acknowledged, Lenin privately noted that in some regions starvation is so rampant that people are eating human flesh and "thousands of corpses are littering the roads." The solution? To "carry out the confiscation of church valuables with the most savage and merciless energy." Lenin advocated "crushing any resistance." Of this, the posters are silent. But you can see their slashing swords and know that revolutionary ideals were steeped in blood.

Constructing Revolution: Soviet Propaganda Posters From Between the World Wars

Bowdoin College Museum of Art, through Feb. 11, 2018

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

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SPORTS

NFL | By Jason Gay

Pence, Peyton and Protests

Did anyone relay to the vice president that the Colts won the football game?

In overtime! And they honored the great Colts legend Peyton Manning at halftime.

It was quite the afternoon in Indianapolis. The vice president, however, opted to leave it.

Hey, I'm on the record as being OK with the protests of NFL players, so who am I to caterwaul about Mike Pence's very public exit from the Colts-49ers game Sunday?

Freedom of expression applies to all. Even those who walk out before the first quarter. At the apparent behest of the president. On Peyton Day. Without even a \$7 hot dog.

Yes: the vice president is far from alone in his stance. There are many Americans who disagree with the national anthem as a setting for protest at NFL games. Over the past year, I've heard from plenty of folks who say they don't have an issue with protest or athletes expressing an opinion—but they vehemently object to anyone taking a knee during the "Star-Spangled Banner," and consider it especially disrespectful to U.S. military and veterans.

(To be fair, I've also heard from plenty of people who have an issue with athletes expressing an opinion. Or, rather, an opinion that doesn't correspond with their opinions.)

Trump and Pence have seized upon this. The NFL is now the White House's go-to political football. We're now three weeks into Trump vs. NFL, and this drama may make the playoffs.

Sunday's post-anthem walkout appears to have been prepared for—Pence's traveling press was reportedly told the vice president might be leaving early, and President Trump himself announced via Twitter he'd told Pence in advance to leave if any players knelt during the anthem.

The Colts stood, but a lot of 49ers players knelt. The Niners are Team Zero of the protests, the former club of NFL exile Colin Kaepernick, who began kneeling during the anthem last season as a way to protest what he saw as the unjust treatment of African-Americans, particularly by law enforcement. San Francisco safety Eric Reid was one of the first players to join Kaepernick, and Reid was among the kneeling Niners on Sunday.

Telling someone to leave a Niners game if the Niners protest is like telling someone to walk out of the toy store if the toy store has toys. The White House had to know the score.

The vice president has his sup-

porters, who believe his statement is fully justified. But there's already simmering boil about the apparent theater of it—and how much public money was spent for it, especially since the White House's position on the matter isn't exactly murky.

Even if you believe Pence's walkout is just, was it necessary? Planes, protection, press—the vice president does not travel light. What would the comparative cost have been to fly Reid and a half-dozen or so NFL players to Washington, D.C. for a Monday session at the White House? The president and the vice president could make a face-to-face case as to why they want players to stand. They could also listen to what the players have to say about the issues of injustice and inequality they're protesting.

Does this make me sound like a



Above, Vice President Mike Pence and his wife, Karen, before Sunday's Colts-49ers game. Right, Peyton Manning and Colts owner Jim Irsay.



TB: MICHAEL CONROY/ASSOCIATED PRESS; SAM RICHE/TNS/ZUMA PRESS

crazy person?

Inviting players for a conversation might have been a constructive, less expensive approach. But

don't think the White House is interested in a conversation. They are enjoying every minute of this confrontation. They want to win by be-

ing the loudest voice in the room. (Can you believe sportswriters are now weighing in about presidential politics? I can't. It's still so strange to me...I should be writing about Michigan losing to Michigan State (pity), or the mighty, mighty Super Bowl bound 3-2 New York Jets. Please know: This story came to sports. It came to my house. I woke up one morning, walked downstairs, and found Trump on my couch. Eating my Pringles!)

The NFL, meanwhile, has to be in full freakout. The Journal's Matt Futterman reported last week that the league's ownership was not happy with what they perceived to be the NFL's combativeness with the White House. The public calls for NFL boycotts and advertiser boycotts continue, and now Pence has thrown more coal atop the jersey-burning grill.

We need a cool-down period here, and it would be nice to see it initiated by elected leadership. *The protesting players started this* isn't a position befitting a White House. It doesn't even work in pre-kindergarten.

And what about Peyton Manning? Can we give him his due for a second?

Here's a guy who is inarguably one of the greatest NFL players ever, a quarterback who lifted Indianapolis out of the league basement and made them one of the most consistently excellent franchises in sports, the winners of a Super Bowl in the 2006 season.

The Manning Colts not only reshaped the game of football, but became part of a city's impressive ascension. All of this, Indiana native Mike Pence knows.

"When I lived here, it was like a minimum-security prison with a racetrack," another Indy native, David Letterman, quipped Saturday at the unveiling of Manning's statue outside the Colts stadium.

Today, Indianapolis is, among other attributes, an American sports Mecca. Not long ago, Lucas Oil Stadium was a Super Bowl host.

"There is simply no way to adequately express what this all means to me," Manning said at the unveiling. "Thank you, Indianapolis. Thank you, Indiana. I am proud to have been a citizen of this town...I will always be a Colt."

At halftime Sunday, he thanked the fans again and threw one last touchdown pass to old teammate Reggie Wayne, for old times' sake.

Celebrating Manning was a beautiful moment for a deserving town. Too bad it isn't what everyone's talking about today.

◆ ESPN host is suspended..... B2

WORLD CUP

U.S. SOCCER LIMPS TOWARD RUSSIA

BY JOSHUA ROBINSON AND MATTHEW FUTTERMAN

PORT OF SPAIN, Trinidad and Tobago—It took 15 nail-biting games, two managers and the improbable emergence of an American wunderkind, but the U.S. national soccer team is now just 90 minutes from a spot in next summer's World Cup in Russia.

Despite a series of calamities in qualifying, Team USA requires only a draw against a floundering Trinidad and Tobago squad on Tuesday night to punch its ticket. Then it can go to the World Cup and pretend that none of this ever happened.

Because no matter what happens here, the past two years of performances will not be remembered fondly by the Americans. This has been their worst qualifying run since the World Cup expanded to 32 teams in 1998.

Four years ago, on the road to Brazil, it all seemed so smooth. The Americans cruised through the final six-team qualifying round-robin known as the Hexagonal with an all-time high 22 points from 10 games and in four previous trips through the Hex, it had never averaged fewer than 1.7 points per game.

Now, even victory against Trinidad and Tobago would only give the U.S. a total of 15 points, or an average of 1.5 per game. It may be enough to qualify, barely, but in any European league that kind of season average might get a manager fired. (Brazil, by comparison, has averaged 2.4 points per game in the more challenging South

American qualifying zone, while Germany has posted a perfect 3.0.)

Manager Bruce Arena, who was brought in to salvage the sinking ship, offered no apologies. Anyone who expected the U.S. to sail through, he said, didn't have a clue about how physical the competition was in Concacaf and how difficult it had become to win on the road on poor pitches in challenging weather.

"I would love to see one of these hotshot teams from Europe come here and play our Concacaf qualifying, really get a taste of this," Arena said here on Monday. "This is like survival of the fittest."

Projecting the team's form onto how the team will fare in Russia next year is difficult. Mexico in 2013 was worse than the U.S. has been this time around, and nearly made the quarterfinals in Brazil. The Americans stumbled near the end of qualifying in 2001 and reached the final eight in 2002.

The U.S. backed itself into a corner from the start. Defeats at home to Mexico and on the road in Costa Rica last November spelled the end for the team's German manager Jürgen Klinsmann, whose players weren't good enough for the possession-based approach that was never suited to the rough-and-tumble world of Concacaf matches.

Replacing Klinsmann with Arena and his more pragmatic style put the team back on course, but three victories in seven games was the absolute minimum.

The U.S. knows just how stressful this Caribbean trip could have been. It might have traveled to Trinidad needing a



Jozy Altidore and the U.S. team have struggled during World Cup qualifying.

victory at Ato Boldon Stadium—where the choppy, waterlogged field is barely suitable for

rugby—if it hadn't dismissed Panama 4-0 last week in Orlando and Costa Rica hadn't scored a last minute goal to draw with Honduras Saturday.

But even in victory, the team's longer-term issues were apparent. Top of the list is its over-reliance on Christian Pulisic, the 19-year-old attacker who starts for Borussia Dortmund in Germany's Bundesliga. He has scored or assisted 11 of the team's 16 goals in the Hex, playing through defenders whose favorite method for stopping him was often a swift kick around the ankles.

"You expect it. He's our No. 10,"

defender DeAndre Yedlin said. "He's a player that teams want to get off the field."

Arena has also relied on calling back older players for short-term fixes, such as DaMarcus Beasley, 35, Clint Dempsey, 34, and goalkeeper Tim Howard, 38. Other than Pulisic, the talent pipeline the past four years has proven largely empty.

But Beasley, trying to make his fifth World Cup squad, said Sunday it's hard to understand how much "blood sweat and hard work" were required to survive Concacaf's selection process. Style and swagger barely register. As U.S. captain Michael Bradley put it on Monday, "You either qualify or you don't. There's no extra points for how you qualify."

In the Hex

Since 1998, the number of points the U.S. men's soccer team has picked up during the Hexagonal qualifying stage.

QUALIFYING YEAR	POINTS
1998	17
2002	17
2006	22
2010	20
2014	22
2018	15*

*A win on Tuesday would give the U.S. 15 points.

Source: Concacaf; WSJ

OPINION

When Life Imitates 'The Sopranos'

MAIN STREET
By William McGurn

When "The Sopranos" took up the issue of Christopher Columbus back in 2002, the episode was widely panned as the series' worst.

The show features Tony Soprano's son reading Howard Zinn's "A People's History of the United States" at the breakfast table—and then dismissing Columbus as a "slave trader" to his parents' irritation. Likewise, members of Tony's crew learn of a scheduled protest by Native Americans at a local Columbus Day parade, and then go to bust it up. In a discussion with his associates, one of them tells Tony that Columbus was "no better than Adolf Hitler." By the end, we have real life: Even the gangsters are divided, and everyone is aggrieved.

In its own time, critics ripped the episode as inauthentic. Fifteen years later, it looks spot on. Not for its depiction of Italian-Americans, but for the way it captures the strife and mindlessness that are the harvest of progressive protests pretending to be about diversity and expanded respect for other cultures.

In the run-up to this Monday's parades and commemorations, one Antifa group called for a "Deface Columbus Day" in support of indigenous peoples who have been victims of "colonialism and genocide."

Ditto for the call to replace Columbus Day with Indigenous People's Day. Few Americans would have an issue with dedicating a day to the achievements of our continent's native peoples, or even with the claim that these achievements have not been given their just due. But again, the anti-Columbus movement is not about making room for the celebration of indigenous peoples. It's about taking away a holiday enjoyed by

Some didn't need the call: Even before the holiday weekend, Columbus statues across America have been beheaded, sledgedhammered and splashed with paint.

In response to the provocations, some have tried reason. Christopher Scalia, a media consultant for the National Christopher Columbus Association, says the organization has just launched a new webpage called TruthAboutColumbus.com in hopes of putting forward a more balanced portrait of the man. Columbus, it says, was both a man of his time and a man ahead of his time.

But for all the talk about the "real" Columbus, protesters are unlikely to take up the invitation for further study and debate. For the defining fact of the modern progressive is that he is a pest, and what he wants here is simply to ruin any public celebration an ordinary American might enjoy, whether it be Italian-Americans celebrating Columbus or NFL fans sitting down to watch a game.

To paraphrase Mencken, says Mr. Scalia, "progressivism has become the haunting fear that someone, somewhere may be celebrating America."

Others, or at least creating enough dissonance to suck the life out of it.

Their problem is that Columbus is not so easy to exorcise from American life. At the time of the Revolutionary War, Columbus symbolized the New World and its break from the Old. Still later the idealized

Columbus has become another excuse to ruin a celebration of America.

Columbus, which was feminized along classical lines, became even more important than the man. There's a reason the nation's capital became the District of Columbia.

Later, Catholic immigrants—and not only Italians—saw in Columbus a way to connect their faith, which many American-born citizens regarded as alien, to their new home. It is no coincidence, for example, that the University of Notre Dame's main building features a series of Columbus murals that depict the story of what some regard as America's Catholic founding.

Later still, these same facts—that Columbus was not English, was not Protestant, and resembled the new waves of immigrants from Southern Europe—became the basis for the Ku Klux Klan to fight the monuments raised to him. It is perhaps a backhanded tribute to the successful assimilation

of Italian-Americans that they today find their big day derided as an expression of white supremacy.

New York City Mayor Bill de Blasio is the poster child for this new war. As the nation's self-styled progressive in chief, he may not be out there defacing Columbus statues himself. But he encourages those who do by his weaselly language, not to mention his recent appointment of a panel, including folks such as singer-activist Harry Belafonte, charged with seeking out "all symbols of hate on city property." No doubt the panelists will do their job with zeal.

On Monday the mayor was booted at the annual Columbus Day parade by New Yorkers who rightly suspect that when he assures them there are no plans in the "short term" to knock the admiral off his 59th Street pedestal, what it really means is that in the long term the man who sailed the ocean blue in 1492 is going the way of Robert E. Lee.

Meanwhile, there is now a 24-hour police presence around Columbus Circle. Welcome to the progressive normal, where antagonisms are inflamed, celebrations of a hero of the American founding become politicized—and statues that went unmolested for decades aren't safe without police protection.

"To paraphrase Mencken," says Mr. Scalia, "progressivism has become the haunting fear that someone, somewhere may be celebrating America."

Write to mcgurn@wsj.com.

The Kurds Confront a New 'Gang of Four'

By Bernard-Henri Lévy

The Iraqi Kurds held a dignified, orderly referendum Sept. 25 that conformed with all the rules of a democratic vote. Afterward, they refrained from declaring the independence that is their right and that a century of treaties promised them.

President Masoud Barzani—who has stood with America and the West against Islamic State for two years—made this crucial point: In his mind, independence can come only after patient, sustained, possibly drawn-out negotiation with Baghdad.

And yet all the region's dictatorships immediately unleashed their ire on him and his people. From the instant the results were announced, it was a race to see which one could go further to condemn, smother, block, embargo and imprison a small population whose only crime is to express the desire to be free, to flourish as an island of democracy and peace.

We have Iraq, a supposedly federal state that in recent years has observed none of its constitutional obligations to the Kurds—yet it has the nerve to declare the referendum unconstitutional.

We have Turkey, which has traduced the rule of law in its treatment of intellectuals, journalists, lawyers, dissidents

and defenders of human rights—yet asserts its offense at the affront to legal form the Kurds allegedly committed by expressing their desire for orderly independence.

We have Iran, which has temporarily suspended the Sunni-Shiite quarrel, so urgent was the need to conclude with the Turks an alliance that will allow it to deal with the irredentism of its own Kurds.

And we have the Syrian regime, butcher of its own people, divider of its own nation, now touting the unity of Iraq and declaring the Kurdish referendum "unacceptable."

Years ago, the phrase "Gang of Four" was coined to describe a cabal of leaders who believed that the Chinese revolution had not devoured enough of its children and that the massacre had to continue. Here we have a new Gang of Four composed of Haider al-Abadi, Recep Tayyip Erdogan, Bashar al-Assad and Ali Khamenei, who, in their distinctive ways, are threatening an air blockade, a land blockade, an oil embargo, a military intervention. How long before we hear the threat of rivers of blood?

Sorriest of all, when the Kurds—who have faced threats before, but sense in the Gang of Four a threat to their existence—call for help, the world, with the U.S. in the

lead, finds nothing to say, averts its eyes and in so doing takes the side of the dictators. The Peshmerga were all we could talk about when we needed them to fight Islamic State. But now that the Iraqi phase of the war is almost won, we are discarding them—a disposable ally.

Will the West betray its ally in the face of threats from Turkey, Iraq, Iran and Syria?

True, French President Emmanuel Macron mentioned the rights of the Kurdish people when Prime Minister Abadi visited Paris. Mr. Macron declared that the Kurds have long been a friend of France.

But that is not enough. In the absence of a stern and solemn warning to the Gang of Four—without a clear reminder that there is only one side to the escalation and it is theirs, without the reaffirmation of the great principles that underpin international law and universal morality—the worst may come to pass.

And France would find it difficult to carry on, without America, a fight for the honor, dignity, and the larger

interest of the democracies. Don't they urgently need, in this region, an ally with the mettle of the Kurds?

So, are we facing Munich-grade appeasement? Are we agreeing that might makes right? Will we give in to the world's consummate blackmailers? Is the West—and the U.S. in particular—making a colossal error of judgment in not grasping that there is something suicidal about abandoning a brave and loyal ally in favor of its adversaries?

Or perhaps the Kurdish people—who are not Arabs, are secular, believe in pluralist democracy, practice equal rights for women, and have consistently protected, resourced and taken in minorities—are one more of the world's expendable peoples.

There is only one solution: to speak up; to say calmly but firmly that there is something absurd about allowing authoritarian regimes to preach constitutional law to a people who only yesterday were under their boot; and to ensure that the Iraqi authorities respond, without delay or precondition, to the offer of dialogue the Kurds have extended to them.

Mr. Lévy is director of the documentary films "Peshmerga" and "The Battle of Mosul." Translated from French by Steven B. Kennedy.

Rules for the NFL's Radicals

By Mike Gecan

Colin Kaepernick and other National Football League players are doing what Saul Alinsky, founder of the Industrial Areas Foundation, often advised: They are engaging in public action and achieving the first goal of any action—generating reactions. The most important and fundamental reaction is recognition: *See us. Hear us. And once you've done that, recognize our cause.*

The problem is that they are not taking the next step, which is to get into a public relationship so that a real exchange of views can occur and meaningful change can take place. By "public relationship," I don't mean a warm and fuzzy embrace; I mean a thorny, knotty, often tension-filled relationship.

Both on the left and the right, this step has been forgotten, rejected or just plain missed. Both extremes act not to get into relationship with others who don't agree with them, but to get their own narrow political bases to react

and respond. Today liberals applaud the players and enjoy the discomfort of moderates and conservatives, while conservatives applaud each Trump tweet because it drives progressives to distraction.

You have the public's attention. Now do something with it.

As Alinsky wrote: "There are rules for radicals who want to change their world; there are certain central concepts of action in human politics that operate regardless of the scene or the time. To know these is basic to a pragmatic attack on the system. These rules make the difference between being a realistic radical and being a rhetorical one."

If the NFL players want to be realistic radicals, they should think about two questions. With whom do they need to connect to help address their concerns? And how can they break the problem of

police-community conflict into specific issues that can be corrected?

My advice to the players: You've run your action, gotten your reactions and are already, as athletes, recognized. Now is the time to identify key judges, prosecutors and police chiefs and to focus on proven ways to reduce the number of violent encounters between law enforcement and local residents.

Here's one. Every cop in every city should do what the 36 police departments in Memphis and Miami-Dade County, Fla., do: provide comprehensive Crisis Intervention Team training for their officers. This equips police with the knowledge and tools to respond effectively to situations, especially when mental illness is a factor. In Miami-Dade, according to Steven Leifman, the judge in charge of the county's courts and a jail diversion program, responding officers know how to divert troubled individuals to the facilities and the programs that can deal with their mental illness.

Out of 71,000 calls to 911

over a recent five-year period, only 150 arrests were made. The rest of the situations were calmly defused, and those who needed treatment received it. Before CIT training, there was a deadly shooting every month by police of individuals with mental illness. After the training there is less than one a year.

Officers have embraced this approach. They feel well-prepared and less exposed. They suffer fewer injuries and experience less stress. They earn the trust and gratitude of families and residents, not suspicion or hatred.

There are other specific and pragmatic changes that can and should be made, but they depend on NFL protesters to run a new play. It's time to do the less dramatic work of forging relationships and identifying improvements that can begin to bring lasting peace and justice to our communities—saving thousands of precious lives.

Mr. Gecan is a co-director of the Chicago-based Industrial Areas Foundation.

BOOKSHELF | By Roger Lowenstein

Bullying The Bank

The Myth of Independence

By Sarah Binder and Mark Spindel

(Princeton, 282 pages, \$35)

Paul Warburg, the émigré banker who in the early 20th century urged the U.S. to found a central bank, would be disappointed today. Although the Federal Reserve was indeed created in 1913, Warburg wrote in his memoirs that he hoped his creation would gain broad, bipartisan acceptance so that it might become a national monument, "like the old cathedrals of Europe."

These days, alas, the Fed is beleaguered, its balance sheet swollen, its reputation tarnished. "The Myth of Independence," by Sarah Binder and Mark Spindel, suggests that the Fed may have been set up for failure from the outset.

The thesis of the authors—Ms. Binder is a senior fellow at the Brookings Institution, Mr. Spindel a Washington-based hedge-fund manager—is that the central bank's prized independence has always been illusory. Although it's a standard trope that the Fed is a "creature" of Congress,

what's surprising is how intrusive Congress and the executive branch have been. At times, the Fed has surrendered actual control over interest-rate decisions; at other times, the threat of intervention has been sufficient to quietly undermine its policy.

Even for readers who get through the day without thinking about monetary policy, Ms. Binder and Mr. Spindel offer compelling insights. Their book is less about the Federal Reserve than about Congress's tortured relationship to one of its offspring. The authors see the Fed as trapped in a cycle of crisis, accusation and reform, in which Congress off-loads blame for each financial disaster, threatening the Fed with stricter controls and accountability while, contrariwise, expanding its powers. As the authors put it, "crisis begets blame and blame begets reform"—a scenario re-enacted after the 2008 financial meltdown.

Reform legislation has often been politicized, beginning with the "horse trading" in 1913 that contorted Warburg's dream of a highly centralized bank into a network of regional reserve banks. The dispersion of power was, the authors note, the "price of enactment" demanded by Southern Democrats, led by Rep. Carter Glass (D., Va.), who were hard-wired against a strong central agency. To the authors, this structure was the original sin. The Fed had limited power all right—to too limited to fight the Great Depression.

Legislative efforts—the authors count 18 amendatory laws—have been similarly politicized. Senators and representatives are more likely to support "reform" when they are up for re-election. Those with a Federal Reserve bank in their districts support the agency as a sort of home industry.

After each financial disaster, Congress off-loads blame on the Fed, threatening stricter controls and fuller accountability.

The authors' prose can be dry, but their research is rich. During the Depression, as they show, Congress enacted several laws to usurp the Fed's authority. An amendment to the 1933 Agricultural Adjustment Act enabled the president to direct the Fed to buy securities, which Congress hoped would raise farm prices. In 1934, it created a fund within the Treasury—in effect, a rival monetary entity. FDR's Treasury secretary, Henry Morgenthau Jr., threatened to use this fund to usurp policy if the agency didn't bend to White House dictates. Naturally, the Fed acceded to FDR's pro-inflation policy. Morgenthau boasted: "Our power . . . has kept the [Fed] open-market committee in line and afraid of me."

Although a pro-inflation policy was probably the correct one during the Depression, it would not always be. Yet well into the Truman era, when the Treasury was desperate to hold down borrowing costs, the Fed weekly kept interest rates low—even as inflation spiked and a tougher policy was needed. Finally, in 1951, the central bankers demanded the freedom to raise rates—that is, genuine independence. As is well known, the Fed and the executive reached an "accord," in which Truman backed down and the Fed did gain everyday control. Yet as Ms. Binder and Mr. Spindel demonstrate, this occurred only thanks to intense pressure from Congress, which resented the White House meddling with its creation. In effect, the Fed had merely exchanged one master for another.

Arthur Burns, who chaired the Fed during the miserable 1970s, was so cowed by Richard Nixon that he concluded that the Fed was powerless. Paul Volcker proved him wrong, sharply raising interest rates in the early 1980s to combat inflation—but even Mr. Volcker was mindful of the need to trim policies to the political winds. More recently, Ben Bernanke refused to proceed with a pet innovation—publicly targeting an inflation rate—without an endorsement from Rep. Barney Frank, the powerful House committee chair. When Mr. Frank objected, Mr. Bernanke deferred the policy.

One pattern that emerges from "The Myth of Independence" is that, over the Fed's first century, Democrats favored inflationary policies, Republicans "hard" money. Each have been harsh critics of the Fed when their approach was out of favor. The irony is that Republican populists today, such as Sen. Rand Paul, who seek to curb the Fed's powers (or abolish it) and generally favor hard money, are the stepchildren of an earlier generation of agrarian Democrats who were equally suspicious of the Fed but claimed that the agency's policies were *too hard*—i.e., that money was too scarce.

At times, the authors' judgments seem formulaic. With respect to Congress, they repeat the phrase "blame avoidance" like a mantra. But surely some legislators are motivated by genuine policy concerns. Indeed, opposition to the Fed today (mostly Republican) doesn't seem so much political as ideological. The Fed's critics are animated by a philosophical aversion to easy money, even if their warnings of runaway inflation have, so far, been wrong. The more general point—is irrespective of the party in power—is that high-handed interventionism is a dubious route to responsible policy, as Ms. Binder and Mr. Spindel show in this impressively researched and often riveting study.

Mr. Lowenstein is the author of "America's Bank: The Epic Struggle to Create the Federal Reserve."

OPINION

REVIEW & OUTLOOK

Immigration Bait and Switch

Does President Trump want a bipartisan deal on immigration, or is his talk merely for cable-TV show? Two weeks ago he suggested the former, but on Sunday evening the White House issued demands that will make any agreement well-nigh impossible.

The issue is how to fix Deferred Action for Childhood Arrivals, or DACA, the Obama program that granted work permits and legal immunity to some 800,000 young adults who were brought into the U.S. illegally as minors. Last month the Administration announced that it would end DACA in six months, giving Congress time to pass a permanent fix for these so-called Dreamers.

Mr. Trump declared at the time that he and Democratic leaders—"Chuck and Nancy"—were close to a deal that traded DACA legalization for bolstering border security but no "wall" on the Mexican-U.S. border. But Mr. Trump's anti-immigration supporters howled in protest, and it now appears they have turned the President against his own deal-making.

