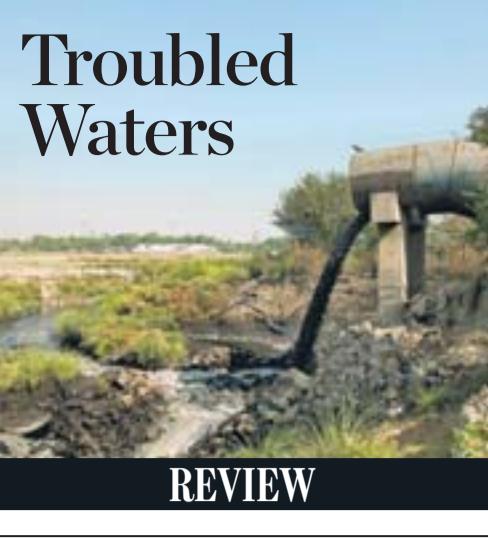


# Troubled Waters



REVIEW

# THE WALL STREET JOURNAL. WSJ



A Room-Service Revolution

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VOL. CCLXX NO. 95

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WEEKEND

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SATURDAY/SUNDAY, OCTOBER 21 - 22, 2017

WSJ.com

## What's News

### World-Wide

Trump signaled that Yellen remains a strong candidate to continue as Fed chief, while also highlighting two other candidates. A3

◆ A U.S. appeals court ruled that the administration for now can block an undocumented teenager from getting an abortion. A3

◆ Santa Rosa, Calif., officials let residents of some neighborhoods destroyed by wildfires return to see what remains of their homes. A3

◆ Japan's Abe is on course for a big electoral win Sunday, helped by his hard-line stance on North Korea. A6

◆ Tillerson will head to Pakistan with a demand that Islamabad do more to eliminate militant havens. A7

◆ Mattis is considering ways to expand U.S. operations in Africa following the deadly ambush in Niger, GOP Sen. Graham said. A6

◆ Islamic State's branch in Sinai mounted two deadly attacks against Egyptians this week. A7

◆ Police in Florida arrested three men after a shooting that followed a white nationalist speech. A2

### Business & Finance

◆ GE slashed its 2017 projections as its CEO set a goal to sell over \$20 billion of assets and cut an additional \$1 billion in spending. A1

◆ Wells Fargo has fired with cause four foreign-exchange bankers as the firm and regulators probe behavior in that business. A1

◆ SoftBank is making tentative plans for a second tech fund that could be about \$200 billion in size. B1

◆ The Dow rose 165.59 points to 23328.63, its 53rd record close of 2017 and the most in a year since 1995. B12

◆ Daimler's profit fell as Mercedes was hammered by airbag-related recalls and diesel-emission costs. B2

◆ EU antitrust authorities raided BMW's offices over cartel allegations against some German car makers. B2

◆ P&G reported another quarter of sluggish growth as shoppers continued to cut back spending on staples. B3

◆ Nestlé investor Loeb praised the firm's recent moves but signaled he would push for more changes. B3

◆ Hudson Bay's CEO is leaving the retailer in the midst of a restructuring effort. B10

### Inside NOONAN A13

Trump May Be Following Palin Trajectory

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# U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

## Drop in Teen Birthrate Drives Fertility Decline



Their biological clocks may be ticking, but fewer U.S. women are listening—at least fewer young women.

The country's birthrate hit a record low in 2016 with 62 births per 1,000 women of childbearing age, but that top-line figure conceals a main driver of the decline:

The birthrate among teenagers fell 9% from the previous year to 20.3 births per 1,000 women, the lowest figure for that age group since at least 1940.

**T**he only group having fewer children was women ages 40 to 44. But unlike teens, the older women gave birth at a higher rate than the year before, increasing by 4% to 11.4 births per 1,000 women.

The National Center for Health Statistics released the latest general fertility figures for women of childbearing age, defined as ages 15 to 44, in September.

Women ages 35 to 39 also

pulled down the overall average with 52.7 births per 1,000 women, an increase of 2%. But the rates of birth for the three remaining age groups were all substantially higher than the average.

Women ages 20 to 24 had 73.8 births per 1,000 women, down 4% from the previous year. Women 25 to 29 had 102.1 births per 1,000 women, down 2%. And women 30 to 34 had 102.7 births per 1,000 women, an increase of 1%.

Economists and others pay attention to fertility because it reveals how many people will be competing for food, property and jobs in the future, as well as how many will be available to support programs such as Social Security and Medicare.

Too few births, in the absence of mitigating factors such as immigration, could compromise the economy, but it is possible today's younger women are merely delaying pregnancy rather than skipping it altogether.

"That's the question people are asking," said Mark

Mather, who specializes in U.S. demographic trends for the Population Reference Bureau, a nonprofit demographic-research group. "Will they catch up or will their completed fertility levels be lower than those of previous generations?"

It isn't unusual for births to decline following an economic downturn, but general fertility is only one measure.

"This is an important piece of information, but it's not a full picture," said Brady E. Hamilton, a statistician who co-wrote the NCHS report.

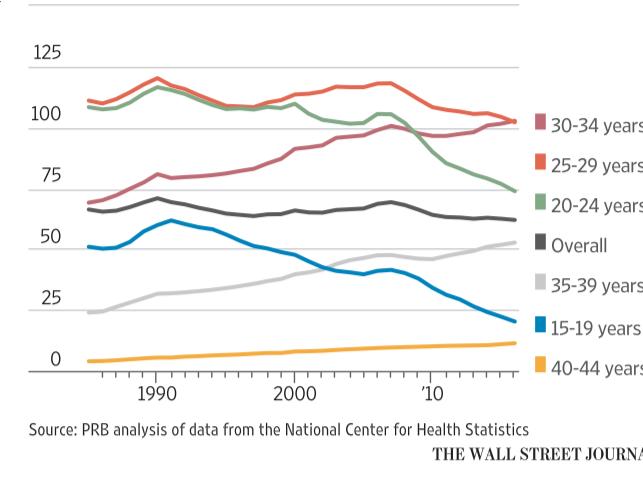
A measure favored by some demographers is the total fertility rate, a projection of how many children a woman will have in her lifetime.

The two measures are related.

The general fertility rate is calculated by dividing the number of live births by the number of girls and women who are of childbearing age. (The result is multiplied by 1,000 to get the rate per 1,000 women.)

### Changing Levels

U.S. births per 1,000 women, by age group



Source: PRB analysis of data from the National Center for Health Statistics

THE WALL STREET JOURNAL.

jected that women of child-bearing age that year would have an average of 1.7 children. The rate is now 1.8.

Other measures have also increased.

**C**ompleted fertility, a retrospective measure that shows how many children women ages 40 to 44 actually had, hit a low point in 2006 with an average 1.86 births per woman. It's now at about 2 births per woman, or nearly replacement level. And the raw number of births bottomed out in 1973, when there were 3.1 million. Last year, there were 3.9 million.

"The total number of births has generally increased or remained steady over time even though fertility rates have declined," Dr. Mather said. "This is because the total number of women of reproductive age in the U.S. has increased as the population has grown."

Taken together, the different measures provide a more complete picture of fertility in the U.S.

## 'Cleaner' Reports Ahead for Firm

By CHARLEY GRANT

General Electric Co.'s next finance chief promised Friday to get "back to basics" with the conglomerate's financial reporting, after the latest quarterly results highlighted the complexity of the company's bookkeeping.

Sharp revisions to the company's forecasts for the current year, just three months after the company had backed them, raised fresh concerns among investors and analysts about the way the company measures its performance.

The financial reports will likely be a focus of new CEO John Flannery and incoming Chief Financial Officer Jamie Miller. In meetings with investors in recent months, the new boss was told that the muddy reporting needed to change. In his letter to employees on his first day, Mr. Flannery said he heard investors "loud and clear."

**G**E presents its financials to investors in unusual ways. Besides reporting traditional earnings per share under generally accepted accounting principles, GE also reports that figure on an adjusted basis that excludes results of businesses that might be sold in the future.

The Boston-based company also reports a key cash-flow metric differently from most



Workers build jet engines at General Electric's highly automated factory in Lafayette, Ind.

public companies. The company adjusts the figure to exclude taxes on the company's deals, as well as costs to fund its employee pension plan.

Wall Street analysts have long expressed frustration with GE's presentation of financial results, typically describing the accounting as "aggressive." In a recent note to clients, William Blair analyst Nicholas Heymann expressed hope that Mr. Flannery's review would include "replacing aspirational with tangible pragmatic oper-

ating targets and simplifying GE's accounting."

Ms. Miller promised changes on a conference call with Wall Street analysts on Friday, including scrapping its adjusted earnings figure and reporting cash flow in line with industry standards.

"We're really looking at, how can we report in a much cleaner way, just a much simpler presentation of what you see? I'd kind of call it a back-to-the-basics approach," she said.

Ms. Miller, who previously

ran the company's transportation unit, will take over from Finance Chief Jeff Bornstein on Nov. 1. She joined GE in 2008 as chief accounting officer and previously was a finance executive at insurer Anthem Inc. and a partner at PricewaterhouseCoopers LLP.

Mr. Bornstein told investors Friday he was leaving because of the company's poor performance. "We are not living up to our own standards or those of investors, and the buck stops with me," he said.

Mr. Flannery previously had pledged the dividend wouldn't change, but said Friday that his view is "continuing to evolve."

"Expected bad. Got bad," said analyst Scott Davis, CEO of Melius Research, noting the quarterly results raise questions about whether the company is fixable. "Pressure to break this up just went through the roof."

GE cut \$500 million in industrial costs in the third quarter and has reduced that annual spending by \$1.2 billion for the year so far. Earlier this year, GE set a goal to cut \$1 billion in such costs this year and next, under pressure from Trian, which recently gained a seat on the company's board.

Mr. Flannery said he would look at potential changes to the board, which was mostly appointed during Mr. Immelt's tenure.

"The board is big at 18 people, there is no doubt about that, and that is one of the topics being discussed," he said.

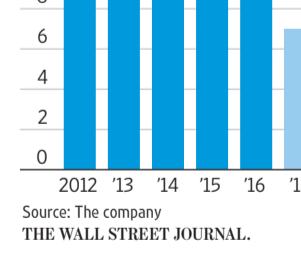
Incoming Chief Financial Officer Jamie Miller said the company would simplify how it reports results. It will revise how it measures free cash flow to be in line with others in the industry with a "back to basics approach," she said.

GE's revenue jumped 14% to \$33.5 billion in the quarter, up from \$29.3 billion a year earlier. Analysts had expected revenue of \$32.5 billion, boosted by the Baker Hughes deal.

—Cara Lombardo contributed to this article.

### Cash Fall

GE slashed 2017 projections, predicting industrial cash flow of \$7 billion.



Source: The company

THE WALL STREET JOURNAL.

one of the country's biggest lenders before the financial crisis. He also struck deals meant to diversify, acquiring Alstom SA's power-plant business and merging GE's oil-and-gas business with Baker Hughes, an oil-field-services provider.

But the company was under pressure from investors, including activist Trian Fund Management LP, to streamline operations and boost profits. GE, which had about 295,000 employees at the start of the year, is still one of the world's biggest makers of jet engines, power-plant turbines, MRI machines and diesel locomotives.

On Friday, Mr. Flannery said he is looking to sell off about \$20 billion worth of assets in the next 1 to 2 years. Mr. Flannery said the company has many strong divisions but also "a number of other businesses which drain investment and

management resources without the prospects for a substantial reward."

The company now projects cash flow from operating activities to be about \$7 billion, a steep revision from the previous view of \$12 billion to \$14 billion. A big part of the drop is coming from the power division, which primarily makes turbines for gas and coal-fire power plants.

In an interview, Mr. Flannery said he was surprised with the results from the power business, GE's largest, and blamed the former management of the division. He said the other divisions of the company were "quite strong" when looking at their orders.

"I'm disappointed in the power business. Deeply," Mr. Flannery said, noting there was an overestimation of demand in the power market, along with too much inventory and not enough cost cuts to adjust to the pressures.

"We have not run the business well of late," he said. GE expanded the division, now its largest by revenue, following the Alstom deal.

The drop in cash flow has raised questions about how the company will fund its dividend, pensions and capital investments. On Friday, Mr. Flannery said the current cash-flow projections aren't going to be the norm at GE, but the company is looking to balance investing in growth and paying the dividend.

He said investors should think of 2018 as a "reset year."

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### SUSPICIOUS DEATHS

#### Supply Shortage Hurts Home Sales

Sales of previously owned homes declined on an annual basis for the first time since July 2016, suggesting a chronic shortage of houses for sale is beginning to take a bigger toll on the market.

## U.S. NEWS

# Foxconn Deal Highlights Lure of Cash

Wisconsin factory pact shows how such incentives outshine traditional tax breaks

BY CARA LOMBARD

Wisconsin's \$3 billion bid this summer to land **Foxconn Technology Group's** first major U.S. factory looked smaller than that of a neighboring state's, but included an increasingly popular feature that likely made the difference: cash.

Cash incentives are likely to come up as **Amazon.com Inc.** weighs dozens of offers that were due this week from cities eager to house its second headquarters, experts say. It could also be a factor for cities looking to land a possible second Foxconn plant.

Amazon declined to comment, but its request for proposals asked that state and local government bidders indicate whether tax credits offered will include cash refunds.

Michigan tried to lure Foxconn, a Taiwanese technology giant, with an incentives package totaling \$3.8 billion, or 27% more than Wisconsin's record-breaking package, according to documents reviewed by The Wall Street Journal. Michigan's offer also would have required fewer jobs to be created than the final offer from its neighbor.

But Michigan's plan relied heavily on credits that would reduce Foxconn's tax bills, an approach that has fallen out of favor as large companies increasingly gravitate toward offers like Wisconsin's that come with cash.

"It's a very shiny compo-

nent and it's easy to quantify," said Paul Gevertzman, a tax partner at Anchin, Block & Anchin LLP, who specializes in economic development.

Ten years ago, few states' primary economic development tools were refundable, a feature that allows businesses to receive cash payments for unused tax credits and incentives, said Jay Biggins, executive managing director at consulting firm Biggins Lacy Shapiro & Co.

Today at least 19 states, including Wisconsin, have such programs, according to Mr. Biggins's firm. Michigan doesn't.

"These programs are powerful," said Mark Sweeney, a senior principal at McCallum Sweeney Consulting, whose firm helps negotiate deals for companies including Northrop Grumman Corp. "They impacted the Foxconn decision

and they will impact the next Foxconn decision."

Traditional tax credits are valuable only to the extent that a company has a tax liability. Other credits can be sold, but usually at a discount.

## 2.85

Billions of dollars in cash refunds Wisconsin promised to Foxconn

With refundable benefits, though, states promise cash payments for unused tax credits, making them useful to companies in a wider range of circumstances, including those that show little income or are already eliminating taxes owed

through other tax breaks.

Refundable credits, sometimes described as paying for jobs, can be a hard political sell.

Wisconsin's 15-year deal, which could cost taxpayers roughly \$15,000 for each Foxconn employee each year, drew criticism from Democratic lawmakers as well as the conservative group Americans for Prosperity, all of whom said that the cost was too high. A state analysis found taxpayers wouldn't recoup their investment through tax revenues until the fiscal year ending 2043.

Wisconsin State Sen. Jon Erpenbach, a Democrat, said taxpayers may never be fully reimbursed if Foxconn automates jobs in the future. "You might as well start writing checks and hope that those jobs come in the end," Mr. Erpenbach said. "If they don't,

you're going to be out a lot of money to build a really nice facility for robots to work in."

A spokesman for Gov. Scott Walker defended the deal, describing it as "pay-as-you-grow," meaning the state will pay incentives as Foxconn builds facilities and creates jobs.

Foxconn said many factors guide its decisions about where to do business, and investments made by state and local governments are certainly considered.

Wisconsin's final offer promises Foxconn as much as \$2.85 billion in cash refunds over the next 15 years to offset portions of its payroll and building costs.

A spokesman for the Wisconsin Economic Development Corporation declined to comment on the negotiations.

—Coulter Jones  
contributed to this article.

## Trump Talks Up Yellen for Fed Chair

BY PETER NICHOLAS AND KATE DAVIDSON

President Donald Trump signaled Friday that Federal Reserve Chairwoman Janet Yellen remains a strong candidate to be renominated for the job after the two met this week, saying he liked her "a lot," while also highlighting two other candidates as front-runners.

In an interview with Fox Business, Mr. Trump mentioned by name three candidates who are among the finalists: Ms. Yellen, Stanford University economist John Taylor and Fed governor Jerome Powell.

Mr. Trump indicated he hadn't made a decision yet. Asked who he wanted to run the Fed, Mr. Trump responded: "Most people are saying it's down to two: Mr. Taylor, Mr. Powell, I also met with Janet Yellen, who I like a lot. I really like her a lot. So, I have three people that I'm looking at, and there are a couple of others."

The two others whom the White House has identified as finalists are Gary Cohn, the president's top economic adviser, and former Fed governor Kevin Warsh.

Mr. Trump is expected to announce a decision before his scheduled trip to Asia begins Nov. 3. "I will make my decision very shortly," the president told interviewer Maria Bartiromo.

The president has offered differing views of Ms. Yellen, whom he interviewed for half an hour on Thursday. On the campaign trail, Mr. Trump said he would probably replace Ms. Yellen with a Republican if given the opportunity, and later accused her of keeping interest rates low to help Democrats ahead of the 2016 election.

But since becoming president, Mr. Trump has praised the central-bank chief. He told The Wall Street Journal in July he was considering nominating Ms. Yellen to a second term. "I like her; I like her demeanor. I think she's done a good job," he said in that interview. "I'd like to see rates stay low. She's historically been a low-interest-rate person."

On Friday, Ms. Yellen was back at the White House having lunch with one of her rivals for the top Fed position—Mr. Cohn. A White House aide said the two lunch together periodically and that Ms. Yellen wasn't in the building Friday to discuss her possible renomination.

Ms. Yellen has avoided weighing in on her future at the central bank, including whether she would want another four-year term. "I have said that I intend to serve out my term as chair," she said at a September press conference, but declined to comment beyond that.

She also has steered clear of saying which direction the administration should take on fiscal policy. Asked in September about the prospect of Republican-proposed tax cuts that critics warn could add to the deficit, she said it was up to Congress and the White House to decide on the plan, and declined to weigh in on the potential economic impact.

## In Boston, Old Ironsides Celebrates an Anniversary



JOY RIDE: The newly refurbished USS Constitution, nicknamed Old Ironsides, took a spin Friday to celebrate the 220th anniversary of the iconic vessel's maiden voyage.

MICHAEL Dwyer/ASSOCIATED PRESS

## Wildfire Victims Return to See What's Left

BY JIM CARLTON AND ALEJANDRO LAZO

SANTA ROSA, Calif.—Residents of some neighborhoods destroyed by wildfires sifted through the remains of their homes here Friday as a cool, drenching rain helped firefighters gain better control over blazes that have consumed 7,700 structures and left at least 42 dead in the California wine country.

Officials of Santa Rosa, a city of 175,000 people about an hour's drive north of San Francisco, on Friday allowed residents of Coffey Park and two other neighborhoods where hundreds of homes were lost to return briefly under police control, "so they

have protected time to assess and grieve," they said.

The neighborhoods will be reopened more fully this weekend, allowing victims of the most destructive wildfire on record in California to sift through the blackened rubble of their homes for any keepsakes that might have survived.

Dan Harmeson, 36 years old, and his wife Christy, 35, both wore jeans, boots, masks and matching red trucker hats and were shoveling through a corner of their home, using a sifter they had picked up from a hardware store. They were looking for her diamond wedding ring that had been in a drawer in their bedroom.

"This isn't like one house

going down," Mr. Harmeson said, looking around the neighborhood where not a single house appeared standing for blocks.

They do want to stay in Santa Rosa, though, Mrs. Harmeson said. "We want to be here, helping the community rebuild," she said.

Fire officials are warning residents not to handle too much debris, because of the likelihood of toxic contamination. County supervisors this week adopted a resolution asking for more state help in removing debris from Santa Rosa and other charred communities.

As of Friday, about 15,000 people remained evacuated from their homes in the fires

that have stretched from the northern suburbs of San Francisco to the Sierra Nevada mountains. The Tubbs Fire—the deadliest of the infernos, with at least 22 lives lost as of Friday—was 93% contained, or encircled by firefighters with new road breaks and other man-made barriers after roaring into Santa Rosa and destroying 3,000 homes.

State fire officials cautioned that the weather forecast calls for a return to dry, gusty conditions this weekend. That would raise the fire potential again, but officials were hopeful the new moisture would reduce the likelihood of a recurrence of the kind of runaway blazes that struck the region beginning

Oct. 8.

Meanwhile, Sonoma County Sheriff Rob Giordano on Thursday accused U.S. Immigration and Customs Enforcement officials of issuing a press release with "inaccurate, inflammatory" information, regarding the arrest of an arson suspect wanted by federal authorities for being in this country illegally from Mexico.

The release by ICE officials suggested Sonoma County had "left their community vulnerable to dangerous individuals and preventable crimes" by not honoring a series of immigration detainers the federal agency had lodged for Jesus Fabian Gonzalez, 29, after his arrest on various criminal charges over the past year.

## Teenage Migrant's Abortion Can Be Blocked Until Oct. 31

BY BRENT KENDALL AND LAURA MECKLER

WASHINGTON—A divided federal appeals court late Friday ruled that the Trump administration for now can block an undocumented teenager from getting an abortion, but that it should seek a way to transfer custody of the girl so she can obtain the procedure.

The U.S. Court of Appeals for the D.C. Circuit, by a 2-to-1 vote, said the administration can prevent a 17-year-old in U.S. custody from having an abortion through Oct. 31.

The court's order said the

Department of Health and Human Services, which has custody of the teen, should use the next 11 days to find a private sponsor to take custody of the girl, a move that could let her get an abortion without government involvement.

If a sponsor can't be found, the court left open the possibility the Trump administration could be ordered to allow the teen to leave the Texas federally funded shelter, where she is being detained, in order to visit an abortion clinic.

Two judges appointed by Republican presidents were in the majority. An appointee of

former Democratic President Barack Obama dissented.

Brigitte Amiri of the American Civil Liberties Union, a lawyer for the teenager, said the court's order means "justice is delayed yet again for this courageous and persistent young woman."

The Administration for Children and Families at HHS said, "For however much time we are given, the Office of Refugee Resettlement and HHS will protect the well-being of this minor and all children and their babies in our facilities, and we will defend human dignity for all in our care."

On Friday, the judges peppered a Justice Department lawyer with tough questions. The attorney wasn't able to answer several questions and said she wasn't authorized to say if the administration believes the girl has constitutional rights. "How can you not take a position on that?" asked Judge Brett Kavanaugh, a George W. Bush appointee.

The Trump administration was challenging a lower-court order saying it must let the teenager leave the facility to visit an abortion clinic. The teen, referred to anonymously as Jane Doe, was taken into custody after crossing the southern border illegally in September and is about 15 weeks pregnant.



J. SCOTT APPLWHITE/ASSOCIATED PRESS

Abortion-rights activists outside the Department of Health and Human Services in Washington on Friday.



## U.S. NEWS

# Strategy to Thwart Nafta Pullout Emerges

Lawyers sketch out plan to oppose possible U.S. withdrawal as trade talks grow tense

BY WILLIAM MAULDIN

Congressional trade lawyers and attorneys from private firms in Washington have begun meeting informally to come up with ways to challenge any decision by President Donald Trump to pull out of the North American Free Trade Agreement.

The private attorneys and congressional aides say the contingency planning is in the early stages, and most don't want to discuss the matter publicly while the talks are continuing.

But with Nafta negotiations having hit their most difficult stage so far in the round that ended this week, and Mr. Trump repeatedly warning that he will pull out of the pact if trading partners can't agree to U.S. demands for "America First" provisions, the talks over how to respond to a withdrawal have taken on a new urgency, according to those involved.

The preparations to challenge the president, should he decide the U.S. should withdraw from Nafta, point to an unanswered question looming over the recent rounds of trade discussions: How much authority does the president actually have to scuttle an existing trade agreement? "This is sort of un-



Workers load rolls of sheet metal in Laredo, Texas. Negotiations among the U.S., Canada and Mexico over Nafta have grown tense.

charted territory where no one really knows," said Warren Maruyama, a former trade official in the Reagan and two Bush administrations.

The president would almost certainly face legal challenges if he took steps to negate the 23-year-old pact with Canada and Mexico, lawyers say, particularly from industries, such as the automotive business, which have become dependent on free

trade across the continent.

"You will see the auto industry in court the day after that notice is sent, seeking an injunction," said Tim Meyer, professor of law at Vanderbilt University. "You will definitely see industry groups in court with the full support of the U.S. Chamber of Commerce the day after that notice is sent."

Political resistance to a withdrawal has already developed

on Capitol Hill and within business groups. In Congress, a swath of centrist, business-backed members in both parties would likely oppose any pullout. The Chamber has called the administration's proposals for Nafta "highly dangerous" and could be expected to challenge any unilateral withdrawal.

The U.S. trade representative, Robert Lighthizer, declined to comment through a spokes-

man. His predecessor, Michael Froman, now a fellow at the Council on Foreign Relations, said there is a vigorous debate about what would happen if Congress opposed a withdrawal but that he believed "a lot could be done by executive action."

Mr. Maruyama agreed that the president probably has the power to cancel or gut Nafta, but he expects challenges—with a chance of success—if Mr.

Trump attempts to kill the deal unilaterally. "There are people who are desperately scouring [key provisions of trade law] on Capitol Hill and law firms and at the U.S. Chamber of Commerce right now to try to create some kind of argument that Trump can't do this," said Mr. Maruyama, now partner at Hogan Lovells LLP in Washington.

While the Constitution gives Congress broad powers to regulate international commerce, when it comes to trade agreements Capitol Hill has delegated to the executive big pieces of that authority—in a 1974 law, in repeated laws designed to expedite the passage of trade pacts and in the 1993 law that implemented Nafta.

Legal experts see two main avenues for challenging a withdrawal: Opponents could challenge the president's ability to exit an international commercial deal as unconstitutional, or challenge his ability to reverse a law passed by Congress—in this case, parts of the Nafta implementing legislation—without congressional consent.

Lawyers involved in the discussions say it would be difficult to stop Mr. Trump from sending the initial notice of withdrawal, since the executive branch enjoys a special ability to communicate official policy decisions to foreign governments.

But after the notice, lawmakers or companies that stand to be injured by the withdrawal could seek an injunction in federal court to prevent it.

## Unions to Politicians: Don't Meet Us in St. Louis

BY ERIC MORATH

At the largest meeting of organized labor next week, U.S. unions are shutting out politicians so they can determine who their friends are.

The question for labor unions is how to deal with a Republican White House that many of its members oppose but whose policies also appeal to significant elements of the labor movement.