The new White House demands include 70 immigration "priorities" that amount to everything that the restrictionist right has ever sought. They include appropriating funds to complete a wall along the southern border and slashing legal immigration by half.

The White House also wants to mandate that all employers use E-Verify to check workers' legal status despite the program's spotty record. And it wants Congress to expand employment-discrimination laws to replace U.S. citizens with foreign workers, which would be a sop to trial lawyers and unions. Just what the American economy needs: more labor lawsuits.

According to the White House document, "immigrants who come here illegally and enter the workforce undermine job opportunities and reduce wages for American workers, as does the abuse of visa programs." What alternative economy are they living in? The real labor problem is a shortage, as the jobless rate has hit 4.2% nationwide. America's tight visa caps are sending high-tech jobs to Canada and agricultural production to Mexico.

These problems would be exacerbated by the White House demand that Congress restrict "low-skilled immigration" and establish a putative merit-based immigration system with too few visas or green cards. Politicians would arbitrarily assign points to foreign applicants based on metrics like pay and education. Farm and construction workers need not apply. "Chained" immigration for extended family members of U.S. citizens and green card

Trump bows to the restrictionists and may scupper a deal.

holders would also be abolished, thus encouraging more illegal entries.

The White House also calls for restricting grants to "sanctuary" jurisdictions that don't cooperate with federal authorities or even that merely provide services or benefits to immigrants that aren't covered by federal law.

This means far more than left-wing cities such as San Francisco could encompass Florida and Texas, which provide immigrants in-state tuition benefits.

The Administration also wants Congress to finance an additional 10,000 Immigration and Customs Enforcement officers. But the greater imperative is hiring more immigration judges to work through the current backlog of 632,000 cases, including 24,000 involving criminals.

It's hard to know if Mr. Trump intends all this as a serious negotiating offer, or merely as poison pills. The case for the latter is that he is demanding money for the wall, which he knows is a nonstarter with Democrats.

Many Republicans also oppose the wall as a needless waste of money that won't stop criminals and drug traffickers. The costs would vastly outweigh any benefits, especially since border apprehensions have been falling during the Trump Administration and are down 24% from last year. The number of unaccompanied children who are apprehended has dropped by more than half since last October.

If Mr. Trump feels he needs a symbolic wall victory, he'd be smarter to settle for a virtual wall with drones, aerostat blimps and towers with infrared sensors to fill gaps in fencing where the border patrol has difficulty accessing. Newer technology has facial recognition features that can capture biometric data. A virtual wall could be installed within months, not years, and it can be continually improved.

* * *

The political reality is that most of Mr. Trump's demands have no chance of passing no matter which party controls Congress. The President and his anti-immigration strategist—White House aide Stephen Miller—may think DACA is the only carrot big enough to leverage their agenda through Congress. But most Democrats will be only too happy to blame Republicans next year if DACA expires without a fix and young adults start getting deported to countries where they have no family.

This would be a humanitarian calamity, and a monumental lost political opportunity. Mr. Trump needs legislative victories to show he can govern, but his immigration bait and switch may guarantee another failure.

Ireland Falls for a Lousy T-Shirt

Education often means relearning old lessons, which means fighting for historical fact against political mythologists.

That's especially true these days as millennials indulge a romantic view of socialism having never having seen its consequences. So it's excruciating to see the nation of Ireland, a capitalist democracy that should know better, fall for the myth of Ernesto "Che" Guevara Lynch.

On Friday the Irish post office released a special stamp to mark the 50th anniversary of the death of Guevara, who became Fidel Castro's right-hand man. The stamp features a black, white and red drawing of the Argentine-born medic and is accompanied by an envelope with a quote from Che's father: "in my son's veins flowed the blood of Irish rebels."

We can understand how untutored Dublin un-

The Irish commemorate Che Guevara on a special stamp.

The struggle for Irish independence was about equality under the law, property rights and political self-determination. Guevara represents none of that. He hailed from an upper-middle-class family and became a Marxist revolutionary who murdered an unknown number of political opponents during and after the 1959 Cuban revolution.

Guevara was captured and shot by the Bolivian military in the Andes while attempting to spread the revolution. During the Cold War the global political left used a photo of his corpse to make him a martyr to the socialist cause, but his real legacy continues in the suffering and privation of the Cuban people. Irish democrats of all parties should be embarrassed.

The Truth About Trump and Corker

Donald Trump's weekend Twitter spat with Tennessee Senator Bob Corker is a familiar story: The Party of One for whom personal loyalty is the only test. He isn't going to change, so the meaningful question is how Republicans should navigate his periodic explosions to help the country and maintain their majorities in Congress.

Mr. Trump unleashed his tirade because he is still sore that Mr. Corker said this summer that the President hadn't shown the stability or competence to be successful. The two later had it out in the Oval Office, but Mr. Corker stood by his words. And why shouldn't he?

Mr. Corker was expressing views that are widely held on Capitol Hill and even within the Trump Administration. These men and women support the President's policies, or at least most of them, and they remain in their jobs for the good of the cause and country. What they fear, and want to contain, are the President's lack of discipline, short fuse, narcissism and habit of treating even foreign heads of state as if they are Rosie O'Donnell.

In other words, Mr. Corker was trying to be helpful by telling the truth. And he has standing to do so because he has tried to steer Mr. Trump in a constructive direction without personal grandstanding. He agreed to interview for Vice President until he withdrew from the running. He might have agreed to be Secretary of State had he been asked. And as Chairman of the Foreign Relations Committee he has had numerous private discussions with the President on a variety of national security subjects.

The Senator is giving good advice, not that the President will take it.

He is like Lindsey Graham of South Carolina in engaging Mr. Trump even as he tells the President things he doesn't like to hear. We hope they and others keep it up, understanding that doing so is difficult and might make them a target of the President's wrath.

The other priority for Republicans has to be to keep their eye on good policy and fulfilling their campaign promises. The Senate's ObamaCare failure has been so damaging because it gave Mr. Trump an incentive to promote a betrayal-by-the-establishment narrative while absolving his own weakness as a political persuader.

It also gave ammunition to Steve Bannon and his Breitbart propaganda arm to run more primary candidates against Republican Senators next year. As a force of permanent opposition, the Bannonites might prefer to have Democrats running Congress.

The only plausible Republican strategy now is to keep pressing good policies, and in particular to pass a strong, pro-growth tax reform. Some Members might think they can hurt Mr. Trump by blocking reform, but the President will merely blame Republicans and gladly work with Democrats if they take back the House and Senate in 2018. Mr. Corker recently worked with Pat Toomey (Pennsylvania) to allow \$1.5 trillion in budget room over 10 years for tax reform, and we hope he continues to play a constructive role even as he plans to leave the Senate at the end of this term.

The more Congress and the Cabinet can accomplish on their own, the less hostage they will be to Mr. Trump's impulsive turns.

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OPINION

LETTERS TO THE EDITOR

Two Takes on Science and Evergreen State

Regarding Heather Heying's "First, They Came for the Biologists" (op-ed, Oct. 3): I'm a member of the faculty at the Evergreen State College. In multiple media outlets, including the Journal, Heather Heying and her husband Bret Weinstein have repeated their claim that so-called "postmodernists" at Evergreen are hostile to science. They've continually accused postmodernists of "abandoning rigor" and "the idea of objective reality." They've argued that what happened at Evergreen last spring had nothing to do with racism and inequity on campus, but was a manifestation of a "culture war" against science.

Evergreen offers interdisciplinary programs, taught by teams of faculty who coordinate to teach common themes. Scientists often teach with faculty from social sciences, humanities and the arts. I'm a documentary filmmaker. Last academic year it was my privilege to teach in a year-long, full-time program with a public health scientist and an anthropologist that included substantial lessons in genetics, epigenetics, physiology and research ethics, as well as exposure to both modern and postmodern theories of culture, community, health and identity. Our program also paid close attention to the concerns raised by students about institutional racism. This fall we're all part of a group of students, faculty and staff who are committed to removing barriers to equity on our campus. This group is large and growing.

Profs. Heying and Weinstein have severed their relationship to Ever-

green, but we are still here. I ask Heather and Bret to please refrain from the simplistic and distorted representations of Evergreen that you continue to voice. Let us do our work in peace.

ANNE FISCHER
Olympia, Wash.

The effort by the extreme left to not only silence the scientific community but to reject the validity of the scientific method is of course the logical and inevitable result of the postmodernist embrace of moral relativism and deconstructionism.

The article's headline, which paraphrases Pastor Martin Niemöller's poetic insights regarding events during the creep of Nazism and the cowardice of the German intellectuals in confronting that accompanying purging of all dissidents and the rationalizations for not doing so, is apposite. We are in an analogous period, particularly when the extreme left is condoning the use of violence in furtherance of its goals. The left casually employs terms such as equity and social justice in the formulation of their goals and the disparagement of their opponents. When I have asked for a definition of those terms, it's obvious there is no consensus other than "we know injustice when we experience or observe it." We will all be disadvantaged and eventually our constitutional republic itself threatened if both scientific methodology is discredited and opposing points of view summarily rejected.

K. TUCKER ANDERSEN
Warren, Conn.

Oil and Spectrum Rights Models Offer a Clue

Thomas W. Hazlett's "How Politics Stalls Wireless Innovation" (op-ed, Oct. 2) outlines the irrationality of the current political mismanagement of the electromagnetic spectrum and the challenges that a dynamic economy faces when the underlying resource is politically controlled.

As the late Warren Nutter put it: "Markets without property rights are a grand illusion." The spectrum rights issue might better be understood by a thought experiment: Consider how efficiency and growth were promoted by the evolution of subsurface mineral property rights. Surface owners were able to divest surface from subsurface rights, allowing them both to farm the land and gain value from the extracted oil.

Moreover, the oil developer could seek to acquire most of the subsurface oil pool by multiple purchases.

The resulting "unit" reduced leakage, created stronger boundaries for the extracting firm and encouraged more investment in geology and exploration. Unitization made it possible to develop large oil

fields and a secondary and tertiary recovery system. Property rights harness the discovery process—encouraging efficiency.

Perhaps most relevant, however, is the ease with which subsurface mineral rights could be reconfigured. Early oil rights focused on acquiring rights to oil pools—the "lakes" of this resource beneath the ground. When innovators made possible the joint fracking and horizontal drilling breakthroughs, horizontal ownership rules became the focus and ownership shifted from "lakes" of oil to "strata" of oil containing rock.

The oil industry was fortunate.

Nothing that was a common property resource in 1900 has moved into private ownership. Columns and work such as Thomas Hazlett's one might hope would reignite interest in restoring the property right prerequisites for market.

FRED SMITH
Founder
Competitive Enterprise Institute
Washington

California's Emigres Are Everyone's Concern

Regarding Allyssa Finley's "Why Housing Is Unaffordable in California" (Cross Country, Sept. 30) and the same day "California Targets Affordable-Housing Shortage" (U.S. News): The government of California provides the finest examples of lack of basic understanding of Economics 101, Government 101 and Real Estate 101. Adding more taxes to the cost of a real-estate transaction doesn't make housing more affordable. Passing additional bonds to support affordable housing by adding taxes to existing housing doesn't lower prices. Implementing zoning regulations that make buildable land less available doesn't lead to lower cost housing.

Lengthy permitting processes involve the time value of money and increase cost without added value to the finished product. Instituting "environmental protections" that make no sense and have no actual benefit only

increases the cost of construction. If the environmental concerns were real, maybe the California coast from Santa Barbara to Redwood City would be restored to its natural state and its inhabitants resettled elsewhere.

JACK HAMILTON
Silverdale, Wash.

As Ms. Finley reports, about 80,000 people a year over the past decade migrated out of California, so the state's problems are affecting other states. Affluent beneficiaries of soaring home prices in California can cash out and buy McMansions in less-expensive states for a fraction of the proceeds realized on their California properties, and then live large.

California emigrants can drive housing prices up because prices in their adopted states seem so cheap. Worse, the affluent Californians transplants bring their progressive sensibilities with them when they settle into well-to-do areas and help tilt red states into blue. Then they work on bringing California regulatory hurdles and housing-price miracles to their new homelands. Unless Californians can afford to stay in California, we all may be forced to feel their pain.

ROGER KELLY
Ormond Beach, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



"What do you like more... charging your phone, saving the rainforest or getting wired on caffeine?"

OPINION

The False ‘Science’ of Implicit Bias

By Heather Mac Donald

Few academic ideas have been as eagerly absorbed into public discourse lately as “implicit bias.” Embraced by Barack Obama, Hillary Clinton and most of the press, implicit bias has spawned a multimillion-dollar consulting industry, along with a movement to remove the concept of individual agency from the law. Yet its scientific basis is crumbling.

Implicit-bias theory burst onto the academic scene in 1998 with the rollout of an instrument called the implicit association test, the brain-child of social psychologists Anthony Greenwald and Mahzarin Banaji. A press release trumpeted the IAT as a

A test purports to reveal hidden prejudice, but there’s little evidence its findings are meaningful.

breakthrough in prejudice studies: “The pervasiveness of prejudice, affecting 90 to 95 percent of people, was demonstrated today . . . by psychologists who developed a new tool that measures the unconscious roots of prejudice.”

In the race IAT (there also versions for everything from gender to disability to weight), test-takers at a computer are asked to press two keys to sort a series of black and white faces and a set of “good” and “bad” words. For part of the exercise, the test-taker presses one key for white faces and words like “happy,” and the other key for black faces and words like “death.” Then the protocol is reversed, pairing white faces with “bad” words and black faces with “good” words.

(The order is randomized, so some test-takers sort black faces with “good” words first.)

A majority of test-takers—including about 50% of blacks, according to some accounts—are faster at the sorting game when white faces are paired with good words. This difference is said to represent an “implicit bias” in favor of whites that can explain racial disparities in society.

Mr. Greenwald and Ms. Banaji did not pioneer response-time studies; psychologists already used the methodology to measure how closely concepts are associated in memory. And it’s widely accepted in psychology that automatic cognitive processes and associations help people navigate daily life. But Mr. Greenwald and Ms. Banaji, now at the University of Washington and Harvard, respectively, pushed the technique into charged political territory. Not only did they confidently assert that any differences in sorting times for black and white faces flowed from unconscious prejudice, they claimed that the implicit bias allegedly measured by the IAT could predict discriminatory behavior. In the final link of their causal chain, they argued that this unconscious and pervasive predilection to discriminate is a powerful cause of racial disparities.

As they wrote in “Blindspot,” their 2013 best seller: “Given the relatively small proportion of people who are overtly prejudiced and how clearly it is established that automatic race preference predicts discrimination, it is reasonable to conclude not only that implicit bias is a cause of Black disadvantage but also that it plausibly plays a greater role than does explicit bias.”

If these sweeping claims were correct, every personnel decision could be challenged as the product of implicit bias. The pressure to



RICKY CARIO/THE WASHINGTON POST/GETTY IMAGES

An ‘implicit bias’ training session for Baltimore cops, Nov. 19, 2015.

guarantee equality of outcome through quotas would grow stronger. But the politics of the IAT had leapfrogged the science behind it. Core aspects of implicit-bias doctrine are now under methodological challenge.

A person’s IAT score can vary significantly each time he takes the test, undercutting its reliability as a psychological instrument. Test scores have almost no connection to what IAT research ludicrously counts as “discriminatory behavior”—trivial nuances of body language during a mock interview, say, or a hypothetical choice to donate to children in Colombian slums rather than South African ones.

Mr. Greenwald and Ms. Banaji now admit that the IAT does not predict “biased behavior” in the lab. (No one has even begun to test its connection to real-world behavior.) The psychometric problems associated with the race IAT make it “problematic to use to classify persons as likely to engage in discrimination,” they wrote, along with a third co-author, in 2015.

Although most of the psychology profession initially accepted the startling claim that the IAT reveals a predilection to discriminate in real life, possible alternative meanings of a “pro-white” score have since emerged. Older test-takers may have cognitive difficulty with the shifting instructions. The association of black faces with negative words may reflect an awareness of socioeconomic realities. Greater familiarity with one racial group over another could affect reaction times. These alternative meanings should have been ruled out before psychologists announced that a new “scientific” test had revealed the ubiquity of prejudice.

Nevertheless, the idea of implicit bias has marched through American institutions. This summer nearly 200 CEOs signed a pledge to pack their employees off to implicit-bias training, part of an economywide diversity initiative championed by PricewaterhouseCoopers. Plaintiffs in employment discrimination cases regularly try to introduce implicit-bias research into their lawsuits.

President Obama sent federal law-enforcement personnel to implicit-bias training; many local police departments are doing the same, spending millions of dollars that could be used instead to improve officers’ tactical and communication skills.

Faculty hiring committees routinely have to take the IAT to confront their hidden biases against minority and female candidates. College students are being encouraged to take it as well. UCLA’s vice chancellor for equity, diversity and inclusion, Jerry Kang, has argued for federal regulation of local news coverage, especially crime stories, to lessen implicit prejudice.

The need to plumb the unconscious to explain racial gaps arises for one reason: It is taboo to acknowledge that socioeconomic disparities might be caused by intergroup differences in cultural values, family structure, interests or abilities. The large racial gap in academic skills renders preposterous any expectation that, absent bias, blacks and whites would be proportionally represented in the workplace. And vast differences in criminal offending are sufficient to explain racial disparities in incarceration rates.

In light of such realities, the minute distinctions of the IAT are a sideshow. America has an appalling history of racism and brutal subjugation, and the public should always be vigilant against any recurrence of that history. But the most influential sectors of the economy today employ preferences in favor of blacks. The main obstacles to racial equality now lie not in bias but in culture and behavior.

Ms. Mac Donald is a fellow at the Manhattan Institute. This article is adapted from the Autumn issue of City Journal.

This Year’s Nobel Economist Makes

By David R. Henderson

Richard H. Thaler, a professor at the University of Chicago’s business school, won the 2017 Nobel Memorial Prize in Economics for “his contributions to behavioral economics.” Since 1976, when Mr. Thaler and I were both assistant professors at the University of Rochester, he has challenged the standard economic assumption that people behave rationally. He has done it systematically, detailing how cognitive biases predictably lead consumers to poor decisions. Mr. Thaler has used his insights to propose ways to help people save—and save more—for retirement.

Economists often assume that it is always better to have more choices. But if that were the case, Mr. Thaler reasoned, no partygoer would be happy if the host removed a bowl of cashews. Yet those of us who know we are powerless around cashews are often glad to be relieved of the temptation to eat them. Mr. Thaler argued that reducing choice in such a case could offset a lack of self-control, leading to better outcomes.

This simple idea, plus many more that Mr. Thaler had over the years, led him to divide the population into what he called “econs” and “humans.” Econs are economically rational people, a tiny percentage of the population who fit the standard model more or less completely. Humans are the rest of us.

In his 2015 book “Misbehaving,” Mr. Thaler applied his insights about self-control to one of the biggest choices people make: whether and how much to save for retirement. Some companies might allow workers to opt in to a retirement plan, while others might automatically enroll their employees, with an option to opt out. If everyone were an “econ,” the difference wouldn’t matter: Opting in and opting out are trivial relative to the stakes, so the same percentage of employees should theoretically enroll no matter how the program is presented.

But not everyone is an “econ,” and myopic “humans” tend to discount the future heavily. Mr. Thaler pointed to a 2001 study by Brigitte Madrian and Dennis F. Shea showing

that after one company changed its retirement plan from an opt-in design to an opt-out, the number of employees who were enrolled jumped 71%.

In 2004 Mr. Thaler and Shlomo Benartzi, a UCLA economist, proposed what they called “Save More Tomorrow.” The idea was that when workers get a raise, their employers,

Richard Thaler has challenged the standard assumption that people act in their best interests.

with the earlier consent of employees, would automatically increase the percentage of their gross pay directed into their 401(k) accounts. “Econs” were probably already doing that, but many “humans” weren’t. At one midsize manufacturing firm that implemented Save More Tomorrow, participants almost quadrupled their saving rate after four annual raises.

Mr. Thaler has unorthodox views in other areas, too. Most economists think companies selling fresh water, food or plywood should raise prices during and immediately after floods or hurricanes. That way, suppliers have an incentive to bring more goods to market, and shoppers have an incentive to buy only what they urgently need, meaning that shelves won’t empty as quickly. Mr. Thaler has found that most people—i.e. non-economists—think it’s unfair to raise prices in such situations.

His own view on so-called price gouging seems to have evolved, although it’s unclear why. In 2012, Mr. Thaler opposed a proposed law against price-gouging in Connecticut.

Big companies, he said, worry about

their reputations, so they already refrain from price-gouging and stock up in advance of emergencies. On the other hand, one-time entrepreneurs, who may not be as worried about

their reputations, are happy to supply items at high prices during a crisis.

But in a radio interview last month, Mr. Thaler had changed his tune. “A time of crisis is a time for us all to pitch in; it’s not a time for us to grab,” he said. True, but the ability to charge high prices encourages more of us to “pitch in.”

In Mr. Thaler’s influential 2008 book “Nudge,” written with Harvard law professor Cass Sunstein, he advocated “libertarian paternalism”—having government set default rules but allowing people to opt out at low cost. One example is making helmets mandatory for motorcyclists. The libertarian twist? Messrs. Thaler and Sunstein tout writer John Tierney’s idea to let daredevils opt out by taking an extra driving course and showing proof of health insurance.

Mr. Thaler has yet to apply in a serious way his theory of irrationality to government officials. Their bad decisions are even worse because citizens bear most of the costs. It would be great if Mr. Thaler explored this area more. Someone should nudge him.

Mr. Henderson is an emeritus professor of economics at the Naval Postgraduate School and a research fellow with Stanford University’s Hoover Institution.

developing these drugs. Messrs. Prasad and Mailankody counted only two years of development costs before the first mention of the drugs in the medical literature. They figured this would accurately reflect preclinical costs, such as lab tests.

Their assumption is wrong. In reality, the initial preclinical research period often lasts four years or more. And for four of the 10 drugs examined, companies started lab research at least seven years before the first mention of the drug in any published medical studies.

Drug development is much more expensive than the JAMA study suggests. More reliable is a November 2014 study from the Tufts Center for the Study of Drug Development. This more thorough examination estimates total research costs are about \$2.6 billion for new cancer drugs. Politicians who advocate price controls undoubtedly will cite the JAMA study anyway. Never mind that government-imposed price caps would hamstring researchers and prevent the development of new treatments and cures.

In the past 17 years, pharmaceutical companies have invented more than 550 FDA-approved medications. More than 800 experimental cancer drugs are currently under development at companies of all sizes, from tiny biotechs to giant multinationals. By misinforming readers, the JAMA study undermined the great work that drug companies are doing today.

Mr. Pitts, a former FDA associate commissioner (2002-04), is president of the Center for Medicine in the Public Interest.

A Flawed Study Depicts Drug Companies as Profiteers

By Peter J. Pitts

Are drug companies ripping off cancer patients? Of course they are, suggests a much-hyped study published last month in the journal *JAMA Internal Medicine*. The truth is more complicated.

Drug companies receive a staggering return on investment “not seen in other sectors of the economy,” write Vinay Prasad of Oregon Health and Science University and Sham Mailankody of Memorial Sloan Kettering Cancer Center. They estimate that pharmaceutical firms spend \$720 million on average to develop a single cancer drug, while the average cancer therapy generates sales of \$6.7 billion.

The editors at *JAMA* are brilliant physicians, but they could use a refresher on the economics of drug development. Several methodological flaws in the study lead the authors to underestimate drug-development costs.

Messrs. Prasad and Mailankody examined 10 publicly traded companies that secured their first-ever Food and Drug Administration approval between 2006 and 2015. They pulled data on companies’ research spending and revenues from annual financial reports filed with the Securities and Exchange Commission. These selection criteria are a joke. By looking at 10 companies that produced only one cancer drug each, the authors screened out big multinational

corporations that had previously secured FDA approval for one or more drugs. Small biotech firms that hadn’t secured FDA approval for any treatments were also excluded.

The authors admit that the selection criteria are a “critical limitation.”

No kidding: They only looked at 15% of all cancer drugs approved from 2006 to 2015, ignoring the other 85% of cancer therapies introduced that decade. This helped them “prove” their hypothesis.

The analysis also overlooks hundreds of millions of dollars of research spending at companies that never develop an FDA-approved medicine. Nine of every 10 publicly traded drug companies lost money in 2014, according to a 2016 International Trade Administration report.

Most therapies don’t make it out of the lab and into clinical trials.

Of those that do, only 12% are brought to market.

Those that defy the odds and win FDA approval don’t accurately represent the broader pharmaceutical industry. Consider the success of

this study’s 10 drugs would have resulted in an overall clinical approval success rate of 23%, twice the industry average.

Worse, five of the companies in question had purchased their drugs from smaller biotech firms.

The authors didn’t count any of the

research-and-development spending of these “nurturer” firms, only by the acquiring firm.

The other five drugs were developed entirely in-house—and the authors lowballed cost estimates for

developing these drugs. Messrs. Prasad and Mailankody counted only two years of development costs before the first mention of the drugs in the medical literature. They figured this would accurately reflect preclinical costs, such as lab tests.

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Mr. Pitts, a former FDA associate commissioner (2002-04), is president of the Center for Medicine in the Public Interest.

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EPA to End Power-Plant Emission Curbs

Agency's head plans to reverse Obama-era limits aimed at greenhouse gases

By TIMOTHY PUOKO

The Trump administration is formally withdrawing federal limits on carbon emissions at power plants, triggering the next stage of what is likely to be a yearslong fight over the government's centerpiece regulation for slowing climate change.

The move pushes forward on a central pledge of President Donald Trump: a rollback of Obama-era environmental rules he has criticized for harming businesses and coal miners in particular. And it pushes the federal government further away from any effort to combat global warming, following Mr. Trump's June announcement that he intends to withdraw the U.S. from the Paris climate accord.

Environmental Protection Agency Administrator Scott Pruitt said in Kentucky that he would sign a proposal Tuesday

to reverse the rules. The announcement, made at an event organized by Senate Majority Leader Mitch McConnell (R., Ky.) in the coal-mining town of Hazard, Ky., confirmed what many had expected for weeks.