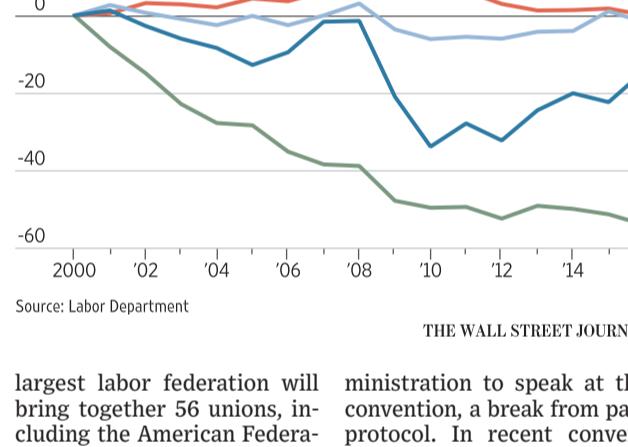
President Donald Trump has peeled support from workers who say they have felt the sting of globalization. He has pushed policies—including on energy and trade—that appeal to blue-collar workers in fields such as construction, manufacturing and mining.

But what has become the majority of organized labor—service unions such as those for teachers, government employees and health-care workers—opposes administration policies such as immigration restrictions.

Worker advocates must decide how to proceed next week in St. Louis during the AFL-CIO's once-every-four-year convention. There the nation's

### Change in Membership

Percentage change in union members since 2000, by sector



AFL-CIO's executive council. "We need to strategize a plan for the next four years, and how we intend to come together."

During last year's presidential election, many unions formally supported Hillary Clinton, but union members voted for the Democratic candidate at the lowest rates since 1980.

Unions are grappling with diminished political influence. In 1976, nearly 30% of voters came from union households. Last year, it was just 18%, according to Cornell University's Roper Center.

Mr. Trump's administration has welcomed certain unions with open arms.

Mr. Trump hosted leaders

of construction unions during his first week in the Oval Office and was the featured speaker at North America's Building Trades Unions conference in April. That AFL-CIO division represents about a quarter of 12.5 million total members.

"Did you ever think you'd see a president who knows how much concrete and rebar you can lay down in a single day? Believe me, I know," Mr. Trump said in his speech.

Mr. Trump's outreach echoes that of Ronald Reagan's. Mr. Reagan performed relatively well with union voters, and sought to court them, including speaking at an AFL-CIO convention.

The current White House has been slower to engage with unions outside of manufacturing and construction. It has made no high-profile outreach to unions representing federal government workers, which protested the federal hiring freeze and intent to shrink the size of government, or to the Service Employees International Union, one of the largest unions outside of the AFL-CIO.

A White House spokesman said it is open to working with anyone interested in helping the president fulfill his agenda.

Labor Secretary Alexander Acosta said: "This administration cares deeply about job creation and opportunity for all Americans, and hearing from all stakeholders—including business, labor and community groups—is part of delivering for the American workforce."

## Video Conflicts With Kelly Criticism

BY NATALIE ANDREWS  
AND ARIAN CAMPO-FLORES

WASHINGTON—The White House on Friday stood by its criticism of Florida Rep. Frederica Wilson, despite a video showing that Chief of Staff John Kelly had incorrectly characterized a speech she gave at a 2015 unveiling of an FBI office in South Florida.

Ms. Wilson's constituent, Army Sgt. La David Johnson, was one of four soldiers killed in an ambush in Niger earlier this month. Ms. Wilson was riding in a car Tuesday with his family when President Donald Trump called to offer condolences.

According to Ms. Wilson, the call was placed on speakerphone as the president told the widow that her husband "knew what he signed up for, but I guess it still hurt"—a message she said hurt Mr. Johnson's widow. The congresswoman recounted the story this week, upsetting the White House, which accused Ms. Wilson of mischaracterizing the call.

Mr. Kelly on Thursday echoed the White House's account of the conversation, while also likening Ms. Wilson to "empty barrels" making the most noise" for criticizing Mr. Trump. He also had accused the congresswoman of touting in 2015 her own efforts in securing funding for a Federal Bureau of Investigation building in the Miami area, rather than praising the office's namesakes: two agents killed during a shootout.

But Ms. Wilson hadn't been elected to Congress when funding for the building was approved. She did push legislation through Congress naming the office for the slain agents.

A video of the event released by the South Florida Sun Sentinel shows her praising those agents and their families. At one point, she calls for FBI agents in the audience to stand and receive applause. In her remarks, Ms. Wilson described her role and that of other lawmakers in the naming process, but doesn't discuss the building's funding.

White House Press Secretary Sarah Huckabee Sanders, questioned on Friday about the discrepancy between Mr. Kelly's account and the video, again labeled Ms. Wilson an "empty barrel" and said the congresswoman was "all hat, no cattle."

—Rebecca Ballhaus contributed to this article.

## TAXES

Continued from Page One  
they've set for themselves.

Republicans are optimistic about their prospects, and they have been talking about tax overhaul for more than six years, kicking around ideas, holding hearings and offering blueprints and frameworks. But they have delayed the moment that's arriving now—unveiling and voting on a bill that limits or removes popular tax breaks—and it's bound to be much tougher than any previous stage.

Here is the likely path for the tax bill through both houses of Congress:

ing of Alaskan land to oil production.

At first, it looked like negotiations to reconcile those conflicting positions would take a week or two. But senators and House members worked out a deal Thursday night under which the House could vote next week without the need for a formal House-Senate conference committee. That would expedite the process of moving a tax bill.

The budget, which President Donald Trump doesn't need to sign, allows Congress to use fast-track reconciliation procedures. Those allow the Senate to pass a bill with a simple majority and not with a 60-vote threshold that would require Democratic votes.

### House Tax Bill

Rep. Kevin Brady (R., Texas), the top House legislator, says that after the budget deal is delivered, his panel will release its tax bill. That proposal will fill in many of the blank spaces in a framework Republicans released in September.

It will spell out exactly what House Republicans plan to do with tax incentives for retirement savings, child tax credits and other points of contention. It will also show income cutoffs for various tax brackets, giving Americans a chance to calculate their tax bill under the new plan.

For businesses, it will show which companies qualify for a special 25% rate for "pass-through" businesses such as partnerships and S-corporations

and will spell out which tax breaks go away.

Those details will stir disagreement among interest groups and House members. The Ways and Means Committee, where Republicans have a 24-16 edge, will consider amendments and vote on the bill. Then it heads to the House floor, where Republicans can lose 22 members at

as higher interest payments on the public debt.

As a percentage of gross domestic product, the deficit totaled 3.5%, up from 3.2% in fiscal 2016.

"Today's budget results underscore the importance of achieving robust and sustained economic growth," Treasury Secretary Steven Mnuchin said in a statement accompanying the report. Mick Mulvaney, the White House budget director, said the figures "should serve as a smoke alarm for Washington" and a reminder to "get our fiscal house in order."

Deficit hawks have warned that a GOP plan to rewrite the tax code could worsen the country's fiscal situation if it adds to the deficit. The Senate approved a budget resolution Thursday that would allow Congress to pass a tax cut that lowers federal revenues by \$1.5 trillion over the next 10 years.

Declining government revenues and long-term costs associated with an aging population are expected to continue pushing up deficits over the coming decades. —Kate Davidson

most. Republicans will likely have to make some accommodation for GOP members from New York and New Jersey, who oppose the repeal of the state and local tax deduction that has been a pillar of the party's plans.

House Speaker Paul Ryan (R., Wis.) has said a tax bill could pass the House by early November.

### Senate Tax Bill

The Senate Finance Committee will release its own tax plan. Lawmakers expect it to be different from the House version, though it isn't clear how far apart they will be.

In the committee, the GOP has a 14-12 edge, meaning it will have to keep all its members on board. For now, votes from Democrats aren't likely.

The Senate bill will face some constraints because of the fast-track procedures. It can't add more than \$1.5 trillion to deficits over a decade and it can't increase deficits at all after a decade. Those rules mean Republicans may schedule some of their tax cuts to expire.

On the Senate floor, Republicans can lose two members and still pass a bill. That may be a challenge: Sen. Rand Paul (R., Ky.) has called for significant tax cuts even if they increase budget deficits, Sen. Bob Corker (R., Tenn.) has pledged not to increase the budget deficit, and Sens. Mike Lee (R., Utah) and Marco Rubio (R., Fla.) are seeking bigger child tax credits that aren't in the GOP plan so far.

### Conference and President

Once the House and Senate have passed their bills, they will have to bridge any differences, presumably in a House-Senate conference. Then they will vote again and send the measure to Mr. Trump for his signature.

—Kristina Peterson contributed to this article.

## U.S. NEWS

# A Month Later, Puerto Rico Still Struggles

It has been a month since Hurricane Maria made landfall in Puerto Rico as a Category 4 storm and pummeled the island with sustained winds of 155 mph. The storm has devastated Puerto Rico's water system, power grid, road network and cellphone infrastructure, and is responsible for at least 48 deaths.

By Kara Dapena,  
Daniela Hernandez  
and Arian Campo-Flores

Highways and bridges suffered heavy damage, cutting off some towns and hampering delivery of relief supplies such as food and water. Of Puerto Rico's 5,073 miles of road, only 392 were open earlier this week, according to the Federal Emergency Management Agency.

"We have found areas where it was impossible to get to some of these communities," said Alejandro De La Campa, FEMA's federal coordinating officer in Puerto Rico. "We're still doing air dropplings in helicopters to bring food and water to some families."

In the four weeks since the storm hit, the recovery has been uneven. By a few measures, daily life rebounded quickly.

Gas stations, essential to providing fuel for generators, steadily came back online. At a station in San Juan this month, Julio Velilla, a part-time Uber driver and Herbalife salesman, said lines had gone from "demonically" long to manageable. People sometimes waited without knowing if they would be able to get fuel once they reached the front of the line, he said.

He had been in line that day for about an hour. On a previous gas run, he had risen before dawn and waited three hours for the station to open.

Most supermarkets were closed in the storm's aftermath. But about 90% have reopened. Yet bottled water remains difficult to obtain, and the few places that manage to keep it in stock typically place limits on how much customers can buy. Some aid workers say price gouging on basics such as food and water is growing.

Many supermarkets are still operating on generator power, which highlights the most daunting obstacle to Puerto Rico's return to normalcy: lack of electricity. With the grid slow to come back online, nearly eight in 10 Puerto Ricans are without power. Cellphone service also remains out for swaths of the island, complicating communication and coordination in recovery efforts.

Bryan Schultz, a doctor with Lincoln Hospital in the Bronx who volunteered in Puerto Rico, said the island's shat-

### The storm devastated Puerto Rico's water system, power grid and road network.

tered infrastructure and unreliable cell and internet service make it difficult for caregivers to help patients. A lack of connectivity at local pharmacies means that pharmacists sometimes can't access insurance policies and medical records to fill prescriptions, he said. That leaves patients having to pay out of pocket, which many can't afford. The U.S. Census Bureau says 44% of Puerto Ricans live in poverty.



Resident Mirian Medina stood on her property in San Isidro, Puerto Rico, earlier this month, weeks after Hurricane Maria hit.

Many people lost their cars in the storm, making it nearly impossible for them to get around or go to the island's hospitals. Some medical-supply vendors, volunteer medical workers and churches have set up systems to try to reach patients in their homes. But some roads have caved in, and many remain impassable, blocked by mudslides.

Maria Santos, 45 years old, drove to San Juan from Cidra—about 30 miles south of the capital—to get phone service so she could contact relatives in the U.S. She wanted to speak with them about bringing a generator to the island. Her house was still without power, and Ms. Santos, a diabetic, needed to refrigerate her insulin.

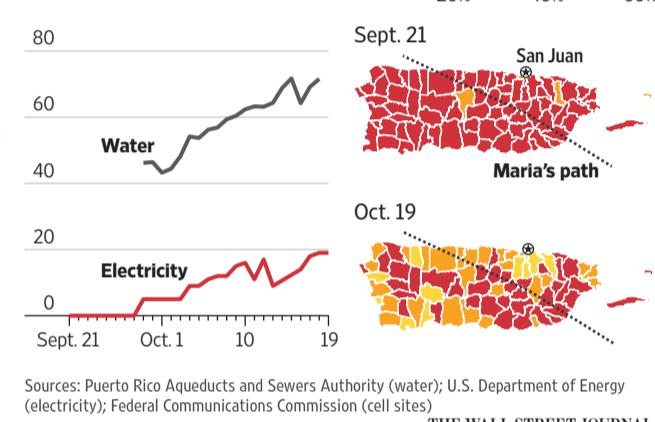
Around the island, people park their cars alongside roads, bridges or highways to get a cellphone signal.

Access to clean water is limited and has been slow to improve over much of the island. The storm severely damaged Puerto Rico's water system,

### Slow Recovery

Many people in Puerto Rico still lack access to water, electricity and cellphone service in the wake of Hurricane Maria, which struck the island on Sept. 20.

#### Customers with service



THE WALL STREET JOURNAL.

which was "already in pretty bad shape," said Erik Olson, director of the Natural Resources Defense Council's health program. The risk increased that wastewater would end up

mixed with sources of water people use to drink, bathe and cook. Wastewater often contains bacteria and toxic chemicals that can be health hazards. Throughout the island,

there have been reports of eye infections and gastrointestinal diseases associated with exposure to contaminated water.

Authorities have advised residents to boil water, said Ismael Pagan Trinidad, the director of the civil engineering and surveying department at University of Puerto Rico, Mayagüez. But the lingering power problems mean that isn't always possible.

"With the lack of electricity, everything gets more complicated," he said.

Roughly a third of island's nearly 70 hospitals are still running on generators, according to FEMA.

"That is a very fragile situation," said Jaime Pla-Cortes, the executive president of the Puerto Rico Hospital Association. "Those generators were not meant to be operating forever."