"Repealing this Obama-era rule would close a chapter of regulatory overreach that set standards without regard to the steep costs or availability of technology necessary to meet them," Hal Quinn, chief executive of the National Mining Association, said in a statement applauding the decision.

Power-plant emissions are

one of the largest sources of greenhouse gases, and President Barack Obama's administration targeted them with limits outlined by the EPA's Clean Power Plan in 2015. The Obama limits became central to the country's ability to reduce emissions under the Paris accord.

But Mr. Trump, who has called global warming a "hoax," ordered a review of the Clean Power Plan in March. The EPA's review

called the plan a legal overreach, and both Mr. Trump and Mr. Pruitt have said it is burdensome to U.S. compa-

nies, and an unfair punishment for the fossil-fuel businesses to the benefit of wind- and solar-power producers.

"The past administration was unapologetic," Mr. Pruitt said during Monday's announcement. "They were using every bit of power, every bit of authority to use the EPA to pick winners and losers in how we generate electricity in this country. And that's wrong."

The EPA's assessment under Mr. Pruitt calls the plan an unlawful expansion of the agency's authority under the Clean Air Act by holding power

generators responsible for limiting emissions through control systems that work from outside of their sites, according to documents obtained by The Wall Street Journal last week.

Eliminating that requirement would be in line with what many industry officials wanted.

The American Petroleum Institute, the Washington lobbying group for U.S. oil and gas producers, called the Clean Power Plan flawed and said emissions were improving even without it.

Please see EPA page B2

Google Finds Ads Linked to Russia

By JACK NICAS

Google Inc. found that Russian-linked entities bought tens of thousands of dollars worth of politically motivated ads on its platform around the U.S. presidential election, according to people familiar with the investigation, the first sign that Russia's alleged attempts to influence the 2016 vote spread to the world's largest advertising business.

Similar to ads that ran on Facebook Inc., the ads on Google touched on a variety of topics, without a clear bent toward one candidate or political position, these people said.

The ads mainly ran above Google search results and on third-party websites where Google serves ads, another person said.

Google, a unit of Alphabet Inc., has shared some of the Russian-bought advertisements with congressional investigators, the people said.

"We have a set of strict ads policies including limits on political ad targeting and prohibitions on targeting based on race and religion," Google said in a statement.

"We are taking a deeper look to investigate attempts to abuse our systems, working with researchers and other companies, and will provide assistance to ongoing inquiries."

Google found that accounts linked to the Russian government bought \$4,700 worth of ads, while accounts with other Russian links spent \$53,000 on ads, one of the people said. Google used signs such as Russian IP addresses, Russian language settings or payments in Russian rubles to link customers to Russia, the person said. It isn't clear how Google tied some accounts to the Russian government.

Russia has denied U.S. intelligence agencies' reports that it interfered in the election.

Google discovered the ad buys as part of a broad internal investigation into Russian use of its services ahead of the election, one of several probes into Russian meddling in the election by federal investigators, Congress and technology firms.

Google's investigation extends beyond ad purchases and examines whether Russian actors used other Google tools, such as posting videos on YouTube.

Facebook and Twitter Inc. both have found Russian attempts to use their websites to influence U.S. voters, including by buying ads.

Congressional investigators have asked Google, Facebook and Twitter to testify publicly on Nov. 1.

Notice to Readers

Bond Markets were closed Monday for Columbus Day. Stock markets were open.



ALVIN BAER/REUTERS
People checked for a mobile-phone signal in Dorado, Puerto Rico, two days after Hurricane Maria. Employers struggled to make contact with workers after the storm.

Maria Tested Firms' Communications Links

By PETER LOFTUS
AND DANIELA HERNANDEZ

In the days after Hurricane Maria hit Puerto Rico, medical-device maker **Boston Scientific** Corp. was having trouble contacting its more than 1,000 employees on the island.

The storm had knocked out cellphone and landline service for many, and some workers left damaged homes to stay with friends and relatives. Several days after the Sept. 20 storm, the company had accounted for only about 700 workers.

Other companies, including **Bacardi** Ltd., **Medtronic** PLC and **Eli Lilly & Co.**, contended with similar challenges as they struggled to find staffers on

the island. The storm presented a trial of the business-continuity and employee-safety plans many companies adopt but don't always have an opportunity to test.

"I started losing sleep about the fact that we had 300 people unaccounted for," Brad Sorenson, Boston Scientific's senior vice president of manufacturing and supply chain, said in an interview. "And thinking, 'Are they going to show up on that list of people who were injured or died?'"

Boston Scientific turned to the airwaves. It began running advertisements on a Puerto Rican radio station, asking employees who hadn't contacted the company to do so

by phone or social media. A worker visited the station in person to relay the ad text because it was difficult to get in touch by phone, a company spokeswoman said.

The company also issued social-media and text messages, and dispatched workers to knock on colleagues' doors.

Rum maker Bacardi relied on radio ads, social media and word-of-mouth to account for its workers, with managers setting up WhatsApp networks to communicate with direct reports.

Medical-device maker Medtronic also used a mix of radio and social-media messages to reach employees, and hired about 40 drivers to visit workers' homes, a spokesman

said. As of Friday, the company had verified the well-being of more than 90% of its 5,000 direct and contract employees in Puerto Rico, and most had returned to work.

Medical-device and pharmaceutical companies are among Puerto Rico's top employers because of corporate-tax breaks the island offers.

Efforts to locate workers have been important not only for their safety, but also to help restart operations and avoid disruptions to Puerto Rico's supply of medicines and devices for the rest of the U.S.

Pharmaceuticals manufactured in Puerto Rico make up nearly 10% of all drugs consumed by Americans, the U.S.

Food and Drug Administration said, citing data from the Bureau of Economic Analysis.

Some companies' plants weren't severely damaged, but "the issue is getting the employees back to work, because these people have been devastated by the storm," FDA Commissioner Scott Gottlieb said in an interview. He said the FDA is monitoring about 40 critical medicines produced in Puerto Rico to try to avoid shortages.

Medtronic said the storm could limit the availability of certain newer products or those that had lower inventory levels before the storm. The company is providing water, food and power generators to

Please see STORM page B2

INSIDE

STREETWISE | By James Mackintosh

The False Prophet of 'Long-Term Investing'

A decade to the day since the precrisis peak of U.S. stocks, it has become easier

and easier for investors to take a long-term view. Those who bought on the day the S&P 500 hit its top on Oct. 9, 2007, and held on through the subsequent panic and market collapse, have more than doubled their money, including dividends.

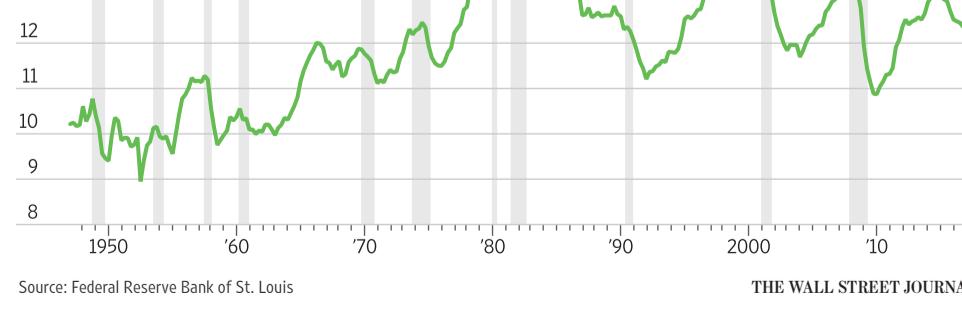
Better still, they have performed not much below what the market has delivered throughout history, despite the worst crash in generations. The S&P 500 has returned an annualized 5.6% above inflation, including dividends, against a return over the previous two centuries calculated at 6.5%-7% by Jeremy Siegel, a Wharton finance professor and author of "Stocks for the Long Run."

This apparent triumph for long-termism comes as many large investors are expressing

Investing for Tomorrow

U.S. private-sector investment has rebounded since 2009, but is well below previous peaks.

Private nonresidential fixed investment as a percentage of gross domestic product



Source: Federal Reserve Bank of St. Louis

sufficient long-term projects being ditched to hit quarterly targets.

There is something in this. Next week, think tank FCLT Global, backed by some

Please see STREET page B11

concern about exactly the opposite, the damage that short-termism is doing to the economy. Academics, central bankers and big money managers worry that companies aren't investing

enough, and that it is at least in part because of a dysfunctional finance system. Shareholders with a short-term view encourage management to focus even more on the short run, re-

sulting in sensible long-term projects being ditched to hit quarterly targets.

There is something in this. Next week, think tank FCLT Global, backed by some

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BUSINESS & FINANCE

ESPN Host Is Suspended

BY ALEXANDRA BRUELL

ESPN suspended network host Jemele Hill for violating its social-media policy, after she advocated a boycott of Dallas Cowboys sponsors who are also ESPN sponsors, according to a person familiar with the situation.

In a statement, ESPN said Ms. Hill has been suspended for two weeks for violating its guidelines for a second time, but provided no further details.

Ms. Hill sent out a series of tweets Sunday criticizing Jerry Jones, owner of the NFL's Dallas Cowboys, for suggesting that players who don't stand for the national anthem will be benched. In one tweet she noted, "Change happens when advertisers are impacted," and she then retweeted what another Twitter user said was a list of Cowboys sponsors.

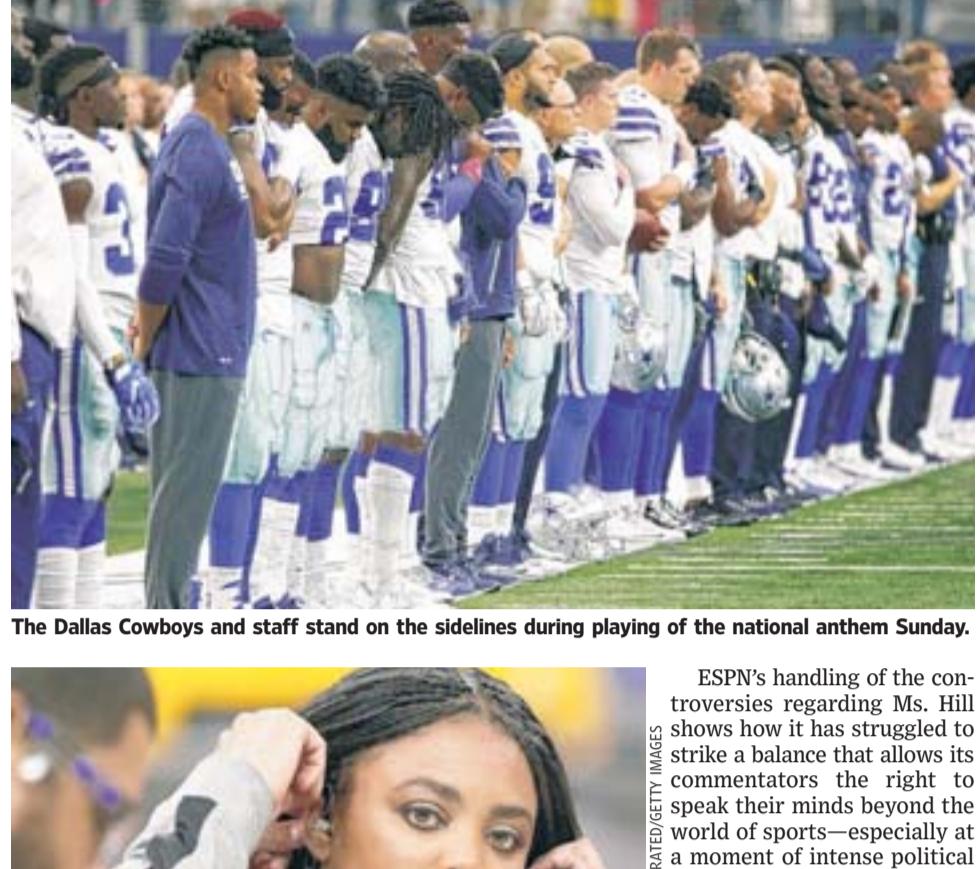
The details of ESPN's policy in this area weren't clear, but Ms. Hill's commentary on Twitter was deemed detrimental to ESPN because some of its sponsors were listed, the person familiar with the situation said.

A "Sponsorship Summit" page on the Dallas Cowboys website lists several team sponsors including Ford, Bank of America, Miller Lite, Pepsi and Dr Pepper. **MillerCoors** confirmed through a spokesman it is a sponsor, but had no further comment. The other brands didn't respond to requests for comment.

The Dallas Cowboys declined comment.

Some NFL players have been kneeling for the anthem to protest racial and social injustice, creating a continuing controversy for the league. President Donald Trump has criticized players for kneeling and owners for allowing it. On Sunday, Vice President Mike Pence left an Indianapolis Colts game after players were kneeling.

In a follow-up tweet on Monday, Ms. Hill sought to clarify her remarks, saying she wasn't advocating for a boycott of the NFL. "But an unfair bur-



The Dallas Cowboys and staff stand on the sidelines during playing of the national anthem Sunday.



The network says Jemele Hill violated its social-media policy.

den has been put on players" with the directives to stand for the anthem, she wrote.

Ms. Hill, co-host of ESPN's flagship "SportsCenter" program, came under scrutiny last month for referring to Mr. Trump in a tweet as a "white supremacist." She apologized for the incident and wasn't disciplined by the network.

At an event last week, Walt Disney Co. Chief Executive Robert Iger said he felt that was the right approach, given intense feelings employees

have about recent political events. "We've got to take into account what we're seeing societally and what people are feeling," Mr. Iger said.

In its statement Monday, ESPN said: "She previously acknowledged letting her colleagues and company down with an impulsive tweet. In the aftermath, all employees were reminded of how individual tweets may reflect negatively on ESPN and that such actions would have consequences. Hence this decision."

ESPN's handling of the controversies regarding Ms. Hill shows how it has struggled to strike a balance that allows its commentators the right to speak their minds beyond the world of sports—especially at a moment of intense political debate—with getting blowback from viewers and advertisers who disagree passionately with those views.

There has also been scrutiny of ESPN's perceived political leanings. When Ms. Hill was left in place after her tweet about Mr. Trump, ESPN public editor Jim Brady wrote that the network "leans left." He had previously noted that some staffers internally felt that bias had stifled discussion.

ESPN President John Skipper wrote in a memo after the first incident involving Ms. Hill that ESPN is not a political organization, but "where sports and politics intersect, no one is told what view they must express."

"We have issues of significant debate in our country at this time," he added. "Our employees are citizens and appropriately want to participate in the public discussion."

Ferrari Celebrates 70 Years of Sexy Sports Cars



NO SLOWING DOWN: Ferrari lined up sports cars in front of the New York Stock Exchange on Monday to mark its 70th anniversary.

STORM

Continued from the prior page
employees, the spokesman said.

Drugmaker **Eli Lilly**, which has manufacturing operations in Carolina, Puerto Rico, sent workers to colleagues' homes and monitored social media to account for its employees, a spokesman said Monday.

Most of Boston Scientific's Puerto Rico employees work at a plant in Dorado that makes wires for implanted heart devices such as pacemakers. It also has a sales office in the capital, San Juan.

The company prepared for the storm by shipping some products off the island in advance, and giving some workers satellite phones, Mr. Sorenson said. It closed the Dorado plant shortly before the storm made landfall.

The two-story factory had been upgraded several years ago to withstand major storms and suffered relatively minor damage.

The morning after the storm, Paul Martin, the factory's head of operations, drove there from his home 2 miles away. Normally a six-minute commute, the drive turned into a 45-minute journey because of flooded roads, debris and downed telephone poles, he said.

About 50 workers showed

up at the plant that morning to help clear debris and find people. More arrived each day thereafter. "It was very encouraging, very uplifting on Day One," Mr. Martin said.

Later that day, he drove out to look for other workers he couldn't reach by phone. He found four at their homes trying to clean up damage.

Costas Manganiotis, Boston Scientific's Latin America regional director for urology and pelvic health, was cleaning up his house near the plant. He had sent his wife and 11-year-old son to Austin, Texas, before the storm, and stayed behind with his four dogs.

Two of his colleagues showed up to check on him, satellite phone in tow so he could call his family in Texas and his native Greece.

The company had counted on using standard delivery services such as UPS and FedEx to send water, food and gasoline cans from a supply center in Fort Lauderdale, Fla., but they weren't immediately available, so Boston Scientific hired a small cargo-jet service to make twice-daily runs to the island, Mr. Sorenson said.

Boston Scientific also didn't anticipate the extent of the

phone outages, Mr. Sorenson said. That forced the company to switch to social-media and messaging service WhatsApp to track down remaining employees.

Another obstacle: Boston Scientific hadn't asked its employees in advance to tell the company where they planned to stay during and after the storm, Mr. Sorenson said, making it harder to find them.

To help employees get back on their feet, the company is providing hundreds of generators and fuel to workers so they can power their homes. The company also opened a child-care facility at the plant, and contributed \$2 million to a relief fund for workers, Mr. Sorenson said.

It took until Oct. 4 to locate the remaining employees, Mr. Sorenson said. Limited production began at the plant in late September, though it is still relying on generators for power.

Mr. Manganiotis has temporarily moved his family to Austin so his son can attend school. He will travel back and forth for work, and hopes to move the family back in a few months.

"This small island has a lot of things that a lot of people care about," said Mr. Manganiotis, who has lived in Puerto Rico for

BUSINESS NEWS

BUSINESS WATCH

HELIX ENERGY SOLUTIONS

Possible Sale Is Explored

Offshore energy company **Helix Energy Solutions Group Inc.** is exploring strategic alternatives.

The Houston-based company is working with bankers on a potential sale, according to people familiar with the matter. The process is in its very early stages and as with all processes, it may not result in a deal.

Helix Energy Solutions had a market value of \$979 million as of Friday's close. Year to date, the company's stock price is down nearly 25%. For the second quarter, Helix reported a net loss of \$6.4 million and revenue of \$150.3 million.

The oil-field services space has been consolidating as boards have identified a need for greater scale to advance.

—Dana Mattioli

TRONC

Los Angeles Times Gets New Top Editor

The Los Angeles Times has hired media veteran Lewis D'Vorkin as editor in chief, as parent company **Tronc Inc.** continues to shake up management of its flagship newspaper.

The paper announced Mr. D'Vorkin's appointment on Monday, less than two months after Tronc dismissed several senior editors and brought in media industry veteran Ross Levinsohn as chief executive and publisher. The Times also named Mickie Rosen as its new president.

Mr. D'Vorkin has served for the past seven years as chief product officer at Forbes. He had previously been an executive at AOL and an editor at Newsweek and was briefly the page one editor at The Wall Street Journal in the late 1980s.

—Lukas I. Alpert

UNITED TECHNOLOGIES

Siemens Executive Hired to Run Otis

United Technologies Corp. hired the chief executive of **Siemens AG's U.S. unit** to lead its Otis elevator and escalator manufacturing business.

Siemens USA CEO Judy Marks will succeed Philippe Delpech as president of the unit and report to United Technologies' CEO Greg Hayes. Mr. Delpech left in July "to accept another opportunity in Europe," the company said earlier this year.

United Technologies reached a deal in September to buy **Rockwell Collins Inc.** for \$23 billion. That move could trigger additional portfolio changes, and people familiar with the company's plans told the Journal it is reviewing whether to break up some units.

—Allison Prang

GM Wrestles With Excess Capacity

Auto maker is operating too many U.S. plants, which saddles it with higher fixed costs

By MIKE COLIAS

ORION TOWNSHIP, Mich.—Despite its drastic downsizing a decade ago under a federally funded bailout and bankruptcy restructuring, **General Motors Co.** again finds itself with too many U.S. factories that can turn out too many vehicles.

But as GM considers how to trim the excess capacity, which saddles the company with higher fixed costs, it faces a tricky political factor: President Donald Trump's insistence that auto makers assemble more of their vehicles in America and not in lower-cost plants elsewhere.

This year through August, GM built about 7% more vehicles at its North American plants than rival **Ford Motor Co.** but used about one-third more assembly plants to do so, according to WardsAuto.com.

GM's factory-utilization rate in North America averaged 95.1% over the past two years, below Ford's 111.9% and Toyota's 101.4%, Wards data show. (Rates can exceed 100% when factories work a third shift or schedule overtime work on weekends.)

GM's sprawling factory here in Orion Township, a suburb north of Detroit, is a glaring example of the company's predicament. It makes the slow-selling Chevrolet Sonic subcompact and the new Bolt electric model, for which GM has modest though undisclosed sales goals.

One recent afternoon, workers filed into the parking lot a few minutes after the day's sole production shift ended—a rarity in an industry that often runs its factories from dawn to dusk or even around the clock to boost their efficiency.

GM recently lowered production at Orion by 20%, resulting in 100 lost jobs, people familiar with the matter said. GM declined to quantify the cuts but confirmed it is making fewer Sonics.

"The Bolt is hanging in there, which is good," Henrietta Holland, an Orion factory worker, said after her shift. "But we are worried" about job security. "We feel like we should be getting another product."

Factory-utilization rates typically measure how much production capacity a plant uses, based on a 16-hour workday. GM says its utilization rate is 100% on average when its round-the-clock truck and sport-utility vehicle lines are figured in with the relatively sleepy factories making cars.

While GM has boosted its U.S. employment by more than



GM's factory in Orion Township, Mich., makes the slow-selling Chevrolet Sonic subcompact, above, and the new Bolt electric model.

Production Shift

While GM's truck and SUV plants are running flat out, several lightly used passenger-car factories hurt overall capacity utilization and add fixed costs.

LOCATION	VEHICLE TYPE	SECOND-QUARTER CAPACITY UTILIZATION
Wentzville, Mo.	Pickups	159%
Arlington, Texas	SUVs	156%
Fort Wayne, Ind.	Pickups	145%
Kansas City, Kan.	Passenger cars	72%
Lordstown, Ohio	Passenger cars	59%
Detroit	Passenger cars	35%

Note: Capacity utilization is measured on a two-shift basis. Rates can exceed 100% when factories work a third (overnight) shift and/or schedule overtime work on weekends.

Source: WardsAuto.com

THE WALL STREET JOURNAL.

6,000 factory jobs since 2010, it also has bulked up production in Mexico for export to the U.S. under the North American Free Trade Agreement. It recently started making two popular crossover SUV models south of the border, and for years has imported large pickup trucks from there.

GM has no plans to construct new U.S. factories, and executives in recent years have weighed closing at least two existing ones, according to people familiar with the matter.

Some of the low usage of its U.S. plants stems from a decision GM made a number of years ago to revitalize its lineup of sedans and coupes, including a new Chevy Malibu that has garnered glowing reviews from critics. But in the past few years, low gasoline prices prompted millions of Americans to gravitate from passenger cars to less-fuel-efficient SUVs and pickup trucks.

To be sure, all auto makers have been grappling with the dramatic consumer shift. Less

than 10 years ago, passenger cars accounted for roughly half of U.S. vehicle purchases at retail. Last month, cars accounted for a record low 35%, according to J.D. Power.

While leaving some GM plants with unused capacity, this switch has boosted the company's bottom line. Its plants that build the highly profitable Chevrolet Silverado pickup, for instance, are working overtime, which helped GM earn a record \$12.5 billion operating profit in 2016. GM's stock price has hit a multiyear high.

Chief Executive Mary Barra, a GM lifer of more than three decades who once roamed the factory floors as a plant manager, must contend with the capacity glut at the same time the company is making costly investments in electric cars and self-driving vehicles.

GM said it is working to "drive further improvements"

in its plant utilization, including adding crossover SUVs to more factory lines. A plant in the Kansas City area that now makes only the Malibu is

Acquisition boosts self-driving efforts

Seeking to bolster its position in the race to commercialize self-driving cars, **General Motors Co.** said Monday it has acquired a company that makes lidar, laser-based sensors that help autonomous vehicles navigate.

The nation's largest auto maker by sales said it bought **Strobe Inc.**, a startup based in Pasadena, Calif., with 11 employees. Strobe's engineers will work with Cruise Automation, the San Francisco autonomous-vehicle developer that GM acquired in early 2016, the company said. Terms of the Strobe acquisition weren't disclosed.

Kyle Vogt, chief executive of Cruise, said Strobe is developing a lidar system that will be much smaller and cost a tiny fraction of the bulky lidar sensors that the company and others now use on their test cars. "By collapsing the entire

scheduled to begin assembling a small Cadillac SUV by late 2018. But such a switch-over

typically takes car makers several years of lead time, to order and install new assembly-line equipment and tooling.

GM operates 17 vehicle-assembly plants in North America, after closing several during its bankruptcy. Most, except for five that operate around the clock to build trucks and SUVs, have ample unused capacity.

GM's Detroit-Hamtramck assembly plant, the lone factory in the auto maker's hometown, in 1999 cranked out more than 200,000 Cadillacs and Buicks.

sensor down to a single chip, we'll reduce the cost of each lidar on our self-driving cars by 99%", Mr. Vogt said in a blog post.

Lidar uses lasers to measure the distance of objects in the car's field of vision. Most autonomous-vehicle developers use lidar in conjunction with radar and cameras to recognize other vehicles, street signs, pedestrians and other objects.

The deal comes amid growing investor interest in the potential of GM's stable of advanced technologies, including the autonomous-driving system now in testing. "Businesses built off of this platform will ramp much faster than is widely expected," Deutsche Bank analyst Rod Lache wrote in a client note last week.

GM shares have risen 21% in the past month, closing at \$45.33 on Monday.

The auto maker has been testing autonomous Chevrolet Bolt electric cars in San Francisco and the Detroit and Phoenix areas.

It will likely make about 80,000 vehicles this year.

Compared with competitors, GM has a larger number of plants that make only cars. That has forced GM to make more drastic moves when adjusting production toward trucks and SUVs.

GM has cut nearly 3,000 jobs since late last year, leaving many U.S. factories on reduced schedules.

GM has more leeway to cut factory workers under more flexible terms under its recent contracts with unionized workers.

It pays less in unemployment benefits and uses more temporary workers who aren't due money when they are let go.

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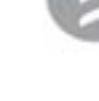
Founder, Elco Ltd.