At several hospitals where generators failed, critical patients were airlifted to other facilities, including the hospital ship the USNS Comfort, which has 250 beds.

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# WORLD NEWS

## Xi Pushes for Place Alongside Mao

China's president aims to enshrine his name and ideological slogan in constitution

By CHUN HAN WONG

BELJING—Chinese President Xi Jinping has collected titles, like commander-in-chief, to signify his ascendance as the country's most powerful leader in decades. Now he is being hailed as its most thoughtful leader too.

A Communist Party congress under way to hand Mr. Xi a second five-year term is also amending the party's constitution to add an ideological slogan associated with him—possibly with his name attached, a mark previously conferred only on revolutionary patriarch Mao Zedong and market reformer Deng Xiaoping.

The accolade would invest Mr. Xi with more authority, potentially giving the 64-year-old a preponderant say in policy debates over China's direction for years and perhaps decades to come, party insiders and politics experts said.

"Writing Xi Jinping's name into the party charter is like making his words part of the holy scripture," said Ding Xueliang, a professor and China politics expert at Hong Kong University of Science and Technology. "As long as Xi's alive, his words would matter. He would have the final say."

What to call Mr. Xi's theory? He is associated with a plethora of catchphrases coined over his five years in office. His "China Dream" evoked a prosperous, strong nation. The "Four Comprehensives" touched on rule of law and disciplining party members. Recently there was the "Four Greats," a call to struggle for national greatness.

How the party labels his ideas matters, with every nuance to be scrutinized by party members and other Chi-



A video depicting President Xi Jinping handling an assault rifle is shown at a Beijing exhibit on his first five years in power.

nese for clues to his power. Ideology is still a critical tool for the leadership to steer the 89-million-member party.

In his nearly 3½-hour long speech Wednesday to open the party congress, Mr. Xi introduced a new slogan—"Thought on Socialism with Chinese Characteristics for a New Era." The abstruse formulation drew swift praise from the party's top leadership. They attached Mr. Xi's name to the front of the already long rubric, fusing the label with the leader.

The congress votes on the charter revision Tuesday. Adding Mr. Xi's theory with his name attached means he would join Mao and Deng as the only leaders with eponymous ideological slogans that appear in the party's constitution.

In the hierarchy of ideologi-

cal nomenclature, "thought" is considered the pinnacle after "Mao Zedong Thought" was placed in the charter in 1945. "Theory" ranks second, as in "Deng Xiaoping Theory," which was adopted in 1997

**The new slogan emphasizes above all the party's leadership over everything.**

months after the reformist leader's death.

Mr. Xi's "Thought on Socialism with Chinese Characteristics for a New Era" seemingly covers all decision making and mentions critical challenges to

China's continued development. Its 14 parts range from better living standards and foreign affairs to "harmony between human and nature" and first and foremost, the party's leadership over everything.

"The more general and abstract the label is, the more all-encompassing the philosophy becomes, and the greater the authority it signifies," said Mr. Ding, the Hong Kong-based professor.

Mr. Xi's new slogan echoes "socialism with Chinese characteristics," which was formulated in the 1980s during Deng's rule and provided an ideological footing for the Communist Party's embrace of market remedies.

By declaring a "new era," Mr. Xi is redefining Deng's ideas, particularly his prag-

matic approach in sidelining ideology in favor of economic growth and allowing the party's dominance to slip, said Wu Qiang, a current-affairs commentator and former politics lecturer at Beijing's Tsinghua University. "Xi wants to emphasize the party's leadership over everything."

Staking out new ideological ground could spark dissension within the party. If President Xi's name is added to the party charter, many in the party will be watching to see whether his theory is publicized and cast in a way that harks back to Mao, some analysts said. Such a step, they said, would reinforce worries that Mr. Xi plans to become a dictator and do away with the collective-leadership system in place for four decades.

## Pentagon Considers Ramp Up In Africa

By BEN KESLING AND NANCY A. YOUSSEF

The Pentagon's top official is considering ways to increase the tempo of U.S. operations in Africa in the wake of a deadly Oct. 4 ambush in Niger by militants affiliated with the Islamic State extremist group, a Republican senator said Friday.

Defense Secretary Jim Mattis held out the prospect of expanded U.S. operations in a Capitol Hill meeting with Sen. Lindsey Graham (R., S.C.) a member of the Senate Armed Services Committee, Mr. Graham said.

Mr. Graham didn't provide additional details, and the Pentagon didn't specify what new plans it is considering in Africa, where top U.S. commanders have cautioned for months that American forces across the continent are minimally supported and are operating without adequate intelligence and other assets.

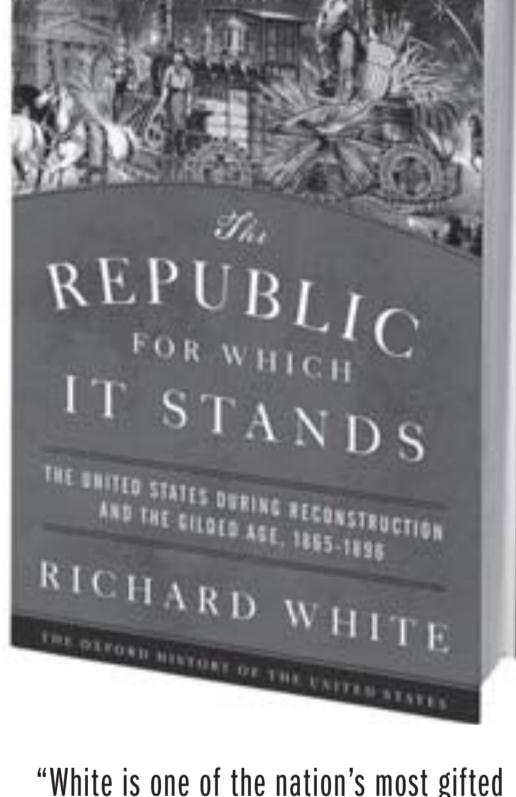
Several thousand U.S. troops operate in a dozen or more countries across Africa, helping train local forces and battling militant groups affiliated with Islamic State and al Qaeda.

Mr. Mattis said he also met with Sen. John McCain (R., Ariz.), the chairman of the armed services committee, to discuss issues of transparency at the Pentagon.

The Niger ambush, which killed four U.S. soldiers and wounded two, exposed intelligence gaps and drew criticism from lawmakers. The Federal Bureau of Investigation has joined a probe of the attack.

A Pentagon official said Friday that there were no plans to announce expanded authorities for U.S. troops in Africa but added such an action is "certainly possible."

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## Abe Parlays Korea Threat Into Asset

By ALASTAIR GALE

TOKYO—Japanese Prime Minister Shinzo Abe is on course for a big electoral victory on Sunday, helped by economic growth, opposition disarray and the threat from North Korea's nuclear program.

An Abe victory would ensure President Donald Trump retains a trusted ally in his campaign to isolate North Korean leader Kim Jong Un, whose belligerence is giving Mr. Abe an opportunity to highlight his security credentials.

Recent polls in three Japanese newspapers forecast Mr. Abe's ruling Liberal Democratic Party-led coalition will keep its two-thirds "supermajority" in parliament's lower chamber. Reaching that threshold would allow Mr. Abe to hold a referendum on changes to the constitution, including his goal of recognizing Japan's right to have a military for the first time since its World War II defeat.

North Korea has been a major theme of Mr. Abe's stump speeches, a reflection of broad public support for his alignment with Mr. Trump's hard-line approach in confronting Pyongyang. Six out of 10 Japanese favor sanctions on North Korea in response to its nuclear provocations, according to a poll released by the Pew Research Center this week.

The Kim regime's launch of two missiles that flew over Japan in recent weeks, along with many other missile tests and a nuclear-bomb detonation, have underlined the threat.

"This election is about whether we can defend Japan from North Korea and ensure we live happily," Mr. Abe said in a speech this week.

Under a previous prime minister, Mr. Abe was put in charge of leading Japan's demands for Pyongyang to return Japanese citizens abducted by North Korea in the 1970s and '80s. Five were repatriated in 2002 but Japan says at least a dozen remain in North Korea.

Mr. Abe made the abduction issue a priority when he became prime minister for the

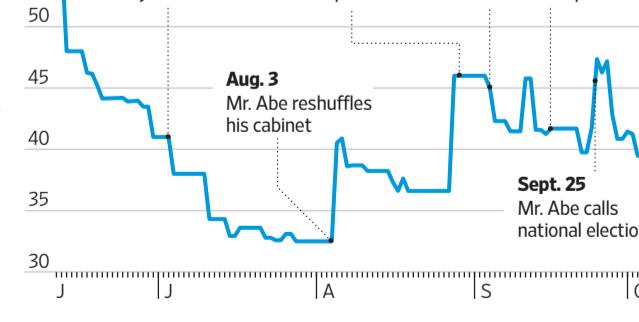


Japanese Prime Minister Shinzo Abe is favored to win a parliamentary majority in Sunday's elections.

### Northern Tailwind

Japanese Prime Minister Shinzo Abe's cabinet reshuffle triggered an initial rebound in his approval ratings, while North Korea's increased threats have allowed him to consolidate those gains.

### Approval ratings for Mr. Abe's cabinet\*



\*Aggregated figures based on major newspaper polls. Sample size varies from about 240 to 7,750. Margin of error isn't available. Source: Sasakawa Peace Foundation USA

unfolded this year, the 63-year-old leader has forged a close relationship with Mr. Trump, who has sought the prime minister's counsel before that of South Korea's dovish president, Moon Jae-in.

Mr. Trump is scheduled to meet with families of abductees when he visits Japan in early November.

Mr. Abe's popularity also draws support from six successive quarters of economic expansion as evidence that his policy of "Abenomics" is paying off. His critics say growth remains weak and isn't filtering through to consumers.

Meanwhile, some of Mr. Abe's opponents say he has unfairly used the North Korean crisis to his advantage by fanning the fears of the public and calling an election more than a year before a legal deadline.

At a speech by Mr. Abe near a railway station in Tokyo on Wednesday, one protester came with a sign calling for the prime minister to resign.

"He's trying to stay in power by hyping the threat from abroad," said 69-year-old Mutsumi Okochi. "North Korea's target is America. They're not doing this thinking they'll attack Japan."

—Peter Landers contributed to this article.

## WORLD NEWS

# U.S. Refocuses on Pakistan 'Havens'

BY SAEED SHAH

ISLAMABAD—Secretary of State Rex Tillerson is heading to Pakistan next week with a demand that Islamabad do more to eliminate militant havens on its territory, reviving a familiar U.S. refrain despite a recent hostage rescue that signaled improved counterterrorism cooperation.

The U.S. has telegraphed its message in recent days with official statements and what local tribesmen said was a series of drone strikes on both sides of the Pakistan-Afghanistan border. Residents said an unusually intense series of around 16 missiles had struck the area between Monday and Friday, killing more than 40 militants from the Haqqani network, an ally of the Taliban.

The U.S. has maintained its alliance with Pakistan for years even as American officials complained that Afghan insurgents were taking sanctuary there from the war across the border.

"We expect Pakistan to take decisive action against terrorist groups based there that threaten its own people and the broader region," Mr. Tillerson warned in a speech Wednesday.

Mr. Tillerson's message represents a revival by the Trump administration of a source of tension between the two sides that persisted through previ-

ous administrations.

Pakistani officials said they are prepared to push militants into Afghanistan, but not to open a new front to fight them. Pakistan's military is stretched battling terrorist groups that target their own country, the officials said. "Afghanistan's war will not be fought on Pakistani soil," Defense Minister Khurram Dastagir said.

Islamabad also believes that it doesn't make sense to make enemies of Afghan militants that the U.S. will ultimately ask Pakistan to help bring into peace talks, officials said.

Pakistan won praise from President Donald Trump last week when it rescued a kidnapped American-Canadian family from militants. Pakistan said the family had been held in Afghanistan for five years and that Pakistani forces took action after they were moved to Pakistan for the first time last week.

But Central Intelligence Agency Director Mike Pompeo said Thursday that the Coleman-Boyle family had been kept in Pakistan during their five years of captivity; U.S. officials later made clear they could only say the family was there the bulk of the time.

The assessment underscores the U.S. view that militants enjoy sanctuary in Pakistan. The family was held by the Haqqani network, U.S. officials said.

# ISIS Strikes Back in Egypt

Islamic State's branch in the Sinai Peninsula mounted two deadly attacks against Egyptians this week, sending a message it can still strike targets outside its fast-crumbling caliphate in Syria and Iraq.

By *Rory Jones in Tel Aviv and Dahlia Kholair in Cairo*

The offshoot group, known as Sinai Province, mounted the attacks a few days after Egypt brokered a reconciliation deal between rival Palestinian factions Hamas and Fatah. That deal followed an agreement by Hamas, which rules the Gaza Strip, to sever ties with the Islamist extremists in neighboring Sinai.

Sierra Province struck just as Islamic State was losing its de facto capital of Raqqa in Syria this week to U.S.-backed ground forces.

"This [fighting] was meant to show the Egyptians that despite what happens in Raqqa, and despite the understandings with Hamas, it won't change what is happening on the ground," one Israeli official said of the motive for the attacks. Militants in Sinai also launched rockets into neighboring Israel on Sunday, but no one was hurt, according to Israeli officials.

Islamic State has now forfeited all of its major urban strongholds in Iraq and Syria and holds only a fraction of the territory it captured in a 2014 blitz across the two countries. The group is expected to look for other weak states where it already has a presence—such as Egypt and Libya—to embed itself going forward.

Militants on Monday attacked checkpoints and a bank in the Sinai town of Al Arish, killing three policemen, a bank security guard and a civilian, the Egyptian Interior Ministry said. A bank official said the assailants stole between 5 million Egyptian pounds (\$283,500) and 10 million Egyptian pounds.