1930-2017

The worldwide team at the Elco Ltd. and Electra and Electra America family of companies mourns the passing of founder and former

CEO George Salkind, a visionary titan of industry and a true gentleman.

He will be deeply missed.

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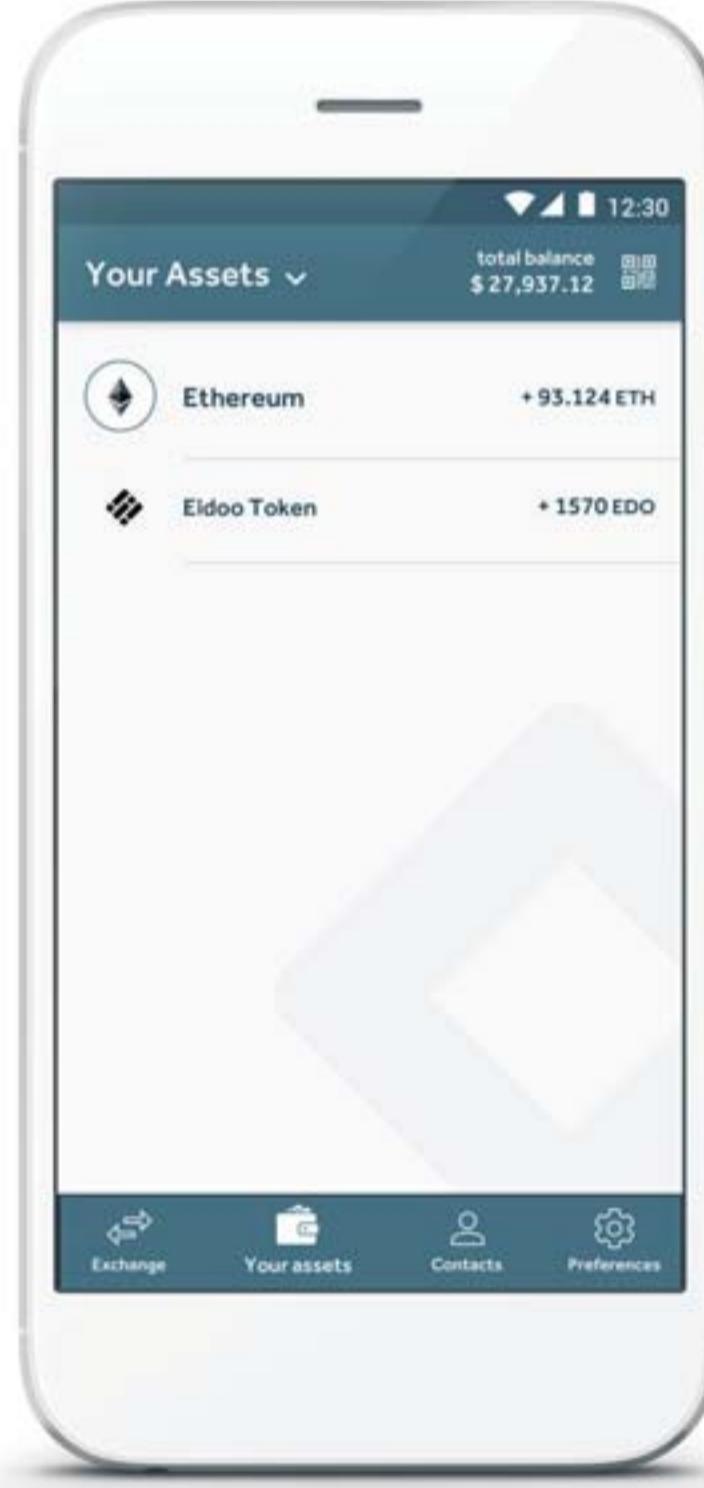
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BANKRUPTCIES

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA, RICHMOND DIVISION

In re: THE GYMBOREE CORPORATION, et al.⁽¹⁾ Chapter 11, Case No. 17-32986 (KLP)
 Debtors, et al.⁽²⁾ (Jointly Administered)

**NOTICE OF (I) ENTRY OF CONFIRMATION ORDER, (II) OCCURRENCE OF
 EFFECTIVE DATE, AND (III) RELATED BAR DATES**

PLEASE TAKE NOTICE that on September 7, 2017, the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court"), entered the Order Confirming the Joint Chapter 11 Plan of Reorganization of The Gymboree Corporation and its Debtor Affiliates (Docket No. 646) (the "Confirmation Order"), pursuant to which the Bankruptcy Court approved and confirmed the Amended Joint Chapter 11 Plan of Reorganization of The Gymboree Corporation and its Debtor Affiliates, dated September 7, 2017 (Exhibit A to Docket No. 646) (the "Plan").²

PLEASE TAKE FURTHER NOTICE that the Effective Date, as defined in the Plan, occurred on September 29, 2017.

PLEASE TAKE FURTHER NOTICE that pursuant to Confirmation Order, unless otherwise provided by a Final Order of the Court or agreed to by the Debtors and the counterparty to any Executory Contract or Unexpired Lease, all Proofs of Claim with respect to Claims against any Debtor arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be filed with the Bankruptcy Court within the latest to occur of: (1) 30 days after surrender of possession to a landlord of a rejected lease; and (2) either (a) 30 days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection, or (b) 30 days after the effective date of the rejection of such rejections that become effective after the Confirmation Date. Any Claims arising from the rejection of an Executory Contract or Unexpired Lease that is not filed within such time will be automatically disallowed, forever barred from assertion, and shall not be enforceable against, as applicable, the Debtors, the Reorganized Debtors, the Estates, or property of the foregoing parties, without the need for any objection by the Debtors or the Reorganized Debtors, as applicable, or further notice to, or action, order, or approval of the Bankruptcy Court or any other Entity, and any such Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Confirmation Order, the deadline for filing requests for payment of Administrative Fee Claims shall be 45 days after the Effective Date.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Confirmation Order, the deadline for filing requests for payment of Professional Fee Claims, other than Professional Fee Claims, shall be 30 days after the Effective Date.

PLEASE TAKE FURTHER NOTICE that, pursuant to the Plan and the Confirmation Order, the deadline for filing requests for payment of Professional Fee Claims shall be 45 days after the Effective Date.

PLEASE TAKE FURTHER NOTICE that if you would like to obtain a copy of the Plan, the Confirmation Order, and other documents or materials filed in these chapter 11 cases, please contact Prime Clerk at 844-322-9239, or email Prime Clerks, (646) 486-7945, (b) by email to gymbooreebail@primeclerk.com; (c) by visiting the Debtors' restructuring website at <https://cases.primeclerk.com/gymboree>. You may also obtain copies of any pleadings filed in these Chapter 11 Cases for a fee via PACER at: <http://www.pacer.org>.

PLEASE TAKE FURTHER NOTICE that the Plan and its provisions are binding upon the Debtors or the Reorganized Debtors, as applicable, and any and all Holders of Claims or Interests (regardless of whether such Claims or Interests are deemed to have accepted or rejected the Plan), all Entities that are parties to or are subject to the settlements, compromises, releases, and injunctions described in the Plan, each Entity acquiring property under the Plan or the Confirmation Order, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

Dated: September 29, 2017, Richmond, Virginia, */s/ Jeremy S. Williams*, Michael A. Condyles (VA 27807), Peter J. Barrett (VA 46179), Jeremy S. Williams (VA 77469), KUTAK ROCK LLP, 901 East Bay Street, Suite 1000, Richmond, Virginia 23219-4071, Telephone: (804) 644-1700, Facsimile: (804) 682-2200, Email: Michael.Condyles@KutakRock.com, Peter.Barrett@KutakRock.com, Jeremy.Williams@KutakRock.com and James H.M. Sprayregen, P.C., Anup Saty, P.C. (admitted pro hac vice), Steven N. Serajeddini (admitted pro hac vice), KIRKLAND & ELLIS LLP, KIRKLAND & ELLIS INTERNATIONAL LLP, 300 North LaSalle, Chicago, Illinois 60654, (admitted pro hac vice), (646) 486-7945, (b) by email to james.sprayregen@kirkland.com, anup.saty@kirkland.com, steven.serajeddini@kirkland.com and Joshua A. Susberg, P.C. (admitted pro hac vice), Mather, C. Fager (admitted pro hac vice), KIRKLAND & ELLIS LLP, KIRKLAND & ELLIS INTERNATIONAL LLP, 601 Lexington Avenue, New York, New York 10022, Telephone: (212) 446-4800, Facsimile: (212) 446-4900, Email: joshua.susberg@kirkland.com, Matthew.Fagen@kirkland.com, Co-Counsel to the Debtors and Debtors in Possession.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Gymbooree Corporation, Inc. (0659); Gym-Mark, Inc. (6220); Gymboree Manufacturing, Inc. (0659); Gym-Card, LLC (6720); Gym-Mark, Inc. (6450); Gymboree Manufacturing, Inc. (6464); Gymboree Retail Stores, Inc. (6461); Gymboree Operations, Inc. (6463); and S.C.C. Wholesale, Inc. (6588). The location of the Debtors' service address is 71 Stevenson Street, Suite 2200, San Francisco, California 94103.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Plan or the Confirmation Order, as applicable.

PUBLIC NOTICES

IN THE CIRCUIT OF COOK COUNTY, ILLINOIS, COUNTY DEPARTMENT, CHANCERY DIVISION
 IN THE MATTER OF THE REHABILITATION OF)
 PUBLIC SERVICE INSURANCE COMPANY AND) NO. 17 CH 3790
 PUBLIC SERVICE MUTUAL HOLDING COMPANY)

NOTICE OF PROCEDURES FOR NOTICE, COMMENT AND HEARING

PLEASE TAKE NOTICE, that on March 16, 2017, Public Service Insurance Company ("PSIC") and Public Service Mutual Holding Company ("PSMHC") (collectively, the "Companies") were placed in rehabilitation by order of the Circuit Court of Cook County, Illinois, in Case No. 17 CH 3790 (the "Supervising Court"). PSIC is insolvent and the Rehabilitator has filed two petitions (the "Petitions") along with supporting memoranda (the "Memoranda") with the Supervising Court either of which, if approved by the court, may affect your rights and interests: (1) a Petition for Approval of a Plan of Rehabilitation for PSIC and PSMHC, and (2) a Petition for Approval of an Assumption, Assignment and Non-Voting Agreement entered into by and between PSIC and Sparta Insurance Company.

TAKE FURTHER NOTICE, that you may view and download for printing from the PSIC web page as maintained on the Office of the Special Deputy's website, www.osdchicago.com/open/psic.htm, copies of the Petitions, the Memoranda, and the Order approving the procedures for notice, comment and hearing applicable to the Petitions, as well as other documents related to the rehabilitation proceedings. If you do not have internet access, you may request copies of the Petitions and Memoranda by writing to the Rehabilitator at Public Service Insurance Company, In Rehabilitation, c/o Office of the Special Deputy Receiver, 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654.

TAKE FURTHER NOTICE, that if you intend to object to either or both of the Petitions, then on or before November 6, 2017 you must both: (1) file with the Clerk of the Circuit Court of Cook County, Illinois, Chancery Division, Room 802 of the Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois 60602 your: (a) appearance in the rehabilitation proceedings, and (b) your responsive pleading(s) to the Petition(s) consisting of your written objection(s) and supporting memorandum/a of law (the "Response" or "Objection"), and (2) actually serve (i.e., constructive service shall not comply) a copy of your Response(s) to the Rehabilitator at Public Service Insurance Company, In Rehabilitation, c/o Office of the Special Deputy Receiver 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654, by email psicobj@osdchicago.com, or by facsimile ((312) 836-1944). Responses not filed with the Supervising Court and actually served on the Rehabilitator on or before November 6, 2017 shall be deemed untimely, and any person failing to comply with these two requirements shall have waived their right to object and shall have no further right to object to the Petitions.

TAKE FURTHER NOTICE, that a hearing on the Petitions and any Objections thereto will be held on November 29, 2017 at 10:00a.m., in Courtroom 2308 of the Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois.

BUSINESS NEWS

Unilever Yanks Dove Ad

Critics slammed the online video for its popular body wash as racially insensitive

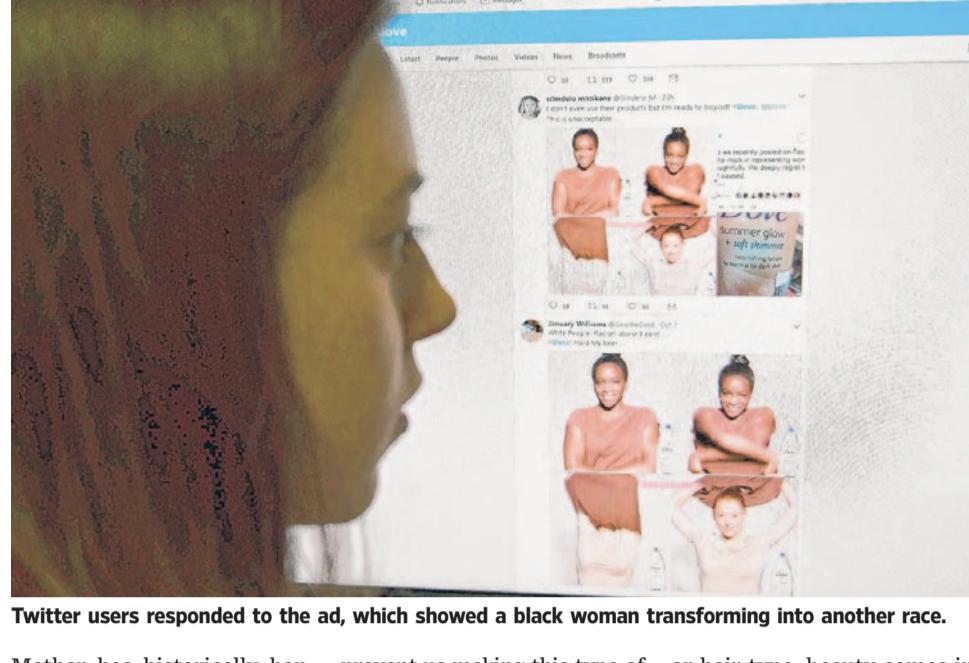
BY SAABIRA CHAUDHURI

Unilever PLC pulled an online video ad for its blockbuster body wash brand Dove and apologized after critics called the spot racist.

The video, which recently appeared on Dove's U.S. Facebook page, showed a young black woman taking off a T-shirt and then morphing into a white woman, who in turn takes off her T-shirt, and turns into a woman appearing to be Asian. It quickly attracted criticism on Facebook and Twitter over the weekend—users accused the treatment of being racist and insensitive—culminating in Unilever's decision to take down the ad.

"The short video was intended to convey that Dove body wash is for every woman and be a celebration of diversity, but we got it wrong," said a Unilever spokeswoman Monday. "We apologize deeply and sincerely for the offense that it has caused and do not condone any activity or imagery that insults any audience."

It wasn't immediately clear who created the spot. Ogilvy &



Twitter users responded to the ad, which showed a black woman transforming into another race.

Mather has historically handled much of Unilever's advertising on Dove, but Unilever—which is on a cost-cutting drive—has recently been moving more of its advertising work in-house. Ogilvy didn't respond to a request to comment.

A Unilever spokeswoman didn't respond to a question about who created the ad.

Unilever, in a statement, said it is re-evaluating its internal processes for creating and approving content "to

prevent us making this type of mistake in future."

The backlash marks the second time in a few months that Dove—one of Unilever's biggest brands—has courted controversy.

In May, the company launched body washes in variously shaped bottles that were ridiculed on Twitter. Some people accused Unilever of trivializing body issues.

"From curvaceous to slender, tall to petite, and whatever your skin color, shoe size

or hair type, beauty comes in a million different shapes and sizes," said Unilever at the time. "Our six exclusive bottle designs celebrate this diversity: just like women, we wanted to show that our iconic bottle can come in all shapes and sizes, too."

In 2011, Dove came under fire after running a before-and-after ad showing what appeared to be a black woman transitioning into a white woman after using the body wash.

C.R. England Fleet Decertifies Union

BY CARA LOMBARD

The sole fleet of unionized truck drivers at C.R. England Inc. has voted to decertify its union, dealing a blow to organized labor in an industry that still enjoys higher-than-average membership.

The group of drivers, based in the Chicago suburb of McCook, Ill., which represents less than 1% of the company's 8,000 employees, was the only one to unionize in the private company's history, said T.J.

England, the company's chief legal officer.

C.R. England had argued that the nearly 80 drivers would be better off negotiating directly with the company than through a union, which made the decision in a Sept. 20 vote.

The workers voted to unionize in 2013 but never were able to secure a collective-bargaining agreement with the company. International Brotherhood of Teamsters Local 705, which had

been the employees' bargaining representative, didn't immediately respond to a request for comment.

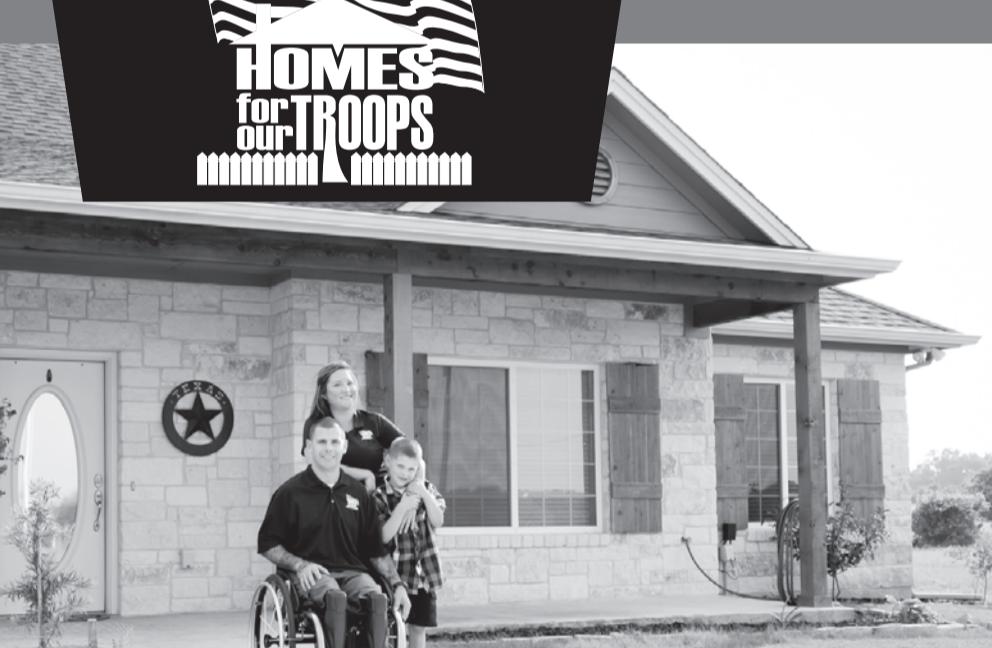
According to a post on the union local's website, the drivers voted to unionize after citing issues with high health-insurance premiums and low effective pay due to long waits at pickup locations.

The Salt Lake City family-owned firm refused to recognize the union until July 2014. A decertification petition was sent to the National Labor Relations Board last year.

"We prefer the opportunity to help drivers deal with their individual needs rather than getting a third party involved," Mr. England said.

Of the 77 employees eligible to vote in the decertification election, 39 voted against union representation, while 33 voted for it, according to results posted on the NLRB's website.

—Eric Morath, Paul Page and Bowdeya Tweh contributed to this article.

**Homes For Our Troops**

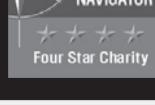
Our homes enable injured Veterans to

REBUILD THEIR LIVES

Join us in our mission to build and donate specially adapted custom homes for severely injured Post-9/11 Veterans.

Learn more at www.hfotusa.org

A HISTORY OF EXCELLENCE
HFOT is evaluated as one of America's
Top-Rated Veterans and Military Charities



Four Star Charity



Top-Rated

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBOE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes:
I-New 52-week high.
F-New 52-week low.
dd-Indicates loss in the most recent four quarters.
FD-FIRST day of trading.
h-Does not meet continued listing standards.
lf-Late filing.
q-Temporary exemption from Nasdaq requirements.
t-NYSE bankruptcy.
v-Trading halted on primary market.
w-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Monday, October 9, 2017

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg					
NYSE																								
ABB	ABB	24.96	-0.10	AAC	AAC	91.12	-3.17	Allegany	Y	538.10	-10.15	AMCampus	ACC	45.08	0.24	Autohome	ATHM	61.53	0.11	Bio-RadLab A				
AECOM	ACM	36.17	-0.20	AdvAeroEngg	ASX	6.26	0.01	Autoliv	ALV	127.09	0.45	AEP	AEP	71.74	0.21	BlackKnight	BKI	44.20	0.80	BIO				
AES	AES	11.21	0.01	AerCap	AER	52.09	0.12	AutoZone	AZO	592.04	-9.45	AmericanExpress	AXP	91.69	0.14	Avalonbay	AVB	178.75	-0.15	CIBC				
Aflac	AFL	82.50	0.31	Aemetek	AME	67.11	0.12	Avangrid	AGR	47.38	-0.26	AmerHomes4Rent	AMH	21.59	0.09	Avaya	AVY	100.71	0.37	BlackRock				
AGCO	AGCO	75.05	-0.43	AIG	AIG	61.78	-0.48	AveryDennison	AVY	100.71	0.37	AmerTowerREIT	ATR	137.94	-1.17	AxaltaCoating	AXTA	29.68	-0.85	Bio-RadLab				
AT&T	T	38.30	-0.29	Amadeus	ADM	106.66	0.67	BB&T	BBT	47.48	-0.21	AmberWaterWorks	AWK	83.21	0.44	BCE	BCE	46.59	-0.13	Bio-RadLab A				
AbbottLabs	ABT	54.66	-0.34	Abiomed	ABI	122.40	0.79	BHPBilliton	BHP	41.11	-0.23	Abm	ABM	105.13	-0.53	Abm	ABM	150.63	-0.36	BlackRock				
AbbVie	ABBV	90.78	0.29	Abt	ABT	12.13	0.01	AmersourceBrgn	ABC	78.35	-2.13	Abt	ABT	12.13	0.01	AmersourceBrgn	ABC	78.35	-2.13	BlackRock				
Accenture	ACN	136.99	0.74	AcuityBrands	ACI	171.15	-3.05	AcademyPetrol	APC	48.86	0.22	AcademyPetrol	APC	48.86	0.22	AcademyPetrol	APC	48.86	0.22	BlackRock				
AcuityBrands	ACI	171.15	-3.05	Adient	ADNT	83.93	-0.74	AdvancedAuto	AAP	91.12	-3.17	AdvancedAuto	AAP	91.12	-3.17	AdvancedAuto	AAP	91.12	-3.17	BlackRock				
Adient	ADNT	83.93	-0.74	AdvSemiEngg	ASX	5.56	0.04	AerCap	AER	52.09	0.12	Aemetek	AME	46.30	0.48	Aemetek	AME	46.30	0.48	BlackRock				
Alibaba				Aetna	AET	158.23	-3.05	AllianceBernstein	AB	24.90	0.15	Allegion	ALLE	87.62	0.43	Allianz	ALL	93.20	-0.09	Allegion	ALLE	87.62	0.43	BlackRock
Albemarle	ALB	136.55	-0.64	AlgonicoEagle	AEM	46.30	0.48	Alimentar	AMT	22.62	...	Allergan	AGN	202.94	-3.81	Alimentar	AMT	22.62	...	BlackRock				
Altria	MO	63.57	1.02	Alpharma	ALY	44.75	0.35	AltaSea	ATL	88.46	-0.12	Allegion	ALLE	87.62	0.43	AltaSea	ATL	88.46	-0.12	BlackRock				
AlticeUSA	ATUS	27.22	-0.71	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
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Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
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Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
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Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	BlackRock				
Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57	1.02	Altria	MO	63.57</td										

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

22761.07 ▼12.60, or 0.06%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 20.85 20.31
P/E estimate * 19.30 17.61
Dividend yield 2.26 2.56
All-time high 22775.39, 10/05/17

Current divisor 0.14523396877348



Bars measure the point change from session's open

Weeklies P/E data based on as-reported earnings from Birinvi Associates Inc.

S&P 500 Index

2544.73 ▼4.60, or 0.18%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 24.70 24.59
P/E estimate * 19.27 18.42
Dividend yield 1.96 2.13
All-time high 2552.07, 10/05/17



Nasdaq Composite Index

6579.73 ▼10.45, or 0.16%
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 25.98 24.35
P/E estimate * 21.15 19.97
Dividend yield 1.10 1.20
All-time high 6590.18, 10/06/17



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.		
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	Standard & Poor's	500 Index	MidCap 400	SmallCap 600
22761.07	-12.60	-0.06%	22775.39	17888.28	24.2	15.2	11.0					
9864.89	-21.99	-0.22%	9973.80	7967.02	21.2	9.1	7.0					
731.79	0.64	0.09	754.80	625.44	12.9	10.9	9.5					
26409.76	-57.59	-0.22%	26496.16	21514.15	17.9	13.5	9.8					
684.92	-2.13	-0.31%	687.05	521.59	23.8	13.8	11.1					

Nasdaq Stock Market

Nasdaq Composite	6599.34	6572.44	6579.73	-10.45	-0.16%	6590.18	5046.37	23.5	22.2	14.5
Nasdaq 100	6078.80	6051.33	6058.53	-6.04	-0.10%	6064.57	4660.46	23.8	24.6	15.1

Standard & Poor's

500 Index	2551.82	2541.60	2544.73	-4.60	-0.18%	2552.07	2085.18	17.6	13.7	9.7
MidCap 400	1822.14	1810.81	1813.17	-5.26	-0.29%	1819.96	1476.68	17.3	9.2	10.9
SmallCap 600	917.61	909.23	910.72	-4.38	-0.48%	918.72	703.64	20.3	8.7	13.8

Other Indexes

Russell 2000	1513.30	1501.77	1503.56	-6.66	-0.44%	1512.09	1156.89	20.2	10.8	12.1
NYSE Composite	12334.31	12281.17	12293.96	-23.74	-0.19%	12338.93	10289.35	15.1	11.2	5.7
Value Line	545.36	541.54	542.02	-2.59	-0.48%	545.78	455.65	12.4	7.1	5.5
NYSE Arca Biotech	4293.42	4254.52	4268.03	-14.45	-0.34%	4304.77	2834.14	29.4	38.8	12.4
NYSE Arca Pharma	553.25	550.65	551.75	-0.80	-0.14%	552.55	463.78	7.6	14.6	2.2
KWB Bank	100.92	99.92	100.15	-0.59	-0.59%	100.75	70.90	36.8	9.1	12.8
PHLX® Gold/Silver	87.86	87.16	87.66	0.76	0.88	96.72	73.03	7.0	11.2	3.5
PHLX® Oil Service	139.77	138.30	138.97	0.65	0.47	192.66	117.79	-17.8	-24.4	-17.3
PHLX® Semiconductor	1201.09	1194.18	1199.86	8.41	0.71	1199.86	802.88	44.1	32.4	25.8
CBOE Volatility	10.53	9.88	10.33	0.68	7.05	22.51	9.19	-22.8	-26.4	-18.0

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500	SPY	7,283.0	254.08	0.13	0.05	254.20	253.91
Healthcare Tr of America	HTA	6,793.4	29.60	-0.34	-1.14	29.94	29.60
ENSCO PLC	ESV	3,567.2	5.60	...	unch.	5.60	5.60
AT&T	T	2,759.8	38.31	0.01	0.03	38.66	38.13
Intel	INTC	2,683.4	39.87	0.01	0.03	39.89	37.47
ExxonMobil	XOM	1,965.7	82.15	0.12	0.15	82.15	81.95
Citigroup	C	1,718.8	75.43	0.04	0.05	75.45	75.17
iShares China Large-Cap	FXI	1,659.6	45.60	-0.03	-0.07	45.73	45.00

Percentage gainers...

Company	Symbol	CRTO	34.8	46.57	2.70	6.15	46.57	43.87
Ichor Holdings	ICRH	29.2	28.50	1.59	5.91	28.80	26.91	
Urban Outfitters	URBN	5.1	24.30	1.35	5.88	24.30	22.95	
CyrusOne	CONE	5.3	63.94	2.99	4.91	63.94	60.91	
VirnetX Holding	VHC	5.7	8.25					

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.	3.0160	3.0160	3.0100	3.0170	0.0025	1,820	
Oct	3.0185	3.0365	3.0120	3.0310	0.0020	177,503	
Gold (CMX) -100 troy oz.; \$ per troy oz.	1280.60	1284.00	1279.00	1281.80	10.20	220	
Oct	1278.60	1288.00	1277.70	1285.00	10.10	403,283	
Feb'18	1283.30	1291.90	1282.00	1289.10	10.10	57,519	
April	1286.60	1295.50	1286.30	1293.10	10.10	11,335	
June	1291.00	1299.20	1290.90	1297.00	10.20	11,443	
Dec	1303.70	1311.50	1303.70	1309.10	10.40	10,829	
Palladium (NYM) -50 troy oz.; \$ per troy oz.	919.45	929.80	918.55	928.00	9.00	29,523	
Dec	916.75	923.90	915.10	923.00	8.80	1,336	
Platinum (NYM) -50 troy oz.; \$ per troy oz.	913.80	913.50	913.50	914.40	1.50	38	
Oct	918.60	925.00	914.50	918.20	1.50	69,955	
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	16.865	16.930	16.865	16.916	0.182	522	
Dec	16.850	17.030	16.765	16.971	0.181	143,454	
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	49.25	49.79	49.13	49.58	0.29	453,631	
Dec	49.65	50.13	49.48	49.93	0.28	375,272	
Jan'18	49.86	50.40	49.74	50.18	0.26	241,206	
March	50.26	50.74	50.07	50.53	0.26	212,674	
June	50.41	50.85	50.22	50.70	0.29	195,786	
Dec	50.23	50.61	50.02	50.50	0.27	259,528	
NY Harbor ULSd (NYM) -42,000 gal.; \$ per gal.	1.7368	1.7435	1.7200	1.7352	-.0087	108,460	
Dec	1.7327	1.7417	1.7188	1.7341	-.0078	92,704	
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	1.5575	1.5666	1.5366	1.5594	.0006	117,825	
Dec	1.5385	1.5544	1.5275	1.5463	-.0011	96,645	
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.	2.859	2.886	2.827	2.833	-.030	313,310	
Dec	3.047	3.068	3.013	3.018	-.028	155,893	
Jan'18	3.166	3.188	3.134	3.140	-.030	162,762	
Feb	3.173	3.196	3.146	3.152	-.027	85,587	
March	3.139	3.158	3.116	3.122	-.022	134,582	
April	2.908	2.928	2.903	2.911	-.001	123,734	

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.	350.50	351.75	348.00	349.50	-.50	798,350	
Dec	363.50	364.75	361.00	362.75	-.50	266,821	
Oats (CBT) -5,000 bu.; cents per bu.	251.50	252.25	246.25	248.25	-.27	4,521	
Dec	250.25	253.00	250.25	252.25	-.25	1,271	
Soybeans (CBT) -5,000 bu.; cents per bu.	974.50	977.00	965.25	966.75	-.55	309,792	
Dec	985.00	987.50	976.00	977.25	-.57	148,095	
Soybean Meal (CBT) -100 tons; \$ per ton.	313.70	316.20	311.40	311.50	-.35	982	
Dec	320.00	320.60	315.30	315.50	-.37	168,792	
Soybean Oil (CBT) -60,000 lbs.; cents per lb.	32.81	32.97	32.81	33.02	.31	313	
Dec	33.01	33.30	32.97	33.26	.31	185,933	
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.	1191.50	1201.00	1182.00	1184.00	-.45	7,725	
Dec	1215.70	1215.50	1212.50	1213.00	-.45	2,285	
Wheat (CBT) -5,000 bu.; cents per bu.	444.00	445.75	435.50	436.00	-.75	248,282	
Dec	462.75	464.50	455.25	456.00	-.65	97,400	
Wheat (KC) -5,000 bu.; cents per bu.	436.50	439.00	430.00	430.75	-.60	136,568	
Dec	455.00	456.50	447.75	448.75	-.60	78,373	
Wheat (MPLS) -5,000 bu.; cents per bu.	623.50	625.00	618.50	623.25	-.50	36,452	
Dec	636.75	638.25	631.75	637.25	.50	23,667	
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	154.100	154.400	153.00	153.75	-.17	8,619	
Dec	156.150	156.450	154.70	155.75	-.25	22,188	
Cattle-Live (CME) -40,000 lbs.; cents per lb.	111.425	111.775	111.000	111.425	.400	18,640	
Dec	117.225	117.575	116.475	116.925	.150	151,889	
Hogs-Lean (CME) -40,000 lbs.; cents per lb.	59.325	59.700	58.850	59.025	-.150	16,123	
Dec	60.925	61.325	60.600	60.950	.025	119,996	
Lumber (CME) -110,000 bd. ft., \$ per 1,000 bd. ft.	1.12	1.13	1.12	1.13	.001	119,996	

Borrowing Benchmarks | WSJ.com/bonds

Money Rates

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.

Inflation

Aug. index	Chg From (%)	Latest	Week ago	—52-Week—	High	Low
level		July 17	Aug. 16			

U.S. consumer price index

All items	245.519	0.30	1.9			
Core	252.460	0.21	1.7			

International rates

Latest	Week ago	—52-Week—	High	Low

Prime rates

U.S.	4.25	4.25	4.25	3.50
Canada	3.20	3.20	3.20	2.70
Japan	1.475	1.475	1.475	1.475

Policy Rates

E

BANKING & FINANCE

Flagging Global Gatherings



HIGH FINANCE: Central bankers and finance officials from around the world are convening in Washington this week as the International Monetary Fund and World Bank hold their fall meetings, as advertised on a sign Monday. The IMF is to release its World Economic Outlook on Tuesday. Central-bank chiefs making appearances include those from Europe, China, Japan and the U.S.

Citi, BofA Shares Still Recovering

BY BEN EISEN

How far are **Citigroup** Inc. and **Bank of America** Corp. from a post-financial-crisis recovery?

It depends on the metric you look at. By measuring the two megabanks' market capitalizations, they have climbed a long way back. Bank of America, which made some big acquisitions during the crisis, traded above its precrisis peak this month. Citigroup, with a total market value of about \$205 billion, is about 25% off its 2007 peak.

But stockholders aren't feeling that flush. In fact, their experience tells a much different story. Shares of Bank of America are down 51% from early 2007 and those of Citi-

group are down 86%.

Blame it on the cruel math of share dilution.

The poor performance of Citi and Bank of America is one legacy of their huge share sales after the financial crisis. The U.S. government took stakes in the largest U.S. financial institutions in late 2008 and early 2009 in an effort to stem the spiraling financial crisis through its Troubled Asset Relief Program. All six of the biggest U.S. banks received bailouts, but Citi and Bank of America, which each got \$45 billion in two increments, were by far the biggest beneficiaries.

As banks looked to escape federal ownership at the end of 2009, they sold shares to raise capital from the public

markets. Citi and Bank of America were among the biggest issuers of their own shares. By one measure, banks accounted for half of stock sales by already-public companies in 2009.

Selling more shares tends to dilute their value, holding down stock prices.

Bank of America's shares outstanding more than doubled to 10.1 billion between the end of 2007 and the end of 2010, according to S&P Global Market Intelligence. Citi's

shares climbed almost sixfold over that span. By contrast, **J.P. Morgan Chase & Co.**'s share count climbed only about 17% and **Goldman Sachs Group** Inc.'s increased about 27% over that stretch.

At the time, the share sales served as one sign that struggling banks could once again raise capital from private investors. But selling more shares also tends to dilute their value, holding down stock prices despite the value of the business remaining unchanged. That made it harder for the shares to climb out of the wreckage of the financial crisis, even as the value of the companies began growing again. Even now, Bank of America and Citigroup continue to lag behind their peers.

Eurex to Share Profits to Lure Banks From U.K.

BY MAX COLCHESTER

German clearinghouse Eurex said Monday it is setting up a profit-sharing system with some of the world's biggest investment banks, in an unusual attempt to claw business away from the City of London ahead of Brexit.

Eurex Clearing will hand a portion of the profits from its interest-rates swap-clearing business back to banks in an effort to steal market share from its much larger U.K. competitor, **LCH Group** Ltd.

J.P. Morgan Chase & Co., Citigroup Inc. and Morgan Stanley are among the clients that have registered interest in participating in the program, Eurex said. The details of how the profits will be shared have yet to be made public.

The move comes as the battle to wrestle clearing from the U.K. after Britain leaves the European Union heats up. A clearinghouse sits between the buyers and sellers of instruments such as commodities and derivatives, pledging to complete the deal even if one side reneges.

London houses much of this financial plumbing that man-

ages trillions of dollars of derivatives contracts every day. Britain clears more euro-denominated interest-rate derivatives than other EU countries combined—about three-quarters of the EU total.

European officials worry that a key piece of financial infrastructure could be outside the EU once the U.K. leaves the trading block. In June, the EU's executive arm proposed plans that could force clearinghouses that do a chunk of business in euros to move into the EU. In a draft law, the European Commission also said that large clearinghouses operating outside the EU would be subject to tougher oversight including on-site inspections and access to financial accounts.

The International Swaps and Derivatives Association warned that this policy presented "serious concerns." ISDA said forcing parts of the clearing business to migrate to Europe would fragment markets and create instability. Banks have warned that splitting off a piece of the clearing market to a new venue could increase the amount of capital they have to hold against those trades.

ETF Trading Slumps

BY CHRIS DIETERICH

Another signal of financial-market tranquility: Daily turnover in exchange-traded products is plunging relative to the trading of single stocks.

Daily trading volume in ETPs, a catchall that includes both exchange-traded funds and notes, averaged \$66 billion in September, well below the bull-market average of \$70.2 billion, according to data from Credit Suisse. The 30-day average of ETP trading as a proportion of total U.S. exchange volume ended last month at 24.8%, well below the 28% long-term average and near the lowest readings in three years.

The falling proportion of ETP trading volume indicates that portfolio managers are standing pat in their positions, loath to reshuffle with equity benchmarks hitting fresh highs and corporate bonds in rally mode.

ETP volume tends to rise and fall with market volatility, so it is logical that sluggish volume would coincide with ultralow readings on the CBOE Volatility Index.

In January of 2016, when the S&P 500 swooned amid

concerns about the global economy and currency fluctuations in China, the 30-day average of ETP volume rose above 33% in multiple trading sessions.

And in 2009, when the U.S. economy was crawling out of recession and equity markets were rebounding from the financial-crisis lows, daily ETP trading volume averaged more than 32% of total exchange trading.

Fast-forward to 2017, and the 30-day average ETP trading volume has yet to top 30% of total volume on any day.

The recent slowdown in ETP trading is also noteworthy because there are now more ETP shares in the market compared with equities. From 1996 through 2016, the number of listed U.S. stocks dropped by roughly 50% because of an increase in mergers and a slowdown in initial public offerings of shares, according to Credit Suisse.

And the slower trading comes despite growing investor demand to own ETPs. Some \$41 billion in new money entered ETPs last month while about \$19 billion exited from domestic equity mutual funds.



The New York Stock Exchange floor on Oct. 9, 2007. Since that precrisis peak, U.S. stocks returned an annualized 5.6% above inflation.

son not to worry too much about corporate investment is that, in the past decade, capital has followed the fashions just as it always has.

When it looked like miners would profit from "peak everything" as China boomed in the post-2009 recovery, shareholders cheered on the construction of vast new holes in the ground.

When Chinese demand slowed, mining CEOs were fired and replaced with accountants charged with limiting capital spending. Something similar is under way in London, where a five-year construction boom in luxury apartments has turned sour.

Disruptive new technologies from Silicon Valley and elsewhere are most obviously attracting more capital than they can use, in a boom that has gone on for years. Companies showered with cash in the private markets have less incentive to go public than in the past, while those that are listed can splash billions of dollars on new headquarters and vast facilities without shareholder complaints.

There is a genuine problem from the short-termism of investors creating the wrong incentives for corporate management. But investors should be careful about generalizing from that to the assumption that overall capital spending is too low. After all, the whole point of investing is to consume at some point in the future. Maybe that moment has arrived.

Continued from page B1
of those most vocal about the dangers of short-termism—including **BlackRock** Inc. Chief Executive Officer Larry Fink, **McKinsey & Co.** and several large Canadian pension funds—will launch an assault on quarterly earnings guidance. They are right: Companies that provide quarterly earnings guidance feel obliged to hit their numbers, with shareholders ready to penalize them if they miss. The guidance means any upset to business creates an incentive either to meddle with the accounts or to cut planned investment when earnings fall short. Both are obviously bad for shareholders, and quarterly guidance should end.

FCLT's Sarah Williamson suggests other behavioral nudges—similar to those from Richard Thaler, who on Monday won the Nobel Prize in economics—such as listing long-term performance before short-run results in mutual-fund marketing.

These and other tweaks make sense, but the broader problem of low investment isn't so obvious. It is true that corporate investment in the U.S. was low after the financial crisis and took longer than usual to recover. Yet, it has now largely recovered, at a gross level. The cleanest measure of private investment strips out housing and changes in invento-

ries, and stood at 12.6% of the economy in the second quarter—on par with 1986, 1996 or 2006.

Still, companies are investing less in the U.S. than at the peak of every economic cycle since the mid-1970s, and when residential construction or depreciation is included it looks even worse. That has worried many who think low interest rates ought to prompt companies to invest, including lots of central

bankers and politicians.

There are two decent arguments for why low rates don't make companies rush out to invest. The first is simple signaling: Low rates tell chief executives that the economic outlook is grim, so naturally they choose not to invest.

The second is kind of the point of low rates. Central banks cut rates to encourage consumption and discourage saving, to boost the economy. It worked. But investors discouraged from saving

have sent a clear signal to CEOs, pushing up the shares of companies that give cash back to shareholders via dividends and buybacks. CEOs who want to maximize their bonuses shouldn't go on an investment splurge. It may be that eventually higher consumption uses up capacity and leads to more investment, but in themselves superlow rates should be discouraging investment.

There are supporting arguments to justify lower in-

vestment, too. China has been overinvesting and accepting a low return on capital; why would a U.S. company invest when China is willing to do it more cheaply on their behalf? American consumers get cheaper products, and China gets factories.

The aftermath of the 2007-08 financial crisis also naturally suppressed investment, both from fear of a repeat and from banks pulling back from lending.

Perhaps the strongest rea-

MARKETS

Oil Rises But Stays Below \$50 After Cuts

BY ALISON SIDER
AND SUMMER SAID

Oil prices rose Monday as Saudi Arabia announced it would further curtail oil exports, but U.S. crude futures remained below \$50 a barrel as investors awaited fresh data this week.

U.S. crude futures rose 29 cents, or 0.59%, to \$49.58 a barrel on **COMMODITIES** the New York Mercantile Exchange. Brent, the global benchmark, gained 17 cents, or 0.31%, to \$55.79 a barrel on ICE Futures Europe.

Saudi Arabia said Monday that its state oil company was undertaking an "unprecedented" effort to cut petroleum exports, as the kingdom tries to bolster oil prices by withholding supply. The move is part of Saudi Arabia's efforts to boost confidence in production cuts totaling almost 2% of the global oil market by the cartel, the Organization of the Petroleum Exporting Countries, and allies such as Russia.

Saudi Arabian Oil Co., known as Aramco, is slashing more than 7% of the crude it exports by sea in November compared with last year, the kingdom's oil ministry said. The move underlined Saudi Arabia's new emphasis not only on cutting oil production but also the amount that it exports into the global market.

The export allocation of 7.15 million barrels a day in November exceeds the 6.7 million barrels a day of exports that Saudi Arabia sent into global crude markets in September. Saudi officials said the figure went up because customers are demanding more oil in November.

OPEC Secretary-General Mohammed Barkindo said in a speech Monday that there is "clear evidence" that the oil market is coming into balance and that the group remains committed to its goal of reducing global stockpiles.

"We will not waiver; we will not tire," he said.

—Neanda Salvaterra contributed to this article.



A Catalonia pro-unity protest in Barcelona over the weekend. UBS strategists said the impact on markets of the crisis in Catalonia should remain contained.

Shares Inch Down in Quiet Trading

BY RIVA GOLD
AND AKANE OTANI

U.S. stocks edged lower in the slowest session of the year.

Major indexes wobbled in a narrow trading range after they hit several fresh records the previous week. Roughly 4.6 billion shares changed hands on exchanges owned by the New York Stock Exchange and Nasdaq, making it the quietest full session of 2017.

Shares of health-care and financial companies were among the day's biggest decliners.

The Dow Jones Industrial Average fell 12.60 points, or less than 0.1%, to 22761.07. The S&P 500 fell 4.60, or 0.2%, to 2544.73, and the Nasdaq Composite edged down 10.45, or 0.2%, to 6579.73.

In the S&P 500 health-care sector, kidney-care company **DaVita** lost \$5.93, or 9.9%, to \$53.89 after J.P. Morgan cut its rating for the stock to "underweight" from "neutral," while **Express Scripts Holding** fell 3.14, or 5%, to 59.22 after brokerage Raymond James cut its

stock rating to "underperform" from "neutral."

The S&P 500 financial sector fell 0.4% after posting its fourth consecutive weekly gain Friday.

Earnings and economic data have been largely upbeat, helping stocks trading near records and at historically high valuations keep climbing.

The S&P 500 has risen 14% so far this year, while the Dow industrials are up 15% and the Nasdaq Composite is up 22%.

As long as corporate earnings continue to point to solid growth, some analysts said they favor looking at short-term pullbacks in the stock market as buying opportunities.

Should there be a 3% decline or so, "we're going to tell clients to treat that as manna from heaven," said Phil Orlando, chief equity strategist at Federated Investors.

Also Monday, energy shares in the S&P 500 rose 0.3%, with **Apache** and **Helmerich & Payne** among the biggest gainers in the sector.

U.S. crude for November delivery rose 0.6% to \$49.58 a barrel, rebounding after posting its largest one-week de-

Sluggish

Shares of health-care companies dragged down the S&P 500 on Monday.



nomic growth.

Elsewhere, the Stoxx Europe 600 rose 0.2%, lifted by shares of utilities companies.

Over the weekend, hundreds of thousands of Spaniards gathered in Barcelona to decry Catalonia's secessionist push, while some Spanish companies said they would move their headquarters out of Catalonia to mitigate risks associated

with potential Catalan independence.

The crisis in Catalonia could lead to strikes and acts of violence that worsen the social and economic climate, UBS strategists said. But the impact on markets should remain contained, they added, since the European Central Bank's plans for its bond-purchase program will likely remain the most important performance driver of European government bonds over the next six months.

Political worries weighed on the Turkish lira as tensions escalated between the U.S. and Turkey. The two countries on Sunday stopped issuing non-immigrant visas to each other's citizens after Turkey last week arrested a Turkish employee at the U.S. Consulate in Istanbul.

In Asia on Monday, the Shanghai Composite rose 0.8%. Hong Kong's Hang Seng Index fell 0.5%, weighed down by declines in Chinese property-developer stocks. Both indexes were flat early Tuesday.

Also early Tuesday, Japan's Nikkei was up 0.4%, while South Korea's Kospi was up 1.7%.

Traders Take Sugar Break After Wild Week

BY CAROLYN CUI

Sugar prices were little changed Monday as traders took a breather after a wild week and awaited the release of the latest data for the producing region in Brazil.

Raw sugar for March delivery edged up 0.1% to settle at 14.00 cents a pound on the ICE Futures U.S. exchange.

Sugar suffered a nearly 3% loss on Friday as short sellers doubled down on their bearish bets as prices slid.

The price drop also reflected a stronger dollar, as traders seized on the fact that average weekly earnings in the U.S. rose more than expected in the September jobs report, which could support another increase in the federal-funds rate before year-end.

Prices stabilized on Monday, in part due to the bullish Commitment of Traders report, which showed that non-index funds had increased their net short position to 106,000 lots.

As of Oct. 3, total outstanding contracts in the New York raw-sugar market dropped to the lowest level since December 2011, according to Sucden Financial Research.

Unica, Brazil's cane-sugar association, is expected to release its latest crushing activity report this week. Traders are closely monitoring whether the sugar millers in the central-south region would direct more cane crushing toward ethanol over sugar, as the ethanol premium has increased over sugar in recent weeks.

Turkish Lira Slumps on Diplomatic Spat

BY CHELSEY DULANEY
AND IRA IOSEBASHVILI

The Turkish lira tumbled against the U.S. dollar Monday as a diplomatic row between the two countries escalated.

Investors dumped a broad range of Turkish assets a day after the U.S.

CURRENCIES and Turkey stopped issuing nonimmigrant visas to each others' citizens.

Though neither country explained what precipitated the actions, they come after Turkey arrested a Turkish employee at the U.S. consulate in Istanbul last week.

The rising tensions sent the dollar up about 6% against the lira in the Asian trading session. The U.S. currency pared some of those gains but remained up 2.4% at 3.7011 in New York afternoon trading, its biggest one-day gain against the lira since July 2016 when a failed military coup attempt rattled Turkey's financial markets.

Monday's big move is the latest reminder of the risks of investing in emerging-market countries like Turkey, which



The dollar's rise against the lira is the biggest one-day gain since a failed military coup in July 2016.

have attracted investors this year with higher yields and potential for growth.

The lira has been one of the most volatile emerging-market currencies in recent years as investors grapple with concerns about the country's economic woes and political situation.

The lira fell to a record low against the dollar in January.

"Part of this just comes with the turf," said Alvise Marino, a strategist at Credit Suisse. "Being exposed to emerging markets generally means higher political volatility."

Worries over Turkey rippled

out to other emerging-market currencies. The dollar rose 0.8%

against the Mexican peso to 18.67 and 1% against the Brazilian real to 3.18. It also notched gains against the Russian ruble and South African rand.

Despite the occasional blowup, developing markets

have rewarded investors with big returns this year, as developing countries benefit from a weaker dollar and higher commodity prices. The MSCI Emerging Markets Index, which measures stock performance, is up nearly 28% in 2017.

The lira already had been sliding in recent weeks as a rebound in the U.S. dollar has pressured emerging-market assets that have been rallying for much of this year.

"Under normal conditions this would be the type of move you sell [dollars] into...but against the backdrop of a rising U.S. dollar and broader emerging-market weakness it's better to leave it alone for now," wrote Brad Bechtel, a currency strategist at Jefferies Group, in a research note. He said Monday's big move in the lira was exacerbated by thin liquidity.

The yield on the 10-year Turkish government bond rose to 11.23% from 10.82% Friday, its biggest daily increase since July 2016. Yields rise when bond prices fall. The Turkey ISE 100 index fell 2.73% Monday, its biggest daily loss in nearly a year.

Investors Get Ready for a Stock Pickers' Market

BY CHRIS DIETERICH

The days of stomach-churning risk-on, risk-off stock price swings are gone.

One indicator shows traders are positioned for a so-called stock pickers' market as the third-quarter earnings season kicks off this week.

The one-month implied correlation for the 50 largest U.S. stocks last week plumbed a record low, according to Credit Suisse's equity derivatives strategy team. Last week's

reading of 9% is far below the 44% average stretching back to 1996.

This environment tends to be viewed as a fertile one for active stock pickers that focus on corporate fundamentals because prices are swayed more by company-specific news.

Correlation is measured on a scale of minus 100% to 100%. A reading of 100% means uniform price moves, while minus 100% means perfect opposition. Zero means no relation-

ship. Implied correlation parses the difference between options prices for single stocks and the S&P 500 index. When the implied correlation is low, traders expect the components of the index to dart around more than the index itself.

"Investors expect the upcoming earnings season to drive dispersion and alpha, with zero macro risk being priced in," said Mandy Xu, an equity derivatives strategist at Credit Suisse.

U.S. stock prices moved to-

gether for long periods during this bull market, buffeted by headlines about central bank policy and Europe's debt crisis. High-correlation markets tend to see wholesale buying and selling of individual stocks in disparate sizes and sectors. That results in chunky index moves.