Palestinian workers install barbed wire along the Gaza border with Egypt, near Rafah.

## ISIS in Sinai Peninsula



THE WALL STREET JOURNAL.

curity forces, according to the Egyptian army.

Sinai Province does "not like the idea of closer relations between...Hamas and Egypt. So they will try to provoke Egypt," said Kobi Michael, a senior research fellow at the Tel Aviv-based Institute for National Security Studies who is also former head of the Palestinian desk at Israel's Ministry for Strategic Affairs.

In response to this week's attacks, Egypt canceled a planned four-day opening of the only crossing from the Gaza Strip to the Sinai Peninsula. The event was planned as part of Egypt's brokering of the Palestinian reconciliation deal.

Sinai Province was created by roughly 1,000 jihadists who were part of a group previously known as Ansar Beit al-Maqdis. That group pledged allegiance to Islamic State in November 2014. It has since launched a series of deadly attacks across Egypt, many targeting Christians, and claimed responsibility for blowing up a Russian jet in 2015 and killing all 224 people on board.

Egypt's and Israel's shared concern about the group has sparked deeper security cooperation. Israel let Egypt bring more sophisticated weapons into Sinai than allowed under their 1979 peace treaty. It also launched drone strikes against militants to help Egyptian forces, according to Israeli media.

Egypt's 2013 economic squeeze of Hamas in concert with Israel helped cause the 2014 war in Gaza. Hamas's armed wing, in turn, developed ties with Sinai Province.

Hamas mended ties with Egypt this year and pledged to cut relations with Islamist militants and better police its border. Egypt has promised to open the Rafah crossing more regularly and is leading attempts to reconcile Hamas with the Palestinian Authority and unify the Palestinian national movement.

These changes will likely cause Sinai Province to feel cornered and more willing to launch attacks, said Mr. Michael.

—Nazih Osseiran in Beirut contributed to this article.



Supporters of a banned Islamic charity walking through the city of Quetta at an anti-U.S. protest in August.

## FROM PAGE ONE

### WELLS

Continued from Page One  
confirmed the departures after inquiries from The Wall Street Journal.

Separately, the Office of the Comptroller of the Currency earlier this week sent a confidential report to Wells Fargo about the auto-insurance product issues, according to a person familiar with that matter. The report said the bank may need to refund to customers more than the \$80 million the bank had initially cited, the person said.

The foreign-exchange firings come weeks after Wells Fargo Chief Executive Timothy Sloan was castigated during a Senate Banking Committee hearing for the bank's conduct and culture, such as how the sales problems happened for many years and why more wasn't done to stop them. Sen. Elizabeth Warren (D., Mass.) called for wider-reaching change within the bank and for Mr. Sloan's firing.

Mr. Sloan defended the bank and its handling of problems, pointing to changes he has made in the past year in the operations of the retail-banking business. Mr. Sloan rose through the ranks of Wells Fargo's wholesale and investment-banking business, rather than the retail-banking side, a fact his supporters have noted to rebut critics who have questioned whether a 30-year veteran of the firm can bring about big changes.

Within the investment bank's foreign-exchange operation, those fired with cause, people familiar with the matter said, were Simon Fowles, head of foreign exchange trading; Bob Gotelli, head of foreign-exchange sales; Jed Guenther, a regional head of foreign exchange; and Michael Schaufler, chief spot dealer.

The bankers didn't respond to requests for comment or declined to comment.

The prior head of the foreign exchange group, Sara Wardell-Smith, was moved to a different role at the bank,



Issues in Wells Fargo's foreign-exchange business emerged separately from the review sparked by the firm's sales scandal.

the people said. Ms. Wardell-Smith's LinkedIn profile refers to a role beginning in October leading part of Wells Fargo's financial-institutions group. She had held several roles in the foreign-exchange group after joining Wells Fargo in 1995 and led the group for the past decade.

Ms. Wardell-Smith didn't respond to requests for comment.

The bank spokeswoman said Ms. Wardell-Smith accepted a new position as Americas regional leader in Wells Fargo's financial-institutions group.

*The foreign-exchange group's chief was moved to a different role, people said.*

The spokeswoman added that the bank's foreign-exchange business "will continue to serve our clients under the leadership of Ben Bonner."

Wells Fargo's investment-banking, securities and markets division, known as Wells Fargo Securities, is a fraction of the size of its peers. Its U.S. investment-banking market share is just about 4% as of September, according to research firm Dealogic.

And Wells Fargo's foreign-exchange desk doesn't do as much business as other banks, industry participants

have said. Wells Fargo doesn't break out financial results or metrics for that group.

Unlike many other big banks, Wells Fargo's foreign-exchange operations weren't caught up in investigations into collusion between market participants to move foreign-currency rates for their own financial benefit. Those investigations led to more than \$5 billion in combined penalties at U.S. and European banks and a guilty plea to criminal charges in recent years.

In regard to the retail-bank problems, the report sent to the bank by the OCC this week said Wells Fargo was too slow to identify and correct problems related to auto-insurance products known as collateral protection insurance, the person familiar with the matter said. The OCC report was first reported by the New York Times.

The OCC did acknowledge that the bank has ended the auto-insurance practices, changed management and restructured the group responsible for the sales.

An OCC spokesman declined to comment on continuing supervisory matters.

Another Wells Fargo spokeswoman reiterated that the bank discontinued the product at issue.

"We will continue to work with regulators on the remediation and will make improvements to our auto-lending business," the spokeswoman said.

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## WORLD NEWS

# Austrian Leader Vows Pro-Europe Stance

Young conservative reassures EU but prepares for coalition with far-right party

BY MARCUS WALKER  
AND VALENTINA POP

The 31-year-old Austrian who won his country's parliamentary elections this week by poaching votes from far-right nationalists now faces the test of figuring out how to govern with them.

Austria's head of state on Friday formally invited Sebastian Kurz, who led his Austrian conservatives to first place in parliamentary elections on Sunday after copying the anti-immigration stance of the far-right Freedom Party, to form a new government. Mr. Kurz is widely expected to do so by forging a coalition with the far-right group, which has frequently come under scrutiny for xenophobic rhetoric and nostalgia for the Third Reich.

In a measure of the sensitivity of that approach, Mr. Kurz sought to allay fears among European Union officials during a trip to Brussels on Thursday. Many European leaders, facing their own challenges from antiestablishment forces, are nervous about the Austrian's political experiment of trying to tame nationalists by co-opting them.

Mr. Kurz, set to become one of the world's youngest heads



Sebastian Kurz on Sunday after his party's election victory. 'Any government that I form will be pro-European,' he said on Thursday.

of government, made a point of reassuring the EU that he fully supports the bloc. But he also made clear that he won't be pressured. "The decision on how we form a government will be made in Austria," he told reporters after meeting European Commission Presi-

dent Jean-Claude Juncker.

Mr. Kurz dismissed talk that he would move Austria closer to the EU-skeptical camp of Central European nationalists who govern Hungary and Poland, calling it an "untruth" spread by left-wing opponents.

"I am a pro-European," Mr.

Kurz said Thursday. "I see it as duty of my generation to actively shape the EU positively. Any government that I form will be pro-European."

EU officials privately say they were concerned about how much Mr. Kurz would be able to limit far-right influ-

ence inside a coalition. Publicly, they expressed confidence.

"Sebastian Kurz has a clear pro-European agenda and I have no worries that Austria will abandon its pro-European course," said Manfred Weber, a German conservative ally of

Chancellor Angela Merkel who chairs the center-right caucus in the European Parliament. The Freedom Party has backed away from questioning Austrian EU membership after it proved unpopular.

Mr. Kurz's strategy at home will be closely watched around Europe, where mainstream political parties are looking for a way to weaken the appeal of antiestablishment newcomers among voters unhappy with their governing elites. Recognizing the mood, the young Austrian rebranded his center-right People's Party, long seen as stuffy and bureaucratic, as a youthful, personality-driven reform movement, even renaming it the "Sebastian Kurz List" on ballot papers.

His self-styled insurgency drew comparisons with that of the 39-year-old French President Emmanuel Macron, whose pro-business, pro-EU movement crushed France's established parties in elections this year. Like Mr. Macron, Mr. Kurz promises to spur economic growth by cutting taxes and shrinking the state.

Unlike the Frenchman, Mr. Kurz has made tough controls on immigration another main theme. He has called for shutting down Islamic kindergartens, curbing social benefits for refugees and EU migrant workers, and ending uncontrolled migration across the Mediterranean by setting up EU asylum-processing camps in North Africa.

## EU Inches Forward In Talks On Brexit

BY VALENTINA POP  
AND JENNY GROSS

MADRID—As Catalonia's separatists have gathered momentum in their bid for independence from Spain, lawmakers in Madrid have besieged Prime Minister Mariano Rajoy to strip the restive region of some of its powers.

But for weeks, Mr. Rajoy counseled patience. He has stuck to a script that has served him well in other crises: Play for time to allow cooler heads to prevail—and raise the chance that opponents will make a misstep. "We have been very prudent. We have tried in every way possible not to reach such a difficult situation," Mr. Rajoy told reporters Friday in Brussels.

While his methodical approach has helped make him one of Europe's longest-serving heads of government now in power, it is colliding with the defiance of separatists who also believe that patience is an underrated political virtue. They spent years preparing to stage an unauthorized vote on secession on Oct. 1 and declared independence for the wealthy northeastern region, only to suspend it moments later and call for negotiations with Madrid.

The stalemate has pushed Mr. Rajoy into a role he had sought to avoid: He will be Spain's first prime minister to invoke the country's constitution to quell a regional insurrection. On Saturday, his government will decide how to deploy never-used legal powers to revoke at least part of Catalonia's prized autonomy, possibly targeting the regional police force.

Characteristically, Mr. Rajoy



Spanish Prime Minister Mariano Rajoy's government is set to revoke part of Catalonia's autonomy.

has set an agenda that won't see the Senate—which needs to ratify such a move—vote until later this month, giving the pro-independence separatists even more time to back down, something they have shown no sign of doing.

Mr. Rajoy "thinks that many crises are resolved with time," said José María Beneyto, a professor and former Popular Party lawmaker who worked with the prime minister.

"He thinks that Spaniards tend to initially have a passionate, emotional reaction and that, over time, those bursts of passion cool down. He believes in people's ability to be reasonable."

Critics question whether Mr. Rajoy's deliberate strategy is the right one. Mr. Rajoy "has continued to put off political action," says Ignacio Ju-

rado, an analyst with Madrid-based political-risk consulting firm Quantio. "We've gotten here because at no point has he wanted to lead the political response."

Mr. Rajoy's style has deep

**'We have tried in every way possible not to reach such a difficult situation.'**

roots. The son of a judge, Mr. Rajoy was steeped in respect for the law from a young age. At 24, he became Spain's youngest-ever property registrar, a civil servant who authenticates and maintains public real-estate records. "I have always

believed that my principal obligation as the prime minister is to abide by the law and ensure it is abided by, safeguarding and securing democracy," Mr. Rajoy said recently.

The premier, 62 years old, is from Galicia, a region in northwest Spain that, like Catalonia, has its own language and distinct culture, but it has never seriously embraced separation.

A folksy Spanish saying about Galicians holds that when coming across one on a staircase, it is never clear whether he is going up or down.

Mr. Rajoy has long played down the secessionist threat. During Spain's economic crisis, support for independence among Catalans nearly doubled to roughly 48% of voters, according to polls. But Mr. Ra-

joy and his allies likened secessionist support to a soufflé that would deflate as the economy improved. Pro-independence sentiment did cool, but remained higher than before the crisis, standing at about 35% this past summer.

"There probably was a window of opportunity that was missed in the sense that Rajoy didn't invest too much time or effort exploring the possible reforms that might have brought some of these people back into the fold," said Charles Powell, director of Spain's Elcano Royal Institute think tank. Now, "how do we win back the hearts and minds of those people who have become disaffected?"

Mr. Rajoy also appears to have miscalculated in expecting an implosion of the separatist coalition, a hodgepodge of anticapitalists and conservative, pro-business lawmakers united only by their bid to break with Spain.

While cracks have appeared, the bloc has so far held together. Some Catalan separatists, determined to test Mr. Rajoy's staying power, like to recall the motto of one of the fathers of the modern Catalan nationalist movement: "Hoy paciencia, mañana independencia." Patience today, independence tomorrow.

As a result, it may eventually take new leadership on both sides to bring a lasting solution to the crisis. "It's the logic of emotion battling against the logic of rules, the logic of law," said Javi López, a member of the European Parliament for the Catalonia Socialist Party, which opposes unilateral independence. "There isn't much middle ground."

Despite the goodwill, French President Emmanuel Macron insisted that negotiations are "not halfway there" on the financial settlement.

"We acknowledge an opening on the U.K. side, but a lot still has to be done," he said. The British government must acknowledge all of its financial commitments made as part of the EU budget that runs through 2020, Mr. Macron said.

German Chancellor Angela Merkel confirmed after the meeting that the U.K.'s divorce bill was the dominant outstanding issue. "We would hope that we will be ready by December to initiate Phase 2, but as I said this depends to a large extent on...Great Britain."

For Mrs. May, settling the bill poses the toughest challenge at home, where her authority was badly damaged after several setbacks and stalled Brexit talks. The moment she gives ground on the amount the U.K. owes the EU, she could face a backlash and possible attempts to oust her from power by warring factions in her party. But without movement on money, she is unlikely to be able to break the stalemate.