Now, market-implied measures of stock-market correlation show that investors foresee corporate fundamentals driving stock prices in the weeks ahead.

This kind of market is characterized by de minimis index moves at the same time that individual stocks jump around idiosyncratically.

Correlations have largely been on the wane since the middle of last year, taking a leg lower after November's U.S. election.

Since then, individual stocks and sectors moved in divergent directions as investors aimed to suss out winners and losers under the new administration.

MARKETS

Ten Years After S&P 500's Precrisis Peak

While major indexes are again setting records, some market sectors haven't fully recovered

By AKANE OTANI
AND TOM DESTEFANO

By the summer of 2007, U.S. investment banks and the Federal Reserve were struggling to contain the fallout from the mortgage meltdown, but many investors were still betting a crisis would be averted. The S&P 500 closed at a record on Oct. 9, 2007. It would be its last until March 2013.

That Oct. 16, Citigroup Inc. reported a 57% drop in profit after it had to write down bets on mortgage-backed securities and loans to fund deals—showing how deeply the summer's credit crisis hit its business and driving up anxiety over its future.

Merrill Lynch & Co. posted a \$2.24 billion loss for the quarter on Oct. 25, as it took a \$8.4 billion hit from revaluing bonds backed by mortgages and other write-downs. Merrill Chief Executive Stan O'Neal resigned shortly thereafter. Countrywide Financial Corp. posted its first quarterly loss in 25 years on roughly \$1 billion in write-downs late that month. Both Merrill and Countrywide would eventually be bought by Bank of America Corp.

In the months that followed October 2007, stock indexes plunged, the U.S. economy fell into recession and central banks around the world began providing an unprecedented amount of monetary stimulus to stave off a deepening financial crisis.

Although major indexes are now back at record highs, thanks to a combination of a brightening global outlook, solid earnings growth and still-accommodative monetary policy, some areas of the U.S. stock market have yet to fully recover from the losses they sustained a decade ago.

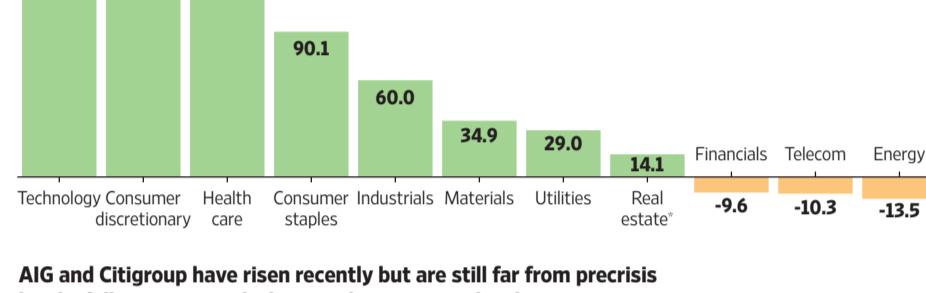
A Topsy-Turvy Decade for U.S. Stocks

Monday marked the 10th anniversary of the S&P 500's peak before the financial-crisis downturn. The index fell 57% to its low but has more than tripled since.



Consumer-discretionary and technology stocks have led the S&P 500 higher over the past decade, while financial stocks haven't fully recovered.

Performance since Oct. 9, 2007



AIG and Citigroup have risen recently but are still far from precrisis levels, following steep declines and reverse stock splits.

Performance since Oct. 9, 2007, weekly intervals

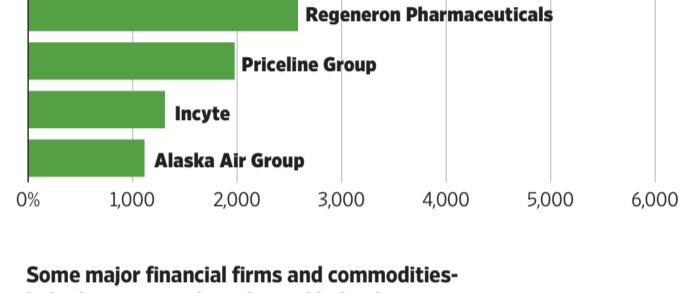


*The real-estate sector was split off from the financial sector in 2016.

Note: Best and worst performers based on current components. Sources: FactSet; WSJ Market Data Group (AIG and Citigroup)

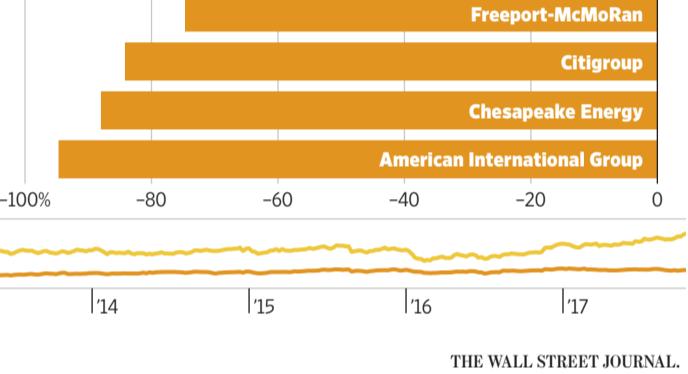
Internet and biotechnology companies have been among the best performers.

Performance since Oct. 9, 2007



Some major financial firms and commodities-linked companies have lagged behind.

Performance since Oct. 9, 2007



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FINANCIAL ANALYSIS & COMMENTARY

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How Fair Are the Trump Tax Cuts?

OVERHEARD

High-Quality Problem for Videogames

Have videogames gotten too good? At current valuations, it is possible they have.

Videogame publishers have been on a strong run this year. Sector leaders

Electronic Arts and **Activision** now trade at about 27 times forward earnings while

Take-Two Interactive commands a premium of 33 times. None have traded at

levels like these since 2010.

That sets a high bar as the industry approaches the holiday selling season and next year's big slate of planned releases. These include the first sequel to Take-Two's

"Red Dead Redemption" and a new "Battlefield" title from EA. Doug Creutz of Cowen & Co. noted Monday that Wall Street's expectations for sales growth in 2018 imply the strongest year for the industry in a decade.

But the game business has changed since then. Gamers play fewer titles for much longer. That helps publishers find more digital upsell opportunities, but it also makes it harder for other games to break out. That could make it

difficult for the industry to live up to the Street's current projections for next year—a concern that spurred Mr. Creutz to downgrade Activision Blizzard, Take-Two Interactive and **Ubisoft** to neutral ratings.

Skeptics will note that a similar call on EA by Mr. Creutz a year ago hasn't worked out so well—the publisher's stock has surged nearly 50% since. But he then correctly projected that "Titanfall 2" sales would underperform its predecessor despite higher critical scores. With valuations fully powered up now, game publishers can't afford many more trips.

—Dan Gallagher

The tax-code outline Republicans released at the end of September lacked many details, and major components of it, including repeals of the estate tax and the individual deduction for state and local taxes, already are looking tenuous. As it stands, though, the top 1% of households would get an average tax cut of \$129,030 in 2018, according to an analysis by the Tax Policy Center, while the remaining 99% wouldn't fare nearly as well.

A big assumption behind that figure is how much corporate tax cuts would benefit the rich.

Companies' ultimate shareholders, lenders and employees are all individuals. The Tax Policy Center assumes shareholders and lenders pay 80% of the corporate tax through lower in-

come, with the remainder paid by workers through lower wages.

Under those terms, the corporate tax cut would deliver outsize benefits to the rich, who hold far more stocks and debt than their lower-income counterparts. According to recently released Federal Reserve data, as of last year 95% of families in the top 10% by income hold stocks directly or indirectly through mutual funds

and the like. The median value of stockholdings among those families that held them was \$365,000. In contrast, 52% of families in the middle-income quintile held stocks, with a median value—just for families who held stocks—of only \$15,500.

Change the assumptions around so that workers pay a greater share of corporate taxes than the Tax Policy Center estimates, and a corporate tax cut benefits the

middle class more.

But before wading into the great corporate-tax-incidence debate, investors might want to consider who experiences the benefits of a corporate tax cut first: Probably the rich, since companies are more likely to respond to an influx of money by either holding on to it or paying it out in dividends. And don't forget asset values. If the stock-market response to a tax-cut-induced increase in earnings is to push share prices higher, shareholders will become wealthier right away.

One implication for investors is that the initial boost to consumer spending wouldn't be as strong as it would be if the cuts more directly go toward the middle class.

That is because the richer people are, the less they respond to income and wealth gains by spending more.

Another is that companies that cater to the hoity-toity over the hoi polloi would see sales pick up first.

—Justin Lahart

comes.

Under those terms, the

corporate tax cut would deliver outsize benefits to the rich, who hold far more stocks and debt than their lower-income counterparts. According to recently released Federal Reserve data, as of last year 95% of families in the top 10% by income hold stocks directly or indirectly through mutual funds

and the like. The median value of stockholdings among those families that held them was \$365,000. In contrast, 52% of families in the middle-income quintile held stocks, with a median value—just for families who held stocks—of only \$15,500.

Change the assumptions around so that workers pay a greater share of corporate taxes than the Tax Policy Center estimates, and a corporate tax cut benefits the

middle class more.

But before wading into the great corporate-tax-incidence debate, investors might want to consider who experiences the benefits of a corporate tax cut first: Probably the rich, since companies are more likely to respond to an influx of money by either holding on to it or paying it out in dividends. And don't forget asset values. If the stock-market response to a tax-cut-induced increase in earnings is to push share prices higher, shareholders will become wealthier right away.

One implication for investors is that the initial boost to consumer spending wouldn't be as strong as it would be if the cuts more directly go toward the middle class.

That is because the richer people are, the less they respond to income and wealth gains by spending more.

Another is that companies that cater to the hoity-toity over the hoi polloi would see sales pick up first.

—Justin Lahart

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driving valuations out of whack.

Mr. Thaler began to pick apart this idea, notably in the series "Anomalies" he wrote and co-wrote for the Journal of Economic Perspectives starting in the late 1980s. If markets are efficient, he asked, why do stocks do well in January? Why don't closed-end funds

reflect their underlying asset values?

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driving valuations out of whack.

Stocks have done better than Treasurys over time, Mr. Thaler and Shlomo Benartzi argued, because investors hate losses more than they love gains and they fo-

cus too much on the near term even when it comes to long-term investment goals like retirement. That makes stocks cheaper and gives them more room to rise.

Mr. Thaler used psychological insights to explain anomalies in financial markets.

Such insights are important to investors, says Wesley Chan, director of stock selection research at Acadian Asset Management, because

"it gives us a framework for how investors behave." Without that window into what is driving irrational-seeming behavior, it is hard to understand how market inefficiencies might resolve themselves.

Ironically, Mr. Thaler's anomalies now seem rarer because of his work. Investors try to profit from them and their cash effectively makes the anomalies disappear. The investors also don't broadcast their discoveries like academics would. But behavioral biases still affect markets in ways Mr. Thaler documented. People don't really change.

—Justin Lahart

Nobody gets a Nobel Prize for saying that stupid things can happen in financial markets. One of the reasons economist Richard Thaler just got one is that he helped explain why.

In doing so, he upended how people think about financial markets, helping found the field of behavioral finance. Today, billions of dollars are staked by fund managers who use his insights to try to profit from the biases he helped expose—and yet irrationality still hasn't been arbitrated away.

In announcing he had won the economics Nobel, the Royal Swedish Academy of

Sciences recognized Mr. Thaler for applying psychology to economics. One place he did this, to great effect, was in financial markets. When he came on the scene, the view that markets rapidly absorbed new information to reflect the underlying asset values—the efficient market hypothesis—was ascendant in academia.

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Why Nobel Laureate Richard Thaler Matters to Investors

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WOMEN IN THE WORKPLACE

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THE WALL STREET JOURNAL

Tuesday, October 10, 2017 | R1

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The Hidden Battle of The Sexes at Work



When it comes to equality in U.S. companies, women see a work in progress where men view it as mission accomplished. A landmark study suggests that gap may be stalling women's careers—and shows how managers can jump-start them.

BY VANESSA FUHRMANS

hold top leaders accountable for how well they meet those goals.

It isn't just lip service that is driving such measures. A growing body of evidence shows that having more women in power and having more diverse decision makers boosts the bottom line.

A 2015 McKinsey study of 366 companies, for instance, found those with more women on their leadership teams and boards of directors were more likely to post higher profits than their competitors compared with companies that had relatively low numbers of senior women. More than three-quarters of the companies tracked by Lean In and McKinsey say they have made that business case to employees.

But at every career stage, the disparities between men and women have barely narrowed in recent years. Though roughly equal shares of men and women make up entry-level jobs, men outnumber women nearly 2 to 1 by the first move up the management ladder.

And that gap widens with every step toward the C-suite, where women hold just one-fifth of top roles.

The drop-off is even steeper for women of color, who make up less than 4% of senior jobs. Black women in particular face a precipitous trek to the top: They are less likely than other women to get promotions and more likely to have never interacted with senior leaders.

Along the way, many women come to see a workplace tilted against them. Some 37% of women say their gender has played a role in losing a promotion or other chance to get ahead, compared with 8% of men. While nearly half of men feel promotions at

their companies are given out fairly, only 40% of women agree. Frequent face time with senior leaders feeds both men's and women's ambitions to climb to the top, Lean In and McKinsey found, yet women were less likely to report having such interactions.

Some companies are trying to improve women's odds, not just as they launch their careers but well before and after. At Lyft Inc.—where 36% of the firm's leadership and 18% of its tech staff are women—hiring bosses are required to include at least one woman and one ethnic minority in the final round of interviews for director-level positions and higher.

Blackstone Group LP, where women made up just 15% of its entry-level analyst positions a few years ago, no longer waits to seek out female recruits in their final years of college. Instead, it is cultivating them as sophomores with a program to introduce them to the private-equity giant and build résumé and interviewing skills.

"It is really hard to imagine how you're going to expand your pipeline if your applicant pool isn't any bigger," says Joan Sotoljar, senior managing director and head of Blackstone's private-wealth solutions business and external relations. Since the program's 2015 start, the percentage of analysts at the firm who are women has increased to 40%.

Across corporations, though, the study suggests that efforts to diversify the workforce are getting

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WSJ.COM

FOR ALL THE EFFORT EMPLOYERS ARE pouring into advancing women in the workplace, why are they making so little headway?

One big obstacle: Men and women are at odds over whether there even is a problem to begin with.

In the same offices and on the same teams, women largely view gender equality as a work still in early progress, while many male colleagues see a mission accomplished. Significantly more men than women say their companies are level playing fields and have plenty of women leaders, even in places where less than 1 in 10 top executives are women. And they are much more likely to say gender diversity isn't a priority for them, often because they think merit would suffer.

The disconnect matters given that so many middle and senior managers are men. Among factors that smooth or stymie career advancement, women say that daily interactions with their direct bosses are more important than the tone set by top leadership—and one of the many ways that their experiences diverge from those of their male co-workers. Women are less likely than men to feel that their managers give them opportunities to grow, and less likely to feel that their managers consider a diverse set of people for promotions. The sexes are even more divided on whether bosses consistently challenge biased or disrespectful behavior toward women.

Those are some of the findings of LeanIn.Org and McKinsey & Co.'s 2017 Women in the Workplace report. In one of the largest efforts ever to gauge the attitudes and experiences of working women, researchers collected data on promotions, attrition and career arcs at 222 companies and surveyed 70,000 of those companies' employees in North America.

The perception gap could explain why so many employers are still struggling to crack the code to retaining and promoting more women, despite no shortage of initiatives.

The information shows that 85% of the companies surveyed track women at each rung of the managerial ladder. Roughly one-third set gender targets for senior roles and in key operations; 40%

Recognizing the Problem

There's still far to go for gender equality, writes Sheryl Sandberg

R2

The Risk in Requesting a Raise

For women, there's a catch

R4

Preventing Gender Fatigue

Dominic Barton on how companies can build on their gains

R4

To Promote More Women...

Firms open women's groups to all

R4



For Women of Color, Ambition Unfulfilled

What keeps them from the C-suite

R5

Stuck in Middle Management

How women can escape

R6

Young Workers Find Their Voice

More assertive and ambitious

R6

Hiring Hurdles for Older Women

One challenge: Time out for family can carry a stigma

R6



Where Women and Tech Fit

How Sephora does it

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A Lower Bar, or a Higher One?

The debate on tech diversity

R8

AT WSJ.COM/WOMENINTHEWORKPLACE

What Uber Is Doing to Attract More Women Employees

Companies Look Outside the C-Suite for Women Directors

Tales From a Year on the Road

INSIDE

JOURNAL REPORT | WOMEN IN THE WORKPLACE

Getting to Gender Equality Starts With Realizing How Far We Have to Go

BY SHERYL SANDBERG
AND RACHEL THOMAS

GENDER INEQUALITY is so pervasive that we often don't see it.

Nearly 50% of men think that when just 1 in 10 senior leaders in their company is a woman, that's sufficient. And remarkably, a third of women agree. When so many people see a leadership team that's only 10% women—who, let's remember, are half the population—and think, "That's good enough," it's a sign that we're too comfortable with the status quo.

This is a key finding of the 2017 Women in the Workplace report, a joint study by LeanIn.Org and McKinsey & Co. that's being released today. It reflects input from 222 companies employing more than 12 million people. To our knowledge, that makes this the largest study of its kind.

This year's report shows that progress toward equality in the workplace continues to be slow—and may even be stalling.

Women on average are still underrepresented at every step of the corporate ladder. The gap begins with entry-level jobs and widens the higher you climb. This isn't because of attrition; women and men stay with their companies at roughly the same rate. And it's not for lack of asking; women seek promotions at the same rate as men, but are promoted less often. The situation is worse for women of color, who face more obstacles and receive less sup-

port. All told, only 1 in 5 C-suite executives is a woman—and not even 1 in 30 is a woman of color.

It's a sobering picture, and it raises a critical question. These gender gaps persist even though companies' commitment to gender diversity is at an all-time high. What's going wrong?

The study's findings point to at least part of the answer: Blind spots are getting in our way. It's hard to solve a problem we don't fully see or understand—and when it comes to gender in the workplace, too often we miss the scope and scale of the issue.

Many men look right past it. More than 60% of men believe that their company is already doing what it takes to improve gender diversity. And 50% of men think their managers already consider a diverse lineup of candidates to fill open slots. On both counts, women disagree. And on a key question—"How is disrespectful behavior toward women handled by your company?"—men are 60% more likely than women to say that it's addressed quickly all or most of the



FACEBOOK

The good news is that there are steps companies can take to get on the right track, Ms. Sandberg says.

time.

Companies have blind spots, too. Many overlook women of color, who face distinct challenges shaped by the intersection of gender and race. On virtually every measure—from how often they are promoted to whether their managers defend their

work—Asian-American women and Latinas receive less support than white women, and black women receive the least support of all. It's profoundly unfair. As one black woman put it, "We can have the same degree, the same years of work...[but] we are not tapped on our shoulders as often as other folks are. And we're not getting feedback on why."

Here's the good news. For companies that want to do better—and many do—there are steps they can take to get on the right track.

First, make a compelling case for gender diversity—and link it to business results. Illustrating how supporting women helps an organization's long-term success can bring more employees on board. While 78% of companies say they already articulate a business case for equality, only 16% back it up

with numbers. And firms should show their commitment: When employees see higher-ups prioritizing equality, they're more likely to do the same.

Second, recognize the key role that managers play. They make many of the day-to-day decisions that

shape women's careers. They're often the ones who decide whether a companywide program or policy is embraced or ignored. When they're committed to gender diversity, their teams follow their lead. Companies should take steps to ensure that managers understand why equality matters, have the tools and training to make a difference, and are rewarded when they do.

And third, resist a one-size-fits-all approach. More companies prioritize gender diversity than racial diversity, perhaps hoping that focusing on gender alone will be sufficient to support all women. But women of color face bias both for being women and for being people of color, and this double discrimination leads to a complex set of constraints and barriers. When companies fail to see this, they miss the chance to level the playing field for everyone.

In a competitive global economy, no business can afford to leave talent on the sidelines. And in a country founded on equality, everyone deserves a fair shot at success, no matter his or her gender, race, background or beliefs. We need to resist the tyranny of low expectations. We need to open our eyes to the inequality that remains. We won't unlock the full potential of the workplace until we see how far from equality we really are.

Ms. Sandberg is the chief operating officer of Facebook Inc. and the founder of LeanIn.Org. **Ms. Thomas** is the president of Lean In.

The Hidden Battle of the Sexes at Work

Continued from the prior page
lost in translation.

Nearly 90% of companies surveyed, represented by their HR departments or other senior spokespersons, say that advancing women is very important to their chief executives, but when individuals are asked, only 44% of women think so, compared with 57% of men.

Neither sex puts significant stock in one of the most common diversity initiatives: so-called employee affinity groups, where women and other underrepresented employees network and exchange career advice.

Some 83% of companies provide such groups. Yet 58% of women feel the groups have no impact on their careers, nearly the same percentage as men.

How is there such a disconnect between companies' goals and the experiences of the women they employ? And how can business leaders help move the needle toward gender equality at every level of the workplace?

MANAGING IN THE MIDDLE

One group with a lot of potential to make a difference: midlevel managers.

Lean In and McKinsey's findings echo those of other studies which show that these bosses, direct managers of teams or departments, often hold the greatest sway over employees' ambitions and the speed at which they climb the career ladder. Yet many of these managers aren't aware of the subtle efforts that can help women employees, says Elisabeth Kelan, professor of leadership at Cranfield School of Management in Bedfordshire, England.

"It isn't that these men, and sometimes women, get up in the morning and say, 'OK, I'm going to be a barrier to women,'" Ms. Kelan says.

In her own research, Ms. Kelan shadowed male, midlevel managers at several companies who were seen as inclusive bosses. Often, they would suggest women take so-called stretch assignments, and lauded their achievements to other colleagues and higher-ups. In meetings, they put the kibosh on behavior that alienated women—such as when male colleagues began to outbox each other—and praised other men for considering women for promotions.

The challenge for companies is showing midlevel male managers they aren't the problem—even if, sometimes, they are.

Frank Dobbin, a Harvard University professor of sociology who has studied employment data from more than 800 companies, says tactics such as mandatory diversity training, grievance protocols and hiring restrictions often backfire as managers bridle at new rules.

More promising is tapping them to act as sponsors for women or to take part in groups charged with finding solutions, he says.

National Life Group, a Montpelier, Vt.-based financial-services company with 1,100 employees, evaluates its 200 managers each year on how they meet broad principles—such as "value an inclusive, diverse culture" and "encourage others to speak their minds"—aimed partly at bolstering women.

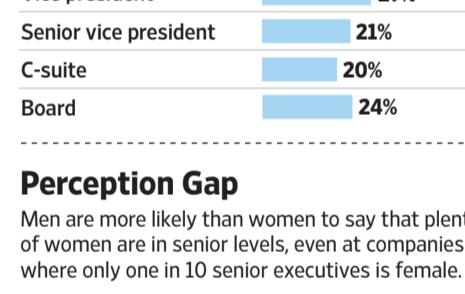
Both peers and direct reports evaluate those managers, who afterward meet with their teams to discuss what they do well and where there is room for improvement. Those assessments, Chief Executive Mehran Assadi says, are conducted separately from the annual bonus cycle so that the managers don't view them as punitive.

In the same vein, Mr. Assadi says he doesn't push diversity quotas. "I never want a situation where someone says, 'The CEO wants a woman in this role,'" he says.

Instead, Mr. Assadi says, he will often weigh in on hiring or promotion conversations by asking, "Are we getting enough diversity of

The Pipeline Narrows

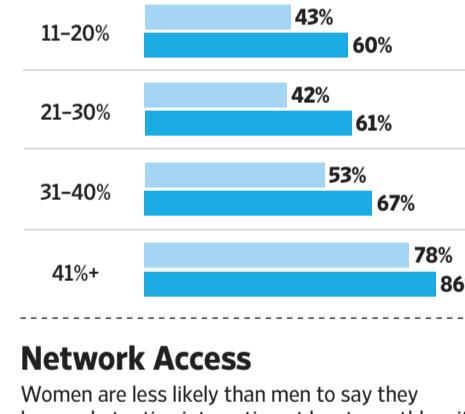
The share of jobs held by women shrinks with every step up the managerial ladder.



Perception Gap

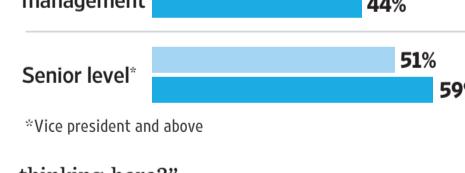
Men are more likely than women to say that plenty of women are in senior levels, even at companies where only one in 10 senior executives is female.

At firms where...



Network Access

Women are less likely than men to say they have substantive interaction at least monthly with a senior leader, a difference that grows as they move up the career ladder.



*Vice president and above

thinking here?"

These combined efforts have helped boost the number of women in senior roles at National Life Group by nearly a third over the past five years, with women now representing 39% of senior leaders, the company says.

ROLES THAT MATTER

Some companies are trying to alter the drift of many women into roles that don't have a direct impact on the bottom line, such as marketing or legal affairs, roles from which it is hard to climb to the most senior positions.

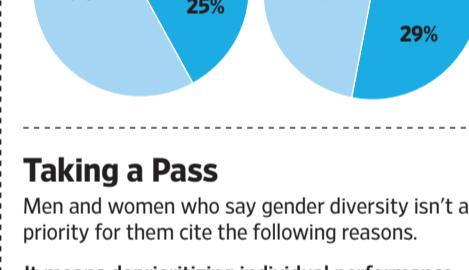
"Let's face it, getting more women into [profit-generating] roles is what's going to change the percentage of women CEOs in the Fortune 500," says Ellyn Shook, chief leadership and human-resources officer at global consulting firm **Accenture PLC**.

The company has set goals of a 50% female workforce for its U.S. operations by 2025—up from just over 40% now—and a staff of managing directors that is 25% women by 2020—up from about 20% currently.

Agenda Item

More women than men say they consider gender diversity very important.

- Not a priority / slightly important priority
- A moderately important priority
- A very important / top priority



Taking a Pass

Men and women who say gender diversity isn't a priority for them cite the following reasons.

It means deprioritizing individual performance

Women	38%
Men	49%

Other more pressing issues require attention

27%
23%

Diversity efforts highlight differences, not commonalities

21%
23%

It has already been addressed

17%
21%

I do not see the value

14%
15%

It gives women an unfair advantage

6%
13%

We have not made any progress so far

4%
1%

Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2017 survey of 70,000 men and women and study of 222 companies

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To help it reach those goals, the company looked at internal data about the kinds of jobs its women employees were doing. Many of its women managers were gravitating toward project-management roles, which, though important, tend not to fast-track careers.

So, two years ago, it began a program to train Accenture women to become technical architects, a role in high demand with clients that involves shaping and implementing strategies around new technologies, and that opens doors more quickly to high-level jobs. Some 1,200 women are currently in the program; 350 have already gotten certified as technical architects.

Accenture also operates a four-year sponsorship program to help launch women managing directors into senior operational roles. In any given year, some 30 women are taking part in the program. Each of the protégés gets two sponsors on Accenture's global leadership team who mentor them and help launch them on a path to promotions.

The role of the sponsors, Ms. Shook says, is critical: "When the leadership appointments are being made, the sponsors are at the table saying what their spousals have done." About

80% of the sponsored women have since expanded core business, or line, responsibilities or gone on to senior roles that have an impact on the bottom line.

TWO-CAREER JUGGLE

Another challenge for employers is the work-life crunch their ambitious women managers face at home.

Overall, more than half of senior women managers have a spouse with a similarly demanding career, Lean In and McKinsey found, compared with just 31% of their male counterparts. The majority of high-level men, in contrast, have a stay-at-home spouse or one who works part time, enabling them to focus more on their careers.

For many women in two-career partnerships, the division of household responsibilities is far from equal. Among women who say they are the primary breadwinners in their households, 43% say they are still the ones primarily responsible for coordinating children's schedules and taking care of home chores. That's the case for only 12% of men who are their families' main breadwinners.

Those duties appear to chip away at women's ambitions over time. Though 60% of women 30 and under say they aspire to be a top executive, once many women are in the thick of raising families—in their 30s and after—they only about 37% do.

Perhaps unsurprisingly, the only way up for a good number of women has been to be unburdened by the demands of family life: Nearly a quarter of senior female executives say they are single, in contrast to 10% of men.

Companies "will never heal the problem [of gender inequality] if we aren't honest about the one-size-fits-all structure of work failing women," says Annie Dean, co-founder and co-CEO of Werk, an online job marketplace for women seeking flexible work arrangements without giving up the leadership track.

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The Tricky Task of Negotiating for Higher Pay

Women are advocating for themselves more, and getting results. But there's a catch.

BY MICHELLE MA

WOMEN DON'T GET raises, the conventional wisdom goes, because they simply don't ask.

A new study conducted by LeanIn.Org and McKinsey & Co. casts doubt on that assumption. Women are in fact negotiating for raises and promotions just as much as their male counterparts and, at the senior levels, at even higher rates, according to survey results from 70,000 men and women.

That isn't the end of the story, though. The data also shows that negotiation carries a special risk for women. Women who do seek a raise or promotion are more likely to receive feedback that they are "bossy," "intimidating" or "aggressive," compared with women who don't negotiate and men who do. (Male employees are also more likely than women to report that they got a raise without asking, or didn't ask for one because they were already being well compensated.)

Need for research

As part of that, the experts say, women must back up their requests with research into pay standards and other information.

"If you come [into a negotiation] with a figure, don't just say, 'I want more,'" says Ariane Hegewisch, program director for employment and earnings at the nonprofit research organization Institute for Women's Policy Research. "Think through

good reasons why they should pay you more in terms of what you've achieved."

Negotiating is as critical for women as it is for men. Both women and men in the survey who didn't ask for a specific amount in a salary negotiation received 32% less on average than the ones who did.

Though women are advocating for themselves much more, asking carries risks. In 2003, Linda Babcock co-wrote the book "Women Don't Ask," exploring the gender divide in workplace negotiations. More than a decade later, she says she has observed awareness around the issue shift dramatically.

"I think the remaining challenge we have is how people respond to women when we do negotiate," says Ms. Babcock, an economics professor at Carnegie Mellon's Heinz School of Public Policy and Management.

Mischelle vanThiel, age 50, is the chief executive officer of Victoria Hospice in Victoria, British Columbia, a position she has held since 2013. When she was hired, she negotiated for—and received—a hefty increase on the hospice boards' initial salary offer.

To make a convincing case, Ms. vanThiel knew she had to be specific, both about how she came to her fig-



ALISON SEIFFER

Social Penalty

Asking for a promotion or raise can change how employees are perceived. The percentage of those surveyed who said they received feedback that they were "bossy," "intimidating" or "aggressive":

	PROMOTION		RAISE	
	WOMEN	MEN	WOMEN	MEN
Did not negotiate	11%	9%	12%	10%
Asked	17%	14%	18%	15%
Asked for specific amount	N.A.	N.A.	18%	14%
Successfully received	17%	14%	19%	15%

Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2017 survey of 70,000 men and women

ure and why she deserved it. She looked at salaries at comparably sized charities and governmental health authorities, all publicly available information. And because pay

can vary widely by city and province, she called up executives at Victoria-based competitors to get a sense of the local salary ranges.

When she made her case to the

hiring panel, she was prepared. After identifying the specific challenges the hospice was facing, she gave a multihour presentation that highlighted her experience managing those same issues and presented reference letters from previous employers, staff and external peers that backed her up.

Ms. vanThiel says she got what she wanted because she presented clear evidence and concrete examples: "This is what I can do. Here's proof that I can do it. Here's the market value of what these jobs are worth."

A tough first step

Yet even armed with the data, women fear repercussions from asking—and perhaps for valid reasons.

Malia Mason, an associate professor of management at Columbia Business School who teaches a negotiations course, has collected data from her students over the past three years, through a simulation where they put themselves in the role of a recruiter and are told they are either hiring "Christopher" or "Christine."

Both ask for an \$80,000 salary—and, across the board, Ms. Mason's students, regardless of their gender, perceived the \$80,000 ask from Christine as more assertive than Christopher's.

"We tolerate mistakes a woman might make less than a man's mistake" in how they approach negotiating, says Ms. Babcock. She suggests that women counter these potential reactions by "being incredibly prepared" and "knowing what the standards are" in terms of salaries and promotions.

Ms. Ma is a former Wall Street Journal intern. She can be reached at reports@wsj.com.

How Companies Can Guard Against Gender Fatigue



MCKINSEY & COMPANY

Despite some encouraging signs, the overall picture is one of uneven results, which can breed skepticism, Mr. Barton writes.

BY DOMINIC BARTON
AND LAREINA YEE

MOST OF THE corporate world has set a bold aspiration to achieve equality for women in the workplace. Ninety percent of U.S. companies in our latest research, for example, say they are "very committed" to this goal, and just about all of them are taking action.

It's also obvious that we're still in the early stages of the journey: Currently, just 20% of C-suite executives in the U.S. are female. Although that figure is inching up—from 19% a year ago—more than one CEO has confided to us, "We're implementing all the best practices, but the numbers aren't moving fast enough, and I'm worried about maintaining the energy we need to keep going."

The good news is there are ways to counter change fatigue. Our third annual Women in the Workplace report, developed in collaboration with LeanIn.Org, shows the importance of executing the basics with conviction. The experience of 70,000 surveyed employees, coupled with performance benchmarking of the 222 participating companies, shines a light on bolder actions we see from companies that are top performers in employing and promoting women.

Break through on the basics

Many companies have put in place the right building blocks: They're developing a business case, tracking gender representation across the workforce, and developing training, flexibility and networking programs.

Breaking through on the basics isn't easy, though. Consider metrics: Some 85% of companies surveyed track gender representation. Yet less than a third set targets, and trans-

parency is rarer still. Most companies say they share a majority of diversity metrics with senior leaders, but just 23% do so with managers, and a mere 8% with all employees. It's the same with the business case: 78% of companies say they articulate one, but only 16% back up the case with data.

Top-performing companies are executing with greater intensity, and have the results to show for it. For example while many managers work with their teams to identify development opportunities, top companies also have programs aimed specifically at boosting the mentorship of women and their promotion rates.

Or consider flexibility: The top-performing companies in our research are more than twice as likely as those at the bottom to offer emergency backup child-care services; three times as likely to offer on-site child care; and more likely to offer extended maternity and paternity leave, as well as programs to smooth the transition to and from extended leave.

Moves like these build broad-based enthusiasm because they help men and women alike.

Maintain momentum

Despite these encouraging signs, the overall picture is one of uneven results, which sometimes breeds skepticism. Barely half of the men and women in our survey expressed confidence that their company is doing what it takes to advance women. To keep organizational uncertainty from slowing progress, leaders should take additional steps like these:

◆ **Hold yourself accountable:** A majority of companies say they don't hold their senior leaders accountable for performance against gender di-

versity metrics, or use financial incentives to encourage action. Employees notice: Less than 20% in the survey said they saw leaders regularly being held accountable for performance on gender diversity.

If you want to help keep your organization on track, show your people that senior leaders are taking responsibility for the outcomes of the initiatives they are driving. Forty percent of the companies in our survey do emphasize top management accountability, and many of them are seeing much better results.

◆ **Make men part of the solution:** Less than half of men report that advancing women is an important priority for them. Leaders hoping to bring them on board

need to show, through actions, not just words, how things can be different: The data shows that when men think their company or direct manager is highly committed, or get explicit guidance on how to improve from a senior leader, they are more likely to embrace the cause.

◆ **Emphasize race and gender:** Sometimes change efforts benefit from a bit of shock therapy, and our newest research provides such a jolt: evidence that there's a disquieting racial component to gender bias. Just 3% of C-suite roles are held by Asian, black, Latina or other women of color.

Black women face the longest odds. Promotion rates for them are 50% below those of white women, and only 23% of black women say

managers help them navigate organizational politics, compared with 36% for white women. These challenges are a critical, too-often-overlooked piece of the gender puzzle that demand their own attention, commitment, and solutions.

* * *

In the first year of our research, we shared data suggesting that American corporations were 100 years from parity at the top. Two years later, even if the top-performing companies are still early in the journey, they're providing the clues on how to break through.

That's encouraging: The data is getting clearer, and the answers are in front of us. If we stay committed, lead boldly and execute relentlessly, we can build momentum and accelerate change.

Mr. Barton is the global managing partner of McKinsey & Co. Ms. Yee is a senior partner in McKinsey's San Francisco office.



RYAN PELTIER

To Promote More Women, Firms Open Women's Groups to All

BY KELSEY GEE

WOULD WOMEN and minorities go further in their careers without separate professional networks?

One of the first such corporate groups was founded nearly 50 years ago at Xerox Corp. to boost recruiting of African-Americans after the passage of the 1964 Civil Rights Act. Similar groups are now common at many major employers. But while women and minorities have made impressive gains in management since, white men still hold the vast majority of C-suite and next-in-line senior vice president roles—about 80% at last count, according to a new study conducted by LeanIn.Org and McKinsey & Co.

Now some companies, admitting their early efforts haven't done enough, are diminishing the role of stand-alone affinity groups and diversity chiefs to involve wider groups of employees in their efforts. Other companies are ending officewide antibias training sessions and instead focusing on making staff more directly responsible for progress as part of their everyday business activities.

Shared goal

Consulting giant Deloitte Touche Tohmatsu Ltd., which has had longstanding affinity groups and mentoring programs aimed at women and minorities, is shaking things up as it tries to get more employees to care about workplace diversity. Deloitte says that bringing more of the firm's staff into programs and groups like WIN, its 24-year-old initiative for advancing women, will engage dissimilar employees in the shared goal of retaining and promoting women, people of color and others.

Deloitte has opened some formerly women-only programs to men, for example. One fellowship, named for Ellen Gabriel, the first leader of the firm's women's networking initiative, has since 2001 assigned mentors to promising female employees and put them in business-school courses. Shortly after the program's creation, the firm opened the program up to all

senior managers, and several men have been awarded the fellowship in recent years. Deloitte men also can now participate in a coaching program for employees taking parental leave.

Mike Preston, chief talent officer, says Deloitte wants to be a place where all types of people feel they can get ahead. Since WIN was founded, men have become more likely to drop out of the company's workforce than women, suggesting Deloitte needs a broad, mixed-gender coalition to ensure an inclusive culture, he says. To do that, he says, there needs to be "cognitive diversity" in the room, since people with different experiences and perspectives are likely to pose different solutions to the problems they identify.

Last year, the firm began forming "inclusion councils" in a half-dozen pilot offices to organize activities like Deloitte's participation in the annual LGBTQ Pride Parade in Chicago. These councils now involve employees across the firm and may replace the company's eight gender-, sexuality-, race-, ability- and veterans-focused employee networks.

It has been a tricky sell among staff. After reports of the plans came out earlier this year, some Deloitte employees questioned the wisdom of forming the inclusion groups and worried the councils would "water down the effectiveness" of the smaller identity-specific groups, according to postings on Fishbowl, an anonymous professional-discussion app used by many in the consulting industry.

Company leaders say there are no firm plans to eliminate those groups, but a spokesman notes that the inclusion councils are drawing more participants at events, and attracting a more diverse mix of employees than the affinity groups do.

New focus

Diversity consultant Avivah Wittenberg-Cox has advised large companies like HSBC Holdings PLC to dissolve their affinity groups or to retrain their focus specifically

Please see **INCLUSION** page R7

JOURNAL REPORT | WOMEN IN THE WORKPLACE

For Women of Color, Ambition Unfulfilled

Black, Latina and Asian women say they want C-suite roles. What's holding them back?

BY ALINA DIZIK

WHEN ALISSA JOHNSON, one of Xerox's most senior minority female executives, mentors women of color, she tells them to forget their comfort zone. With a shortage of female executives—especially in technology roles—she is often the only minority and the only woman in meetings.

"Everyone wants one person to break in and bring the rest of us along," says Ms. Johnson, chief information security officer at Xerox, who previously was deputy chief information officer at the White House.

But so far it hasn't worked out that way. As female executives of color, including Ms. Johnson, reach the upper echelons of large corporations, plenty more say they want to be there but can't find a way.

When it comes to corporate ambition, women of color are far more likely than white women to say they aspire to a top executive role, according to a new study from LeanIn.Org and McKinsey & Co., which surveyed 70,000 women and men in North America. Yet black, Latina and Asian women still hold only 3% of C-suite roles, compared with 16.7% of entry-level roles, the study found.

Black women are most likely to say they don't have interactions with top bosses, and only 23% say managers help them navigate organizational politics, compared with 36% of white women, according to the data. Those figures have remained largely unchanged in the past three years.

One reason for these struggles is blind spots at the management level, says John Rice, founder of Management Leadership for Tomorrow, a nonprofit focused on increasing diversity at the top of the business world.

Some managers don't realize that minority women often face extra hurdles to succeed, he says. And women of color moving up the ladder generally don't have the same informal networks as white male counterparts who may meet for a round of golf or a drink after a long day at the office, Mr. Rice says.

Managers need to be explicit about what it takes to succeed rather than doling out information during the kinds of informal interactions that leave out women of color, he says. "They can make what we would call the 'high-performance-bar' playbook much more transparent," says Mr. Rice. One fix is for companies to level the playing field by offering day-to-day coaching that can be tapped into more frequently than formal mentorships, he adds.

As chief executive of Atlanta-based Worldpay US, Kim Crawford Goodman says some upper-level and midlevel executives are also hesitant to promote women of color, like her, because it can feel like a risk. Since taking over the U.S. division of the British payments-processing firm, Ms. Crawford Goodman has urged employees not to promote people based on common interests or personality types. Managers "have a tendency to take chances on people that are most like themselves," Ms. Crawford Goodman says. Instead, she encourages managers to take risks on people they aren't familiar with.

Xerox's Ms. Johnson has deliberately cultivated male and female mentors with varied backgrounds. Those mentors have advised her on negotiations and presenting to executives earlier in her career, and help her in her current role, she says.

Three years ago, pharmaceuticals giant Merck started training managers at the vice president level and above to recognize unconscious biases in the workplace. The program was expanded to all managers this year, says Celeste Warren, Merck's vice president of human resources and chief diversity officer. The online workshops discuss bias in everyday situations, which has helped make diversity a topic of managerial conversations rather than something limited to the HR office, she says.

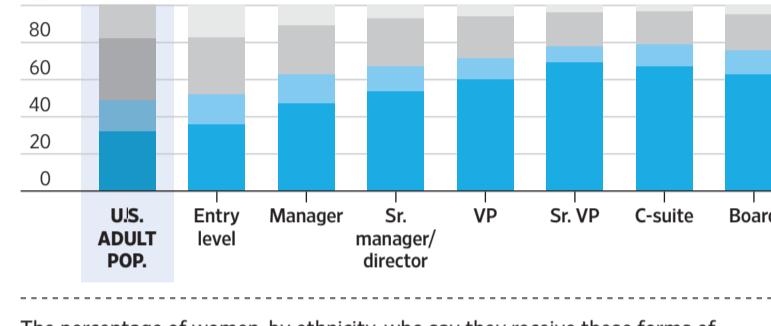


Alissa Johnson cultivated a variety of mentors in her rise to a senior IT post at Xerox.

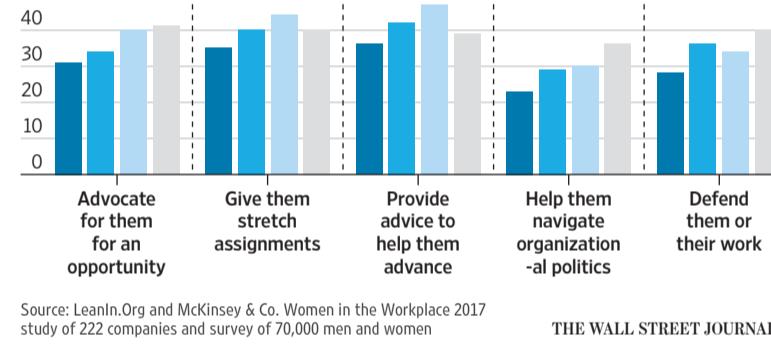
LEXIE SWAN FOR THE WALL STREET JOURNAL

Gender and Ethnicity

Representation of the following groups within each job level



The percentage of women, by ethnicity, who say they receive these forms of support from managers



Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2017 study of 222 companies and survey of 70,000 men and women

THE WALL STREET JOURNAL.

Others who have climbed the ranks are calling for more involvement from white male counterparts. Noopur Davis, chief product and information security officer at Comcast, has met with fellow executives to find ways that male colleagues can take a "collaborator role" in championing women in tech, she says.

After attending technology conferences geared toward women a few years ago, Ms. Davis, then an Intel vice president, realized she needed to encourage colleagues from nonminority backgrounds to focus on diversity. That's now happening at Comcast, where male executives regularly attend and participate in gatherings aimed at promoting female executives. This year, "one of our core principles is how do we get better allies," she says. "Initially these conferences were just women."

Comcast's Tony Werner, president of technology and product, who hired Ms. Davis, says he seeks out high-potential minority candidates to meet with once a quarter and introduces potential hires to other minorities at the top levels of Comcast management. The practice is a way to get more diversity at the top, he says. During internal conferences aimed at women in technology, such as the ones organized by Ms. Davis, Mr. Werner either attends or prepares a message that's played at the event. And it's not without a business reason: Without diverse teams, "you don't get the diverse product that's attractive to a diverse customer base," he says.

That kind of support can help executive women of color with another challenge: They also may be perceived as less competent in their primary roles because of the perceived time commitment of the "second shift" they take on when advocating for diversity, says Joelle Emerson, a San Francisco consultant for diversity and inclusion programs. "The burden shouldn't be on women of color in leadership roles to be the only ones having this conversation," she says.

Still, some senior leaders, Ms. Davis among them, say the commitment to diversifying leadership at the very top is part of the job description. "As a senior leader in the company, you have to do more than your job," she says.

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JOURNAL REPORT | WOMEN IN THE WORKPLACE

Stuck in the Middle

What some companies are doing to finally get more women into upper management



ROBERT NEUBERGER

BY JOANN S. LUBLIN

AFTER RISING EARLY in their careers, many women get stuck in middle management.

More big businesses are trying to fix that by taking inventive steps to propel female managers into the executive suite.

International Business Machines Corp. helps high-potential women win critical stretch assignments through an intensive leadership program. Other companies, including **Chevron** Corp. and **Xerox** Corp., take flexible approaches to relocation better tailored to the lives of women staffers. Rising technology stars at **Intuit** Inc. enhance their professional visibility through coaching and intro-

duction to important contacts from powerful executive sponsors.

Increased efforts to move women up the ladder come amid their slow gains at work. The share of women in middle management was unchanged at 33% and rose slightly in C-suite roles to 20%, concludes a new study by LeanIn.Org and McKinsey & Co.

Less optimism

And while more than half of senior managers want to be a top executive, the study showed, just 39% of female ones think they will achieve their career goal, compared with 44% of men.

The disparity in advancement expectations and achievements reflects deep-rooted attitudes about women as potential leaders, gender experts

say. "Women aren't given a real chance at the fast track," says Deborah Gillis, president of Catalyst, which conducts research about women.

"Unconscious bias, the lack of sponsorship and a lack of access to hot jobs are key barriers that hold women back from making that transition from middle management to those more senior roles," Ms. Gillis continues. "They are still not getting the acceleration they need."

Getting key women the acceleration they need is why IBM introduced its Elevate program in 2015. The technology company targets female middle managers in sales, consulting and technical jobs who deal directly with customers—especially in artificial intelligence and cloud computing.

"We want to prepare more women for executive roles in [these] new business areas," which represent "a super-important piece of our transformation," says Lindsay-Rae McIntyre, IBM's chief diversity officer.

Bosses in 20 countries propose top female performers for Elevate. Participants in the one-year program devise both their personalized development plan and leadership plan, with help from their bosses. They also get the chance to shadow executives, among other activities. IBM says about half of its 700 participants already have won executive positions.

Among them is Sree Ratnasinghe. The Raleigh, N.C.-based manager took her first executive spot in July. She supervises 40 cloud-computing staffers, up from 15 while a middle manager. Ms. Ratnasinghe landed three stretch projects through Elevate, such as helping a vice president craft the budget and set strategic priorities at a 300-person unit. She recalls earning valuable skills "that I am using every day in my executive role."

Stretch assignments and a manager's advancement advice significantly improve the odds of women

receiving promotions, McKinsey and LeanIn found.

At energy giant Chevron, so-called 28/28 rotations assist female middle managers eager to advance in its upstream operation to search for potential oil and gas fields, among other things (though the longstanding program "wasn't designed specifically for women," a spokeswoman says).

The arrangement requires job-sharing pairs to work 28 consecutive days followed by 28 days off. Rotations often occur abroad.

"You get the best of both worlds," says Chevron staffer Michelle Pflueger. "You get to run an operation and get family flexibility."

Ms. Pflueger speaks from experience. She was a U.S. front-line supervisor in 2012 when Chevron sounded her out about becoming a middle manager overseas. She considered a 28/28 job aboard a deep-water vessel offshore Nigeria and conventional expatriate gigs elsewhere.

Ms. Pflueger chose the Nigeria rotation. She says she was attracted by

the operational opportunity, lack of relocation and time off to travel with her significant other, a Chevron colleague who lives in Australia with four children from a prior marriage.

Two years ago, Chevron promoted Ms. Pflueger to offshore installation manager—the highest spot on the Nigerian vessel. This August, she became a U.S. upstream adviser, a post Chevron considers a steppingstone to executive management, she adds.

A different tactic

Yet companies still give more international assignments to men even when both genders express willingness to move, according to a Boston Consulting Group survey of 203,756 employees world-wide. In an analysis issued in May, the consultancy said fewer than 30% of the women willing to move for international postings had done so, compared with nearly 40% of men in similar situations. The practice disadvantages promising female managers, BCG warned.

Intuit, which makes TurboTax and QuickBooks, uses a different tactic to keep promising women from getting stuck in middle management. Several female executives recently sponsored such staffers through its advancement initiative for midlevel tech women.

Intuit formalized its sponsorship push this summer, matching nearly two dozen male and female leaders with midcareer women.

Merline Saintil, Intuit's head of operations, product and technology, says being a sponsor often involves urging women to step outside their comfort zone by expanding their internal and external visibility. She believes would-be executives must develop strong personal brands.

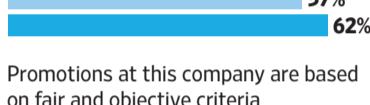
Ms. Saintil encouraged technology middle manager Kevina Finn-Braun to speak at a major industry conference in June. She also critiqued her protégé's draft speech and provided presentation pointers.

"She went way out of her way," Ms. Finn-Braun says. "That was the largest presentation I had done."

Ms. Lublin is *The Wall Street Journal's* management news editor in New York. She can be reached at joann.lublin@wsj.com.

Views of the Workplace

The percentage of surveyed women and men who say:



Promotions at this company are based on fair and objective criteria



The best opportunities go to the most deserving employees



My gender has played a role in missing out on a raise, promotion or chance to get ahead



Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2017 study of 222 companies

THE WALL STREET JOURNAL.

Voices of the Young

BY FRANCESCA FONTANA

RECRUITING MANAGER Casey Miller noticed something different about the intern presentations at Enterprise Holdings Inc. this summer.

In previous years, the proceedings at the car-rental company followed a similar pattern: Male interns typically organized, delegated and spoke on behalf of the groups, says Ms. Miller.

This year, in many cases, female interns took the lead, and the men played supporting roles. "The male interns weren't concerned or giving it another thought," Ms. Miller says. "It was very natural."

The recruiter was witness to what researchers say are changing attitudes and behaviors among the youngest entrants to the workforce. Young millennial women, those born from 1988 to 1995, are joining the workplace with significantly higher levels of ambition than older women. And though women still trail men in the desire to be a top executive, the gap in ambition appears to be narrowing.