Mrs. May on Friday acknowledged that talks were coming to a crunch point. British officials have said they are comfortable starting talks on the shape of the country's future trade relationship with the EU in December, but any failure to reach that milestone increases the prospect of talks collapsing—a scenario that could inflict severe economic damage on the U.K. and the EU.

## WORLD WATCH



Kurds demonstrated outside the U.S. Consulate in Erbil, the capital of semiautonomous Iraqi Kurdistan, with some carrying banners reading: 'American people, how can you allow this Iranian aggression?'

### IRAQ

#### Kurds Blame U.S. For Loss of Territory

Several hundred Kurdish demonstrators protested outside the U.S. Consulate in the capital of the semiautonomous Kurdish region on Friday, accusing one of their closest allies of standing by as Iraqi forces dislodged them from a contested territory in the north of the country.

Many have questioned why President Donald Trump didn't intervene to defend them against Iraqi forces, which include Shiite paramilitary groups—some of them backed by Iran.

Both Washington and Tehran warned the Kurds against holding a referendum on independence on Sept. 25. But Kurdish leaders pressed ahead, prompting a backlash from neighboring states and Iraq's central government.

—Isabel Coles

### MEXICO

#### Electoral Prosecutor Is Fired for Disclosure

Mexico's top election-corruption prosecutor was fired Friday while investigating whether bribes allegedly received by a former head of the state oil firm were used to finance the campaign of President Enrique Peña Nieto.

Santiago Nieto, head of the electoral-crimes division of the Attorney General's Office, was fired two days after he told a local newspaper that the former head of Petróleos Mexicanos from 2012 to 2016 sent him a letter to pressure him to publicly declare him innocent of any wrongdoing.

The Attorney General's Office said Mr. Nieto, no relation to the president, was fired for having breached the internal code of conduct prohibiting disclosure of an ongoing investigation.

—Juan Montes

# OBITUARIES

ARTHUR CINADER  
1927 – 2017

## J. Crew Creator Evoked The Preppy Lifestyle

The J. Crew clothing brand, launched in 1983 by Arthur Cinader, evoked a world of effortless style, Ivy League schools and breezy summers on Nantucket—a version of the preppy lifestyle that became so well-known it served as a category for online dating services.

Among J. Crew's big sellers in the early days were 100% cotton T-shirts in solid colors, with no logos or graphics. There were cashmere sweaters and stone-washed chinos with button flies. Women could buy bikini tops and bottoms separately to get the right fit for both.

Mr. Cinader delegated design oversight to his daughter Emily. He handled the finances and

fussed over wording in catalogs, seeking what one colleague described as a tone of "sophisticated whimsy."

A 1989 catalog captured his style. Under the heading of "artful simplicity," the catalog offered "styles in the tradition of the Northeast Coast. Plain and simple stuff it would seem. But we conceive every J. Crew design in unique detail and color to yield an occasional quiet pleasure in the receptive soul."

Family members recalled his habit of singing "Sloop John B," a Beach Boys song, on chairlifts in Vail, Colo. Mr. Cinader died in Santa Fe on Oct. 11 of complications from a recent fall. He was 90.

—James R. Hagerty

CARLYLE CALDWELL  
1914 – 2017

## Chemist Altered Starch, Spurring Frozen Food

When the U.S. was threatened with a shortage of starch at the outbreak of World War II, Carlyle Caldwell was in the right place: Ames, Iowa, surrounded by cornfields.

The war disrupted imports of tapioca, whose starch was used in making food, adhesives, paper and medications. Starches from corn were an alternative but didn't work as well in some applications. Dr. Caldwell, who received a doctoral degree in chemistry at Iowa State University in 1940, had developed expertise in the molecular structure of starches. He pursued research on ways starch molecules could be modified to improve performance.

His research helped lead to

starches for processed food that could be bottled, canned or frozen without turning into a gloopy mess. These modified starches helped spur development of preserved and frozen foods.

Dr. Caldwell began his career at National Starch & Chemical Corp. in Bridgewater, N.J., as a researcher and rose to become chief executive in 1975. When Unilever Group acquired National Starch in 1978, he was named chairman. He retired in 1989. The American Chemical Society gave him a Heroes of Chemistry award in 1999, citing his work with starches.

Dr. Caldwell died Oct. 7 at home in Bedminster, N.J. He was 103.

—James R. Hagerty

## FROM PAGE ONE

## ART

Continued from Page One  
tory books," Mr. Sijan said. "Although maybe it will."

Art's story began in 1997, when Herb Kohl, now a retired four-term Wisconsin senator and the former Bucks owner, commissioned a piece from Mr. Sijan for the entrance of the team's practice facility, "Something interesting," he said.

He suggested a Bucks player. Mr. Sijan had his own idea.

"I went ahead with a 7-foot basketball player to surprise him," he said.

Mr. Sijan tracked down a large man he had seen play for the Harlem Globetrotters. He said he worked on his 7-footer for roughly six months before he showed the finished player to the Bucks. "They didn't nibble," Mr. Sijan said. "It's probably on tour in some museum in Europe."

Mr. Sijan went back to work and found his inspiration in an older Wisconsin man. Mr. Kohl was delighted with the piece, officially titled "Seated Security Guard," and which Mr. Sijan named Art.

He never intended for Art—or any of his sculptures—to trick people. "I'm an artist," Mr. Sijan said. "I'm not a magician."

Art has turned out to be the longest-tenured Buck working without a raise, Milwaukee coach Jason Kidd said, which counts for something for a team whose payroll has increased by nearly \$100 million over the two decades since the security guard's arrival.

He also has aged incredibly well despite working day and night over that time. Some say Art is slouching. Bucks' executives insist otherwise. "He's comfortably postured," team president Peter Feigin said.

The most striking thing about Art may be his facial expression—the seen-it-all look of a behind-the-scenes NBA employee.

"If he could write a book, he'd have quite a bit to say," said Mr. Kohl.

Watching others discover that Art was more scarecrow than he looked was always a source of enjoyment, Mr. Kohl added.



Greg Monroe, of the Milwaukee Bucks, shoots during a game last season against the Detroit Pistons.

"The first day I walked in and said, 'What's up,'" said Bucks forward Khris Middleton. "He didn't say anything."

Mr. Middleton figured the security guard hadn't heard him. "The second day," he said, "and I realized he'd been in the same position."

Art fooled some of the Bucks players while they were still in college. When prospects were in town for their pre-draft workouts and interviews, former Milwaukee general manager

Some say Art is slouching. Bucks' executives insist otherwise.

Ernie Grunfeld said he would mention how they should really talk to the security guard because "he has the best personality."

Mr. Grunfeld, now the president of the Washington Wizards, got a call in 2014 from Mr. Feigin, who told him he was taking a job with the Bucks. Mr. Feigin said he'll never forget Mr. Grunfeld's reaction: "You can now promise me that Art will be safe for the rest of his life."

The last few months have presented new challenges for Art and his team. The Bucks are

expected to move into the Eastern Conference's elite in the new season that began this week. Art has already made his move.

His office used to be at the Bucks' practice center, a building hidden in Milwaukee's suburbs. Art is now positioned behind glass doors at the team's new downtown offices, across the street from the arena, where thousands of people can see him.

Team officials said they hoped the attention doesn't distract Art from his job.

Mr. Sijan was nervous when he found out Art was moving. "I was thinking he'd be in the general public with the beer-sluggers," he said. "He wouldn't have a chance."

These days, visitors, passersby and fans knock on the glass door trying to get Art's attention. That has started to annoy the team's flesh-and-blood receptionist. Art remains oblivious.

"It's pretty hard to have animosity for a guy just doing his job," said Mr. Feigin.

Art is already becoming a curious attraction in his new posting. A local college student named Gary Barnette was in the neighborhood on a recent afternoon and looked through the glass. Jason Volkoff, a financial adviser, happened to be standing outside the Bucks' offices.

Mr. Barnette stopped him and pointed at the security guard.

"Can I ask you a question?" he said. "Is he alive?"

WASHINGTON SYCIP  
1921 – 2017

## Accountant Explained Asia To Western Executives

BY JAMES R. HAGERTY  
AND JAKE MAXWELL WATTS

When they needed advice on doing business in Asia, Western executives in recent decades often called on a diminutive accountant in Manila with the unusual name of Washington SyCip.

He built SGV & Co. into the largest accounting firm in the Philippines—so trusted that it was called on to count Imelda Marcos's shoes and other family loot when she and her husband, Ferdinand, were ousted from power in 1986. He created affiliates of SGV in Indonesia, Singapore and other neighboring countries. He knew China as the land of his ancestors. He had studied at Columbia University in New York and served as a code-breaker for the U.S. military.

Companies including American International Group Inc., Caterpillar Inc. and AT&T put him on international advisory boards. He was a vice chairman of the Conference Board, a global business research organization, and founding chairman of the Asian Institute of Management in Manila.

Mr. SyCip told Americans what many didn't want to hear: U.S.-style democracy wasn't the right model for poor Asian countries. He thought the more authoritarian regimes of Singapore, China and South Korea were better suited for fighting poverty.

He was en route to New York to host a dinner he organized annually when he died of heart failure on Oct. 7 at age 96.

"Wash," as he was known to friends, obtained U.S. citizenship while studying there in the early 1940s but kept his home and sympathies in the Philippines. After World War II, he said in a 2010 speech, Filipinos "were told that with our advantages of being a



Christian nation and a democracy, we will be, next to Japan, the leading nation in East Asia. Instead, we find ourselves in a steadily declining position."

He blamed a "scandalously high" dropout rate in Philippine schools and politicians who focused on short-term gimmicks to win votes rather than long-term strategies. In a 2001 interview with The Wall Street Journal, he described the Philippines as "a thin layer of rich and successful people floating in an ocean of absolute poverty."

As SGV expanded, Mr. SyCip insisted on meritocracy. To make clear that the best employees had a shot at the top job, he promised never to hire his own children. After meeting people, he jotted notes about them on their business cards and filed them. When people met him again years later, they often were amazed by his memory.

Cesar Purisima, who joined SGV around 1980, remembered being complimented by Mr. SyCip on his necktie. "Let me show you how to do it better," Mr. SyCip added, before giving his employee a lesson in knotting neckwear.

Mr. SyCip is survived by his wife, Anna, three children, eight grandchildren and three great-grandchildren.

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

graduated from high school at 15. At 18, he had graduated from the University of Santo Tomas and passed his accounting exams. Still too young to work as a certified public accountant, he persuaded his father to send him to Columbia.

While doing his graduate studies in New York, he helped keep the books for a duck cooperative on Long Island. His idyll of exploring America was spoiled by the Pearl Harbor attack in December 1941. Mr. SyCip was working in a library on his dissertation. A friend ran up and exclaimed, "Wash! Your home is being bombed!"

He enlisted in the U.S. Army. He was trained in Japanese and cryptography before being shipped to Calcutta to work on a code-breaking team until the war's end. He then sailed home to a bombed-out Manila. In 1946, Mr. SyCip set up a one-man accounting shop in Manila that became SGV. Two years later, he married a childhood friend, Anna Yu. Initially, they lived in a Quonset hut left over from the war.

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## Washington Zarate SyCip

was born June 30, 1921, in Manila. His father, a banker and lawyer, was in Washington, D.C., on business that day and decided to name his third son after the American capital. Both of his parents came from cosmopolitan Chinese families. His father, Albino SyCip, studied law at the University of Michigan. His mother, Helen Bau, was a music major at Oberlin College in Ohio.

He wasn't much interested in sports and resisted piano lessons, leaving more time for books. He



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## IN DEPTH

# SUB

*Continued from Page One*  
pulsion system is mounted on noise-cutting dampers; rechargeable batteries drive it in near silence, leaving little for sub hunters to hear. "The Black Hole," U.S. allies call it.

"As you improve the quieting of the submarines and their capability to move that much more stealthily through the water, it makes it that much harder to find," said U.S. Navy Capt. Benjamin Nicholson, of Destroyer Squadron 22, who oversees surface and undersea warfare for the USS Bush strike group. "Not impossible, just more difficult."

Russia's support of Syrian President Bashar al-Assad has given Russian President Vladimir Putin opportunities to test the cruise missiles aboard the new subs over the past two years, raising the stakes for the U.S. and its allies.

Top officials of North Atlantic Treaty Organization say the alliance must consider new investments in submarines and sub-hunting technology. The findings of a study this year from the Center for a New American Security, a Washington-based think tank, grabbed the attention of senior NATO leaders: The U.S. and its allies weren't prepared for an undersea conflict with Russia.

"We still remain dominant in the undersea world," said Gen. Curtis Scaparotti, the top U.S. and NATO commander in Europe. "But we too must focus on modernizing the equipment we have and improving our skills."