More surprisingly, men and women under age 30 hold similar views on some issues concerning gender at work, according to a large study of women in the workplace conducted by LeanIn.Org and McKinsey & Co.

Changing times

Women's growing assertiveness may stem from their formative years, which coincided with the 2008 recession, says Lisa Walden, a researcher and communications director at the research and consulting firm BridgeWorks.

Younger women "have seen how tipped the scales are and are showing up a little more guarded, but more ready to fight for that equality on day one, whereas the early millennial women had to readjust," Ms. Walden says.

Shayla Owodunni, a 27-year-old finance manager at **Expedia**, was finishing high school in the Minneapolis suburbs when her father was laid off from his engineering job at Northwest Airlines. She originally wanted to study law in college and "fight for the underdog," she says, but the recession prompted her to change course.

Taking her father's advice to consider financial security in her career choices, she went into accounting. Her sights are now set on rising to chief financial officer of a company someday, she says.

Like Ms. Owodunni, other so-called recessionist millennial women are expressing more ambition than other age cohorts. The

McKinsey and Lean In survey, which asked 70,000 men and women about their experiences at work, found that 60% of younger millennial women—those under 30—said they want to be a top executive, compared with 37% of older women. Those figures compare with 69% of young millennial men and 50% of older men.

Throughout the hiring process, "they ask questions like, 'Show me how women within the company have the same opportunities to achieve that men do,'" Ms. Miller says. These women are also asking more questions about benefits like adoption assistance and maternity leave that they might want down the line, she says.

Younger millennial women are also speaking up more about discrimination and inappropriate behavior, says Becky Roth, senior product marketing manager at the online travel company **Expedia** Inc. Ms. Roth, 31, is what generational researchers call an "early millennial," and works with many younger millennials.

Ms. Roth recalls having male colleagues at other companies early in her career who would rest their hands on her leg during meetings.

"I talked to older [female] mentors who started their careers when that stuff happened all the time, and they wouldn't say anything," Ms. Roth says. "They didn't want to ruffle any feathers."

Now, the younger women come into the workplace with the expectation that they will be heard, she says.

New attitudes

Young millennial men, meanwhile, show signs that their attitudes on some issues are converging with those of their female peers—even if they remain far apart in other areas.

The biggest divergence: Young millennial men are the least-likely workers to say that gender diversity is a top priority for them, while young millennial women are the most likely of all age groups to say it is important to them.

At the same time, young men share with women a skepticism about company efforts to support women. For example, the McKinsey and Lean In survey found that 29% of young men and 22% of young women think managers address biased language and behavior when it happens. The gap is much wider among older men and women—38% to 23%.

Ms. Fontana is a writer in New York. She can be reached at reports@wsj.com.

Older Women Face Hiring Hurdles

Time out for family can carry a stigma; study finds evidence of discrimination

BY LAUREN WEBER

ANNE ZACHARIAS was nearly 50 years old when she retired from her job as a regional vice president with a national marketing company. She stopped working to be with her children more after years of long hours and frequent business trips, she says.

When she tried to restart her career a few years later, though, she was told that the hiring manager at one company believed she didn't have enough corporate experience. In fact, Ms. Zacharias had spent more than 25 years in sales jobs with firms including Kimberly-Clark Corp. and Johnson & Johnson.

"The message was, 'She's been out of the workforce too long and she's too old,'" says Ms. Zacharias, now 62.

Older women in the U.S. are eager to work. And employers, facing a tight labor market and a dwindling supply of workers as older baby boomers retire, need these women. Yet women over 50 find the doors of American corporations are often closed to them, according to academic studies, employment experts and interviews with women struggling to get hiring managers to take them seriously. They face multiple barriers: potential gender and age discrimination, sometimes combined with the stigma of having been out of the workforce for periods of caregiving.

Hiring discrimination of any kind is difficult to prove, but age discrimination is particularly tricky. The Supreme Court held in 2009 that age needed to be the deciding factor in an employment decision for a finding of discrimination. The decision created a higher standard of proof than is required with other forms of bias, says Dara Smith, a lawyer with the AARP Foundation.

Half of the age discrimination charges filed annually with the Equal Employment Opportunity Commission from 2012 to 2016 came from women, even though women comprise a smaller share of the overall labor force than men. In 2016, employers paid out \$45.7 million to women to resolve those charges, while \$42.5 million went to men.

'They get marginalized'

In 2015, researchers at the University of California, Irvine, and Tulane University submitted more than 40,000 job applications from fake male and female candidates in three age ranges and analyzed the rate of callback responses from employers. They found "robust evidence" of age discrimination against older women, and mixed evidence regarding older

men. One factor hurting women, they suggest, is that older female workers are more likely to be judged negatively for their appearance than men.

In addition, "older women still suffer from a lot of stereotypes about their competence," AARP's Ms. Smith says, based on her observations and evidence presented in lawsuits.

"Once they reach a certain age, they get marginalized."

For women over 55, the unemployment rate in September was a low 3.3%. But that partly reflects the fact that women in this age group often settle for jobs that don't match their skills or potential, says Toby Haberkorn, an executive-search consultant and author of a book for older job seekers. Employers are more inclined to hire older workers as freelancers or in part-time jobs, she says, to reduce their "commitment in terms of benefits or long-term relationships."

In fact, women over 55 are the only growing segment of the female labor force. The share of women ages 55 to 64 either working or looking for work grew to 58.5% in 2015 from 51.9% in 2000, and is projected to reach nearly 63% by 2024, according to the Bureau of Labor Statistics.

Older women may be seeing a greater need to work as well. Many, particularly low-skilled workers, face precarious financial futures. Overall, women are living longer and they're better educated than previous generations.

For employers, the scarcity of workers shows no signs of abating. That will force them to look for talent in populations they might otherwise have ignored, says Olivia Mitchell, a professor at the University of Pennsylvania's Wharton School of Business. If they don't explore those neglected pools, "they won't find the trained, educated, mature workforce they need," she says.

Janet Falk, 64, says she believes it is "very unlikely that I'll get a full-time job." The New York public-rela-

tions professional believes her age plays a big role. Hiring managers tell her she's overqualified, she says. "I think that's code for 'we want to hire someone who's younger and to whom we can pay lower compensation,'" she says. She now is a self-employed consultant.

Some employers are making an effort to hire or retain older workers of both sexes. **AT&T** Inc., **CVS Health** Corp. and **UnitedHealth Group** Inc., for example, have programs to attract and retain older employees. At CVS, older employees can request job modifications like telecommuting, job-sharing and shortened weeks to encourage them to stay with the company longer, a spokesman says.

Helping hands

A crop of small firms focused on helping women restart their careers has arisen as well. Ms. Zacharias is now a consultant for iRelaunch, an organization that works with large companies to place people who are trying to re-enter the workforce after breaks.

The Mom Project, a Chicago-based organization, works with companies and individuals to place women in corporate jobs. Catherine Geiser, age 50, recently started a contract role on a research team at **Procter & Gamble** Co., which asked the Mom Project to suggest a few candidates.

"Getting the first job is very, very difficult," says Ms. Geiser, who was an associate partner at Accenture before taking a long break to stay home with her three children. "A lot of companies weed you out immediately because there's no current experience on your résumé."

Ms. Geiser says her life "is like a lifeline." Even if she doesn't stay with P&G, she says, "there are now two people seeing my work who can be advocates for me in the future."

Janet Falk, 64, says she believes it is "very unlikely that I'll get a full-time job."

Ms. Weber is a reporter for *The Wall Street Journal* in New York. Email lauren.weber@wsj.com.



Anne Zacharias helps women trying to restart their careers, as she once did.

BECKY THURNER BRADDOCK

JOURNAL REPORT | WOMEN IN THE WORKPLACE

At Sephora, Tech and Women Are a Good Fit

More than 60% of the retailer's tech workers are female. Here is how the company does it.



Sephora's formula for women in tech includes urging them to take risks without fear of failure.

BY JOHN SIMONS

IN A SAN FRANCISCO office an hour's drive from some of the biggest companies in Silicon Valley, **Sephora** has managed a corporate feat that would make the leaders of Google Inc., Apple Inc. and Facebook Inc. envious: a majority of the cosmetics retailer's technology workers—62%—are women.

At a time when technology companies are struggling mightily to attract and retain women with computing and engineering skills, the beauty retailer's tech staffing is notable not only for the numbers but also for the relatively simple way it got there.

Women hold 23% of roles in the technical ranks at the top 75 Silicon Valley companies, according to the U.S. Equal Employment Opportunity Commission. A report from the commission attributes the scarcity of women in those roles to inhospitable work cultures, isolation, a "firefighting" work style, long hours and a lack of advancement.

Looking for potential

At Sephora, women make up the majority of its 350-person digital and engineering staff and hold all but one of the roles on its six-person digital executive leadership team. Women lead everything from digital marketing and customer experience in apps to back-end programming of the company's e-commerce systems.

Though large tech companies employ several times as many engineers as Sephora, its share of female digital talent is worth noting. Managers say the retailer has managed to attract technical women by recruiting with an eye toward candidates' potential rather than specific skills, encouraging hiring managers to take risks and ensuring that job performance is assessed fairly.

The key to Sephora's success, says Mary Beth Laughlin, the company's senior vice

president of digital, is a dedication to technology with a strong connection to the consumer. And, women at the company are encouraged to take risks without fear of failure, she adds.

While tech companies commonly urge workers to embrace failure, the message at Sephora is specifically tailored to help employees avoid common pitfalls that women encounter in tech careers, people at the company say.

Jenna Melendez worked in a number of digital roles at Sephora until she left last May. Before joining in 2012, she spent two years as a website merchandiser in Amazon's Paris offices and observed few female colleagues. When she arrived at Sephora's San Francisco headquarters, Ms. Melendez says, meetings were free-flowing and open. "Every one spoke," she says, "and felt comfortable offering opinions on anything from e-commerce to a shade of blush."

Ms. Melendez recalls one meeting about three years ago where she and other members of the digital-marketing team talked about spotting edgy fashion photos where models were using highlighter—a type of makeup that accentuates facial contours. In a matter of days, the team was working on a separate landing page for Sephora's site to showcase the product.

"It's easier to forecast what's coming and what's going to be needed because the line is so fine between you as an employee and you as a client," says Ms. Melendez, now digital-marketing director at Aquis Inc., a San Francisco-based beauty company.

Terri Layton, an engineer by training, had worked in Silicon Valley for nearly two decades, for small startups and large companies such as HP Inc. and Sun Microsystems Inc., before she joined Sephora in 2011. Recruited as a product manager to lead the retailer's website redesign, Ms. Layton says she found being in the presence of so many women

leaders empowering after years spent in male-dominated workplaces.

When it came time to brainstorm ideas, or even articulate concerns about a project's direction, bosses made a point of asking team members for their opinions, she says.

"You knew you were being heard. You had a voice," says Ms. Layton, who last worked for Sephora in 2015 and now advises early stage startups on product management and user experience.

Digital passage

Sephora's owner, the French luxury conglomerate **LVMH Moët Hennessy Louis Vuitton SA**, maintains a global workforce of 134,500 that is 74% female. Some 38% of key executive positions are filled by women, up from 26% in 2007. And LVMH has committed to a goal of having women in at least half of its key executive positions by 2020.

Recruiters say those numbers, along with Sephora's success—the company opened 100 stores in 2016 and recorded double-digit profit growth, according to LVMH filings—make it easy to attract talented women in tech.

Women are drawn to a company of "bright, intense and accomplished women," says Ashley Linnenbach, an executive-search consultant who has helped the retailer fill a number of roles in recent years.

Ms. Linnenbach, who served as Sephora's interim vice president of talent for six months in 2014, says the company makes a point of moving high-performing women into digital and tech roles that round out their skills and experience.

"They are willing to put a person in a position where [the company is] willing to lose ground so this person gets exposure on the international side or experience with a P&L," she says.

A similar philosophy applies to staffing technology teams, where company recruiters encourage women to

consider roles that might not fit precisely with their skills and experience.

"Even if a female candidate doesn't have all the requirements for a technical job, we want that person to come in and show what they can do," says Yvette Nichols, the company's vice president of talent.

Sephora's approach represents a departure from the way many large technology companies, especially those in Silicon Valley, handle recruitment, says Jane Hammer, a veteran recruiter with Harvey Nash Group PLC, whose clients include Amazon.com Inc., Expedia Inc. and Uber Technologies Inc.

"Most companies that we work with are looking at skills over all else," she says. "They can be very picky about skill sets and go only for the top of the talent pool."

At Sephora, Nida Mitchell, 29, got her chance to grow into a new role when she was promoted from web developer to IT project manager after two years at the company. The new job put her in charge of 14 male engineers, most of whom were at least 10 years her senior. She encountered roadblocks on one of the team's first big projects, updating Sephora's computing infrastructure ahead of the chain's expansion to Brazil.

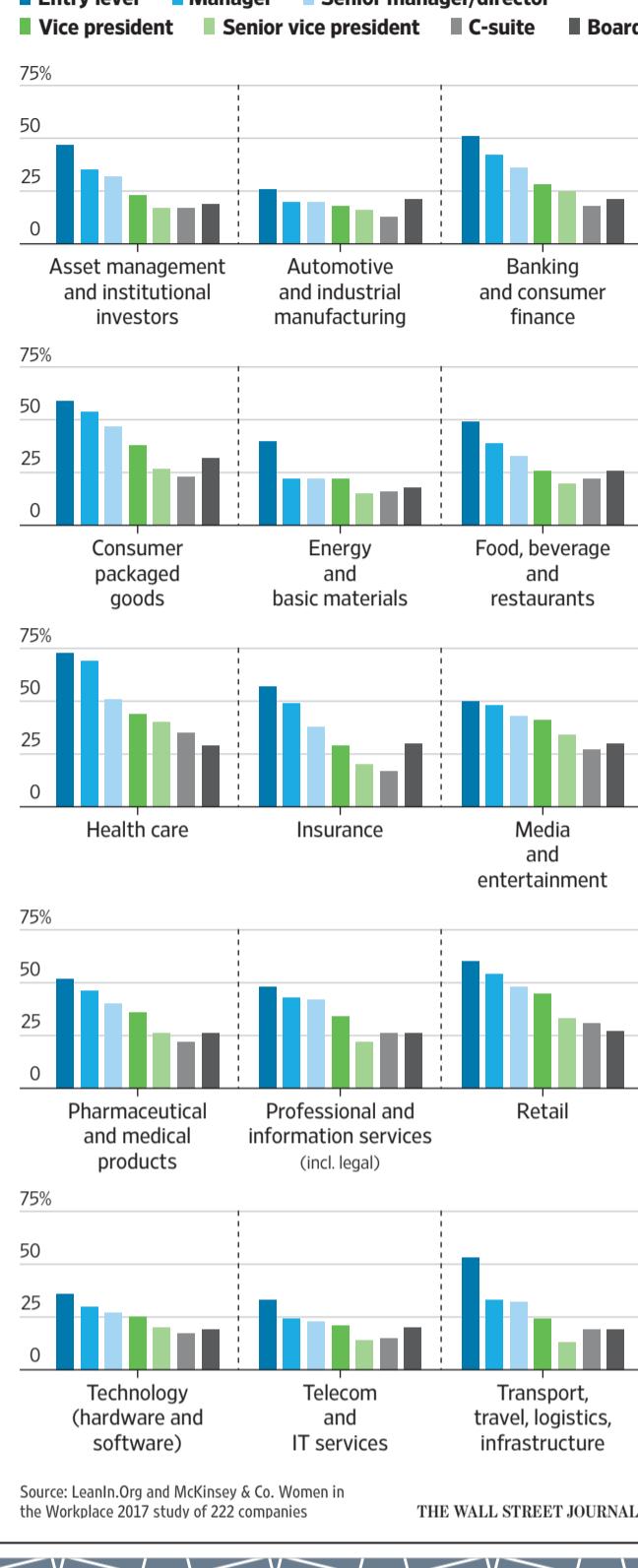
"My first week, I had a one-on-one with my boss and said, 'No one listens to me,'" Ms. Mitchell says. He advised her to get to know the team and show the men how she could help make them better at their jobs, she recalls. Things eventually turned around. She credits that manager for helping her grow more confident and comfortable, she says, "being the girl who's telling everybody what to do."

In August, Ms. Mitchell took a new role as a web producer at Workday, a human-resources services company.

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Industry Pipeline

Women's share of total employment at each level, by industry



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Inclusion

Continued from page R4
on more equal representation of women and minorities on leadership teams.

HSBC in 2015 changed the name of its women's network to Balance, to reflect its new mission for a more representative workforce at the bank, says Terri Pearce, U.S. head of talent development.

"The assumption with employee-resource groups is that there is something women or minorities are doing, or something they lack, that makes them less promotable," says Ms. Wittenberg-Cox. Reframing diversity efforts as race- or

gender-balancing networks shifts accountability to the majority groups, and to managers and executives, she adds.

The vast majority of corporate employers are sticking with women's networks. According to the Lean In and McKinsey report, 83% of the 222 companies in the study sponsor employee resource groups. Around half offer formal mentorship programs for women or individuals in other underrepresented groups.

Bucking a similar trend, **Atlassian Corp.** recently stopped providing its unconscious-bias workshops. This type of training, which identifies the subtle gender and race stereotypes that can influence people's be-

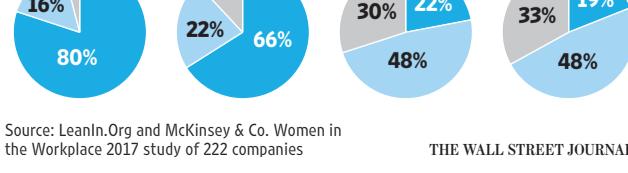
havior in prejudicial ways, has soared in popularity among corporate employers, particularly in tech.

The Sydney-based workplace-software maker had put about 700 employees through a two-hour training session, but some employees felt that concepts like giving effective feedback were "too removed from their day-to-day work," says Aubrey Blanche, the diversity chief, who led most of the sessions.

Instead, Atlassian delivers the message to employees when issues of bias are most likely to arise—for example, just before job interviews or performance conversations. Alison Huselid, who works on HipChat, Atlassian's group messaging app, says emails sent automatically before interviews with job candidates remind her to apply consistent criteria in evaluating all applicants, regardless of the person's background.

Says Ms. Huselid, "Having that reminder to pause and reflect on my actions before walking into a room with new people keeps everyone honest."

Diversity Programs
The percentage of companies that offer these types of diversity and inclusion training



Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2017 study of 222 companies

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JOURNAL REPORT | WOMEN IN THE WORKPLACE

Where Men See a Lower Bar, Women See a Higher One

The push for more diversity at tech companies has ignited a public debate

BY YOREE KOH

WHEN MAXINE WILLIAMS, Facebook Inc.'s head of diversity and inclusion, addresses new hires every Monday, she runs through the company's initiatives to recruit more women and people of color. Afterward she asks the group, "When you're hearing about these things, does anyone here think that we're lowering the bar?"

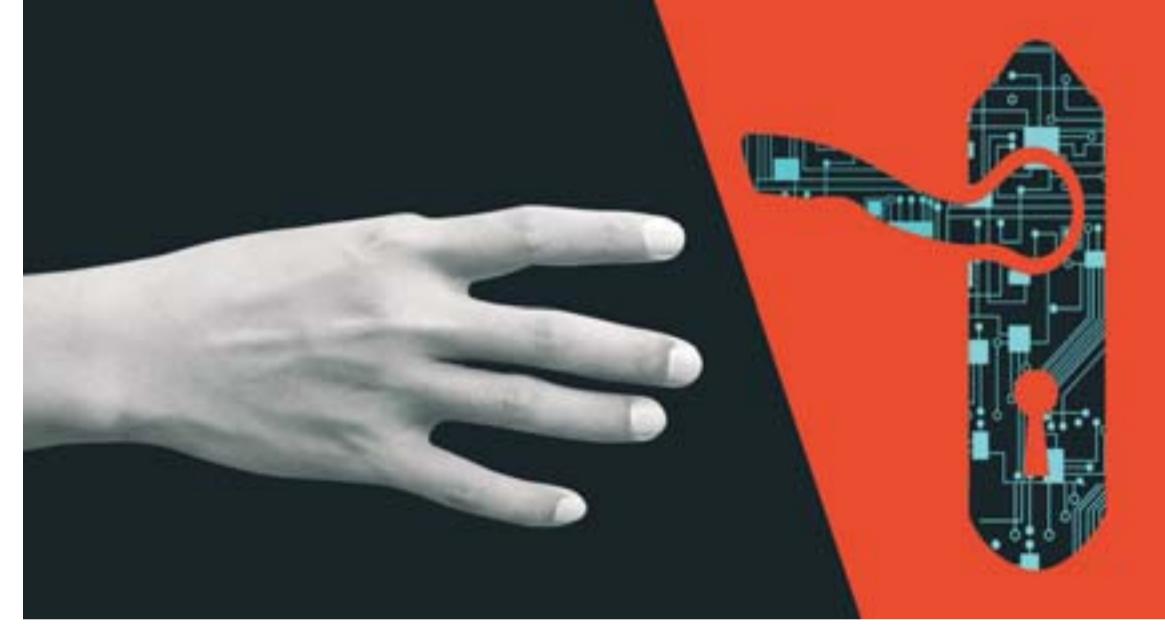
A hand is rarely raised, but Ms. Williams says she assumes some people at Facebook hold those views. The phrase "lowering the bar" is sometimes used on the company's internal forums, she says.

Indeed, it crops up all over the tech industry. Companies' efforts to achieve greater diversity in hiring and promotion have prompted some white and Asian male tech employees, who are a majority in the field, to privately complain that companies are dropping their standards to attain diversity goals.

The idea that entry standards are being lowered for women burst into the open this summer when James Damore, then a Google engineer, wrote a memo arguing that biological differences between men and women help explain the gender gap at the search giant. The memo was posted to an internal forum at Google and then leaked to the media.

Mr. Damore was later fired for what the company called "perpetuating gender stereotypes." In subsequent media appearances, he has said that Google had different hiring practices for people based on their race or gender, "making it easier to get into Google." Google, which has expanded recruiting to a larger number of universities, among other efforts to broaden its talent pool, rejects suggestions that the company has variable hiring standards.

"The notion that hiring diverse talent 'lowers the bar' in any way is simply false, and it's harmful," said Danielle Brown, Google's vice president of diversity, in a statement. "To cast a wider net, we're looking to find potential employees in different and new places, but every candidate



ANASTASIA VASILAKIS

goes through the same rigorous hiring process."

Other tech companies acknowledge the existence in the industry of questions about lowering the bar, but few say such questions arise in their firms. Instead, they say greater transparency about hiring and promotions at their companies assures employees that everyone is evaluated fairly.

It's a tricky balance, though. A study conducted by LeanIn.Org and McKinsey & Co. shows men are much less likely than women to say gender diversity is an important workplace priority. The study, which surveyed 70,000 employees at 222 companies in North America, shows that 15% of men think their gender will be an impediment to getting a raise or promotion. Moreover, the more gender diversity is a priority at a company, the more likely it is for men to think their gender works against them, according to the survey.

But many women in tech talk about a higher bar for them, not a lower one. They often talk about the stress around what they feel is an unspoken standard that they can never make a mistake.

Kate Heddleston, the founder and

Dueling Perspectives

Men think their company is doing better on gender diversity than women do. The percentage of those surveyed who say:



Their company is doing what it takes to improve gender diversity

49% Women 63% Men

Their company often or always addresses disrespectful behavior toward women quickly

34% Women 55% Men

Source: LeanIn.Org and McKinsey & Co. Women in the Workplace 2017 survey of 70,000 men and women
THE WALL STREET JOURNAL.

chief executive of **Opsolutely**, a startup that helps engineering teams deploy code, recalls struggling to break into tech companies despite her experience and a master's degree in computer science from Stanford. She says that when she began to consult for tech companies on diversity and inclusion efforts, she was surprised to hear managers say, "We want to hire more women, but we just can't lower the bar."

"Hearing that was emotionally jarring for me because it was just so counter to my experience of having to fight tooth and nail to get into the industry" despite being highly qualified, Ms. Heddleston says.

At Facebook, Ms. Williams says she works to make it clear that all recruits are put through the same hiring gauntlet.

"It would be very hard to suggest that we are being unfair to men when our [workforce] population is still 65% men and the world is 50% men, right?" she says. "We have these open discussions, and we're not afraid to address people's concerns around that."

What some employees call lowering the bar is just "removing the barriers to entry" for groups that

haven't historically had an easy way into a firm, says LaFawn Davis, global head of culture and inclusion at communications company **Twilio**.

Twilio is among companies trying different ways to evaluate candidates. For some roles that means trading the "whiteboard interview"—in which job candidates solve problems live, before an interview panel—for a take-home assessment of technical skills. "Using different interview methods is not about lowering the bar, it's how we evaluate the bar and understand what our bar is," Ms. Davis says.

At real-estate startup **Redfin**, the bar-lowering debate didn't happen, because diversity was achieved without being the stated goal. When Redfin reorganized its engineering systems to make them less vulnerable to inadvertent mistakes, it enabled people with limited engineering experience to contribute code without affecting existing features, a change that allowed the company to hire from a broader pool of potential employees with a wider range of skills.

Bridget Frey, then the company's engineering director, told her boss, CEO Glenn Kelman, that the engineering change was the only way the real-estate company could hire enough engineers to meet company targets. She didn't mention diversity.

Had she done so, "that would've been hard for me" to get behind the initiative, Mr. Kelman says, because it wouldn't have seemed directly related to the task at hand—scaling up the engineering team as quickly as possible. He was consumed by worries over running out of money and getting crushed by bigger competitors at the time, he says.

When Ms. Frey, who is now Redfin's chief technology officer, offered the change as a business solution, Mr. Kelman was sold, but it paid off in diversity, too: In roughly four years, the percentage of female engineers in the company's Seattle office has gone from zero to 33%. Mr. Kelman says Redfin has benefited from a wider range of talents as a result.

Ms. Koh is a Wall Street Journal reporter in San Francisco. She can be reached at yoree.koh@wsj.com.

#WeSeeEqual

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