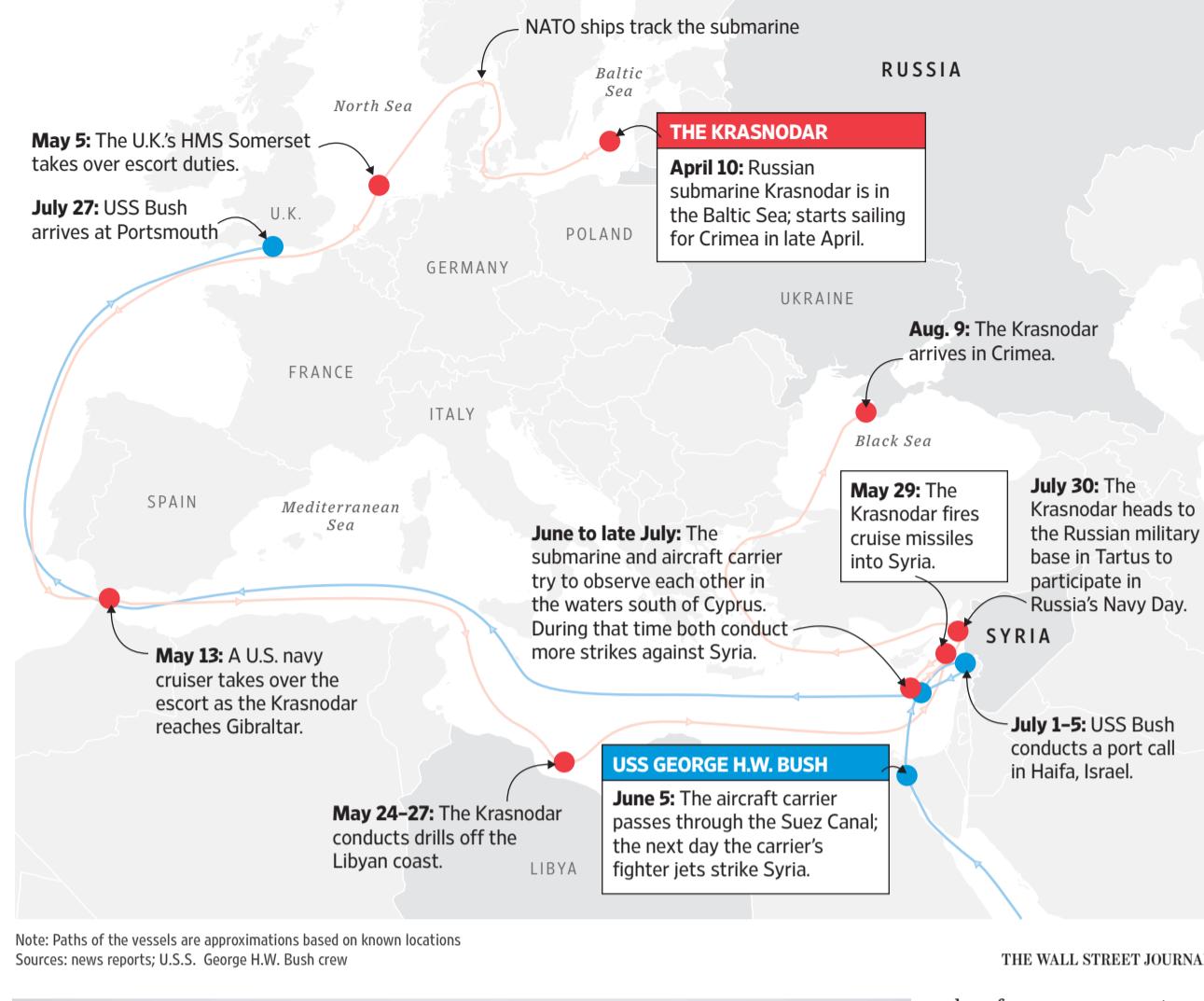
The U.S. Navy, which for years trained its sub-hunting teams through naval exercises and computer simulations, is again tracking Russian submarines in the Baltic, North Atlantic and Mediterranean seas. The challenge extends beyond Russia, which has sold subs to China, India and elsewhere.

"Nothing gets you better than doing it for real," Capt. Nicholson said. "Steel sharpens steel."

This account was based on interviews with officials from the U.S. Navy, NATO and crew members aboard the USS Bush, as well as Russian government announcements.

### Deadly Voyage

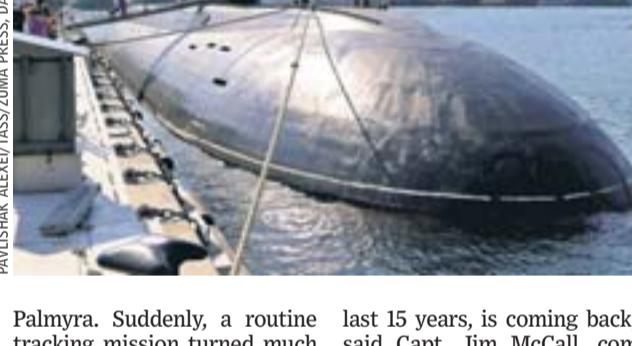
The U.S. and its allies set out to track the Krasnodar, a Russian attack submarine, as it moved from the Baltic Sea to its new home port in Crimea. The submarine's cruise-missile attack on Syria turned a routine voyage into a superpower sea hunt.



Note: Paths of the vessels are approximations based on known locations

Sources: news reports; U.S.S. George H.W. Bush crew

THE WALL STREET JOURNAL.



**The USS George H.W. Bush, an aircraft carrier, above, pictured in the Mediterranean Sea in July. It was tracking the Krasnodar, left, a stealthy Russian attack submarine, seen here docked in Crimea.**

*With a second salvo of cruise missiles, the Russians 'were flexing their muscles.'*

small as a periscope.

Cmdr. Edward Fossati, the commander of Helicopter Maritime Strike Squadron 70, the Bush Strike Group's sub-hunting helicopters, said Russian subs have gotten quieter but the cat-and-mouse game remained about even with advances in tracking: "We are much better at it than we were 20 years ago."

That includes narrowing down where to look. The USS Bush had on board three Navy anti-sub oceanographers to help track the vessel.

Submarines look for ways to hamper sonar equipment by exploiting undersea terrain and

subsurface ocean currents and eddies. Differences in water temperature and density can bend sound waves, making it difficult to pinpoint the source of a sound.

U.S. Navy computer systems analyze the ocean environment and make predictions about how sound will travel in a given patch of ocean. Using the sub's last known position and expected destination, the oceanographers use the data to mark potential hiding places and determine where search teams should focus.

"It is a constant foot race," said U.S. Navy Secretary Richard V. Spencer. "And, as I say, 'Game on.'"

On June 18, a Syrian Sukhoi jet fighter threatened U.S.-backed rebels advancing toward Raqqa, the Islamic State's de facto capital. Fighter planes from the USS Bush warned away the Sukhoi. When the Syrian pilot ignored flares and radio calls, Lt. Cmdr. Michael Tremel shot down the Sukhoi. Moscow threatened to shoot down U.S. planes in western Syria.

Five days later, the submarine Krasnodar fired another salvo of cruise missiles. Russian officials said they hit an Islamic State ammunition depot.

"They were flexing their muscles," said Rear Adm. Kenneth Whitesell, commander of the USS Bush strike group. U.S. officials wouldn't say how long the Krasnodar remained hidden underwater, but Adm. Whitesell said the launch was watched by a French frigate and U.S. Navy aerial surveillance.

Flight-tracking companies don't log military flights, but amateur plane watchers examining transponder data often catch clues. On July 2, with the USS Bush in a five-day port call in Haifa, Israel, a P-8 flew toward the Syrian coast, appar-

ently searching the seas, according to amateur plane watchers.

On July 20, the flight-tracking data showed two P-8s flying south of Cyprus, close to six hours apart. The first plane was observed on flight-tracking sites making tight circles over the Mediterranean south of Cyprus, a flight pattern typical of a plane homing in on a submarine.

Capt. Ellis wouldn't say if his P-8s had the Krasnodar in their sights.

### Tables turn

After the Soviet Union's collapse in 1991, Moscow curtailed undersea operations. In 2000, the nuclear-powered Kursk sank with 118 sailors, a naval tragedy emblematic of the decline.

Russia's military modernization program, announced in 2011, poured new money into its submarine program, allowing Russian engineers to begin moving ahead with newer, quieter designs.

When the Krasnodar was completed in 2015 at the St. Petersburg's Admiralty Shipyards, Russia boasted it could elude the West's most advanced sonar. NATO planners worry subs could cut trans-Atlantic communication cables or keep U.S. ships from reaching Europe in a crisis, as Nazi subs did in World War II.

"If you want to transport a lot of stuff, you have to do that by ship," said NATO's submarine commander, Rear Adm. Andrew Lennon. "And those ships are vulnerable to undersea threats."

NATO's military leaders have recommended reviving the Cold War-era Atlantic Command, dedicated to protecting sea lanes, alliance officials said, a proposal that defense ministers are expected to approve.

U.S. officials have said they believe that Moscow's support of the Assad regime is partly for access to a strategic port in the eastern Mediterranean to resupply and rearm warships. The Syrian port of Tartus is expanding to include a Russian submarine maintenance facility, according to Turkish officials.

On July 30, the Krasnodar surfaced in the Mediterranean. The Krasnodar's port call in Tartus, coinciding with Navy Day, a celebration of Russia's maritime forces, marked the end of its hide-and-seek maneuvers with the USS Bush. On Aug. 9, the Krasnodar arrived in Crimea to join the Black Sea fleet, Russian officials said. Its mission appeared a success: Moscow showed it could continue unfettered strikes in Syria with its growing undersea fleet.

By then, the Bush carrier strike group had left the eastern Mediterranean for the coast of Scotland, where the U.S. and British navies, along with a Norwegian frigate, were conducting a joint exercise called Saxon Warrior. U.K. sailors boarded the USS Bush and heard lessons from the Krasnodar hunt.

### A new threat

Days before the exercise, Capt. Nicholson predicted another Russian sub would be nearby. "We are in the Russians' backyard," he said. "Prudence dictates we are ready for whatever or whomever might come out to watch."

A senior U.S. official later said a Russian sub had indeed shadowed the exercise, which ended Aug. 10. NATO officials wouldn't comment.

A new nuclear-powered class of Russian submarines even more sophisticated than the Krasnodar, called the Yasen, are designed to destroy aircraft carriers. They are built with low-magnetic steel to better evade detection and can dive deeper than larger U.S. submarines.

At the time of the U.S.-U.K. exercise, Russia said its only Yasen sub officially in operation, the Severodvinsk, was in the Barents Sea. But a second, more advanced Yasen sub, the Kazan, was undergoing sea trials.

Russian, NATO, and U.S. officials won't say whether the Kazan was shadowing the U.S.-U.K. exercise in the North Atlantic.

On Aug. 17, a U.S. P-8, flying from a Norwegian base, conducted three days of operations, according to amateur aviation trackers. Canadian air force patrol planes also flew out of Scotland. On Aug. 26, French planes joined.

Allied officials said some of the flights were searching the waters for a Russian submarine. The USS Bush, however, was out of the hunt. On Aug. 21, she returned to port in Norfolk, Va.

PAVLISHAK ALEXEI/TASS/ZUMA PRESS DANIEL GATHER/PLANET PIX/ZUMA PRESS

Palmyra. Suddenly, a routine tracking mission turned much more serious.

With both U.S. and Russian forces crossing paths in Syria, each pursuing distinct and sometimes conflicting agendas, the battlefield has grown more complicated. The Russians have given only limited warnings of their strikes to the U.S.-led coalition. That has required the U.S. and its allies to keep a close eye on Russian submarines hiding in the Mediterranean.

Nuclear-armed submarines are the cornerstone of the U.S. and U.K.'s strategic deterrent. For the U.S., these subs make up one leg of the so-called triad of nuclear forces—serving, essentially, as a retaliatory strike force.

Smaller attack submarines like the Krasnodar, armed with conventional torpedoes and cruise missiles, can pose a more tangible threat to U.S. aircraft carriers, which are the Navy's most important weapon to project American power around the world.

On June 5, the USS Bush, a \$6.2 billion carrier, and its warships, passed through the Suez Canal into the Mediterranean. Its mission was to support U.S.-backed Syrian rebels and attack Islamic State positions.

Amid rising tensions between U.S. and Russian military forces in Syria—and with the Krasnodar trying to evade Western surveillance—the job of the USS Bush now also included tracking the sub and learning more about its so-called pattern of life: its tactics, techniques and battle rhythms.

By then, the Krasnodar had slipped beneath the waves and begun the game of hide and seek. Sailors and aviators with little real-world experience in anti-sub warfare began a crash course.

"It is an indication of the changing dynamic in the world that a skill set, maybe we didn't spend a lot of time on in the

last 15 years, is coming back," said Capt. Jim McCall, commander of the air wing on the USS Bush.

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"It is an indication of the changing dynamic in the world that a skill set, maybe we didn't spend a lot of time on in the

small as a periscope.

Cmdr. Edward Fossati, the commander of Helicopter Maritime Strike Squadron 70, the Bush Strike Group's sub-hunting helicopters, said Russian subs have gotten quieter but the cat-and-mouse game remained about even with advances in tracking: "We are much better at it than we were 20 years ago."

That includes narrowing down where to look. The USS Bush had on board three Navy anti-sub oceanographers to help track the vessel.

Submarines look for ways to hamper sonar equipment by exploiting undersea terrain and

### Hide and Seek

Russia's quiet-sub technology challenges the sonar-detection systems of the U.S. Navy in an echo of Cold War-era rivalries.

#### USS George HW Bush (CVN-77)

##### Navy computer systems:

Predict sound propagation in the water, predicting where subs may hide.

#### MH-60R Anti-submarine helicopters:

Radar and sonar to find subs

**Sensor fusion system:** Synthesizes data from multiple ships and aircraft to anticipate sub location.

**Russia's Krasnodar (B-265):**

Echo-absorbing coating

Noise-dampened propulsion

**4 Kalibr cruise missiles**

**18 Torpedoes**

Note: Not to scale

Sources: U.S. Navy; Jane's IHS

THE WALL STREET JOURNAL.

# OPINION

THE WEEKEND INTERVIEW with John C. Martin | By Tunku Varadarajan

## The Business of Saving Lives

**W**Foster City, Calif. We don't apologize for being highly profitable until our patents run out," says the man seated in the barest office of any corporate leader I've visited. There's almost nothing on the walls, and the occupant, John C. Martin, tells me it's because he moved into the space only "at the beginning of the summer"—long enough ago, one would think, to find an etching or two. One cannot escape the feeling that Mr. Martin, a 66-year-old chemical engineer who is executive chairman of Gilead Sciences, is not greatly given to adornment. He's a plain-spoken Midwesterner who lights up at the chance to talk about the medicines his company makes. And yes, it also makes money.

Gilead is now poised to make even more money—and to give thousands of people a startling new lease on life. The Food and Drug Administration on Wednesday approved the company's Yescarta treatment, the first chimeric antigen receptor T-cell—or CAR-T—therapy for certain types of lymphoma. Mr. Martin describes it as "groundbreaking technology"

**Gilead Science's executive chairman talks about the new era of biomedicine and why drugs cost so much, as Donald Trump has noticed.**

that "represents personalized, genetically modified cell therapy." Being able to harness the immune system, he adds, "is among the most significant breakthroughs in cancer treatment in decades." He quotes Norbert Bischofberger, Gilead's head of research and development, who "is fond of saying that 'we all have cancer in us,' and some of us lose immune control and it gets away from you." Cancer "subverts the immune system and your body can't fight it." Now, science can enlist the body's own cells to fight cancer. The list price for a course of treatment of Yescarta is \$373,000, although no one has, as yet, had time to criticize the cost.

That wasn't the case with a cure for hepatitis C called sofosbuvir, approved by the FDA in 2013 and sold by Gilead under the brand name Sovaldi. A 12-week, one-pill-a-day course cost \$84,000, and Gilead was quickly—and glibly—condemned for marketing what critics characterized as a heinously expensive \$1,000 pill, even though Sovaldi had none of the ghastly side effects of the alternative treatments for hepatitis C and was cheaper than those other medicines as an entire course of treatment.

"Sovaldi was a shock to budgets," says Mr. Martin, who was Gilead's CEO at the time of the drug's launch. "There was a large number of people with hepatitis C that needed a drug immediately. A cohort of baby boomers was getting older, and they'd tried inter-

feron"—an existing treatment—"and suffered through it. They were not cured."

So, they flocked to Sovaldi, especially as hepatologists had been prepping their patients to wait for the pill. "Typically, when you launch a new drug, you have some patients in the first year, and in the second year you have twice as many, and then more in the third. With hepatitis C, it was the opposite. You had the most in the first year, and the number's declining after that." That's what stretched the budgets of health insurers—and it was, he concedes, hard for them to have anticipated.

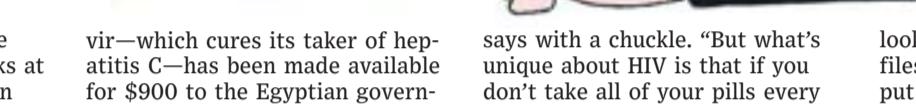
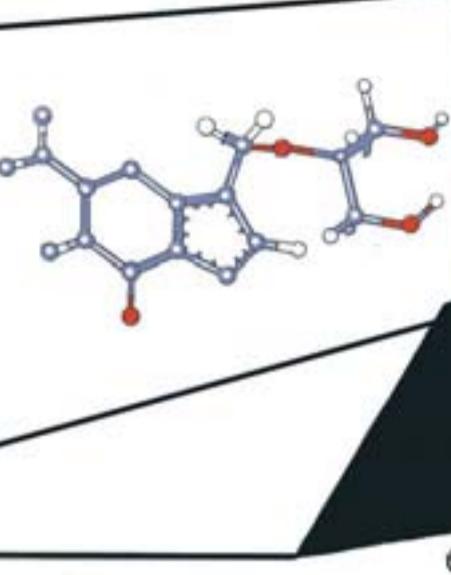
I ask Mr. Martin why Big Pharma—an unloving phrase beloved of the media—gets so much grudge in the popular discourse. "The general public," he says, "looks at the amount of money spent on health care and assumes that the lion's share is going to drug manufacturers. The reality is that medicines account for a relatively modest proportion of health-care costs." But because the American health care system is so complex, "it's practically impossible for the average person to parse the different factors that contribute to their health-care costs." Drug prices, which are more transparent, get singled out for pillory.

Mr. Martin points to another challenge drug companies face, that of "conveying the life cycle of pharmaceutical innovations." The public tends to learn of new medicines only when they are approved, at which point "the discussion naturally focuses on clinical benefits and financial costs. But the approval of a drug is the culmination of many years of hard work by dozens, sometimes hundreds, of scientists, with at least as many dead ends as new insights, supported throughout by major investments with no guarantee of return." If this work were more visible to the public, he believes, "we could see a greater appreciation for the value of new medicines."

Developing new drugs, Mr. Martin says, is "extraordinarily expensive. Most products fail. And when a patent runs out, you need to have something else." A patent, he says, is like a license to continue innovation, and the often high cost of drugs must include profits that "go back to the company to continue to innovate."

Largely unreported in all the negative coverage of Sovaldi's U.S. list price is Gilead's "access program" to deliver the medicine affordably to scores of poorer countries. Foremost is a project in Egypt, where 10% of the population—as many as nine million people—are chronically infected with hepatitis C. By some accounts, half of all men over 50 in the Nile Delta have the virus, the result of a widespread use of unsterile needles from the 1950s to the '80s in the country's fight against schistosomiasis (also known as snail fever).

The 12-week course of sofosbu-



vir—which cures its taker of hepatitis C—has been made available for \$900 to the Egyptian government, which dispenses the pills free of charge. Gilead also allows a handful of Indian and Egyptian companies to make and sell the pills under license, in exchange for a small royalty. Egypt has a relatively efficient health-care system, making the country a reliable partner.

This sort of international subsidy is, perhaps, what prompted President Trump to lash out against drug companies on Monday, saying "prescription drug prices are out of control," and "the exact drug by the same exact company" sells abroad for "a fraction of what we pay in this country." Mr. Trump concluded that the drug companies "are getting away with murder," a curious way to describe practices designed to save lives.

**W**hen I ask Mr. Martin to comment on the president's attack, he says: "The best response to criticism is to demonstrate what innovation really means . . . what it means to health-care systems and to patients." I sense great caution in Mr. Martin's response, which isn't surprising. This studious scientist has clearly concluded that there's no profit in entering into a slanging match with a volatile president.

With Mr. Trump's complaints about prices for American consumers in mind, he points out that "we have programs here in the U.S. to help people who lack insurance" and that "we have discounts that are not reflected in the prices widely quoted in the media." These prices are not, in any case, what patients pay out of their own pockets. "In a country like Egypt," he continues, the mechanisms are different. And we expect the costs to be different, as we look at factors like local economy and disease prevalence."

Gilead is the world's leading manufacturer of AIDS medication, and its major breakthrough was to develop a single pill patients

could take daily. That's more revolutionary than it sounds. "Everyone knows that taking one pill a day is better than 20," Mr. Martin

drove the price down." The pill could be made at a much lower cost in India, so Gilead transferred the technology to drug companies there. Mr. Martin tells me Gilead is also currently transferring technology for B/F/TAF, its latest and most effective iteration of single-pill HIV treatment, for which the FDA will make an approval decision by Feb. 12, 2018.

Mr. Martin appears pretty certain that B/F/TAF will be approved, and says it will "lead to a transformation in the way HIV is treated." It is more potent and safe than the current single-pill options, he asserts, and is also more straightforward to prescribe. "If someone is diagnosed with HIV, you'll typically test the blood and

look for various resistance profiles and figure out which drug to put them on. With B/F/TAF, you don't have to do all of that. You can put the person right on HIV medication and so save the 10% to 20% who may not come back for a follow-up appointment."

Gilead's global experiment has been a notable health-care and policy success. Generic manufacturers in India and elsewhere are free to price the drug any way they like and sell it in 116 designated low- and middle-income markets. "The economy of scale for this type of manufacturing works really well," Mr. Martin says, "and the price just keeps coming down."

What about "leakage," the potential problem of lower-priced generics finding their way back to the American market as an illicit therapeutic bargain? "For the most part that doesn't happen," he says with an earnest smile, although there were some worries when the experiment started. "We did come out with a different-colored pill as a way to identify it"—blue in the U.S., white for the generics—"but that probably wasn't really necessary." This is, he says, "because it's a very, very good relationship that we have with the companies in India."

**H**ow many lives, I ask, have been saved as a result of this licensing program? Mr. Martin pauses—more out of modesty than hesitation—and says:

"Well, there are over 10 million people on the generics, so you can say at least over 10 million. But you don't know what these patients would be taking otherwise, and how this would have evolved."

Here, Mr. Martin's face darkens unexpectedly. "I was asked a few weeks ago by someone, 'Does it make you happy when a person tells you that somebody's life was saved with your products?' I said, 'Yeah, of course it does.' But I've been in this field long enough, and I know that for all of these diseases, there were people who died without recourse."

Mr. Varadarajan is a fellow in journalism at Stanford University's Hoover Institution.

## The Fatal Flaw in California's Cap-and-Trade Program



**CROSS COUNTRY** By Richard Sexton and Steven Sexton

When California's Gov. Jerry Brown signed a 10-year extension of the state's cap-and-trade program this summer, it was heralded as a rebuke of President Trump, who had just announced he would withdraw the U.S. from the Paris Climate Accord. While the nation was failing on climate change, the story went, states could succeed. The trouble is that California could leak—like a sieve.

In the decade since Mr. Brown's predecessor, Gov. Arnold Schwarzenegger, first signed the Global Warming Solutions Act, the cap-and-trade program has done little to abate carbon emissions, let alone planetary warming. Under the law, companies in California that emit carbon in their production processes must secure scarce permits for the right to do so. The theory is that this creates an incentive to invest in green power and energy efficiency.

Yet the law's designers still have not confronted the central conundrum of trying to impose a state or regional climate policy: As firms compete for a limited supply of

carbon permits, they are put at a disadvantage to out-of-state rivals. Production flees the state, taking jobs and tax revenues with it. Emissions "leak" outside California's cap to other jurisdictions.

Lawmakers recognized the problem when they first authorized the program in 2006, instructing its overseers at the state's Air Resources Board to "limit leakage to the extent feasible." To comply with the statute, the board has so far given away freely virtually all the permits manufacturers need. This has limited leakage and economic harm, but also obviated the cap-and-trade program's purpose.

The rules were supposed to be tightened this coming January. As it prepared to curtail dramatically the quantity of permits it gives away, the board commissioned economic studies to determine which industries were most likely to flee the state and result in carbon leakage. The plan was to offer these companies "leakage assistance"—free permits for some or all of their production.

In our view, these studies, although written by skilled economists, were incapable of determining with any scientific certainty which industries pose a high risk of leakage. That task pushes beyond the bounds of available data

and economic understanding. Thus, the board's allocation of "assistance" would be arbitrary and insufficient to meet its statutory obligations. We came to these conclusions in a report we prepared for a state trade association, which was presented to the board staff in February.

**Emitting can just leave—which is why the state has now delayed carbon's real day of reckoning to 2030.**

As it turns out, the day of reckoning wasn't coming after all. The recent extension of the cap-and-trade program, along with agreements between Mr. Brown and various stakeholders, allows free permit allocations to continue until 2030. Kicking the can down the road allowed Mr. Brown to enlist industry support and a handful of Republican votes in reauthorizing the cap-and-trade program. But it postpones the realization of any substantial emissions reductions and brings the state no closer to solving the leakage problem.

One solution sometimes floated is for state regulators to impose a

border-adjusted carbon tax. Products from other states would be assessed the tax after being imported.

When California manufacturers exported products, they would receive a tax refund. That would effectively level the playing field between California companies and those in other states. But this strategy carries a high risk of running afoul of both trade agreements and the Constitution's Commerce Clause. Moreover, determining how much carbon tax to charge for every imported item would not be straightforward. And since international imports are beyond the reach of state regulators, California companies would still be at a competitive disadvantage to firms abroad.

We doubt that California regulators will ever be able to curtail leakage effectively. If they fail, their cap-and-trade experiment could not only hurt the state's economy but also increase carbon emissions in the end. California has some of the cleanest production in the world, due in large part to its high environmental standards. When production leaks out of the state, its replacement may well be more polluting. China, for instance, emits twice as much carbon as the U.S. per purchasing-power-adjusted unit of gross domestic product.

The only way really to solve the leakage problem would be to institute a uniform global price on carbon emissions. That would leave dirty manufacturing with no place to hide. But it's also a pipe dream. California is the only American state with an economywide cap-and-trade program. Even if the Paris Agreement is sustained without the U.S., it doesn't remotely guarantee that other countries will pursue the stringent climate policies that would level the playing field for California.

"California is leading the world in dealing with the principal existential threat that humanity faces," Mr. Brown said during this summer's signing ceremony. "What could be a more glorious undertaking?" But five years into cap and trade, neither he nor the state's regulators have shown that regional climate policy can overcome the leakage problem and actually succeed. If they truly want to lead, they need to offer more than hot air.

Richard Sexton is a professor of agricultural and resource economics at the University of California, Davis. Steven Sexton, his son, is a professor of public policy and economics and a faculty fellow of the energy initiative at Duke University.

## OPINION

### REVIEW & OUTLOOK

#### After Victory in Raqqa

**U**.S.-backed Arab and Kurdish ground forces declared victory on Friday after clearing Islamic State from Raqqa, the capital of what the jihadists once called their caliphate. This is also a victory for the U.S., though whether it's squandered will depend on what the Trump Administration does next.

The Raqqa victory follows the fall of Mosul in Iraq in July and sweeps Islamic State from the territory it controlled since its rapid rise in 2013-2014. This is a crucial blow because the ability to control much of Syria and Iraq contributed to ISIS's appeal as it recruited jihadists around the world. It seemed to be the vanguard of the Islamist future. Even as it burned apostates in cages, beheaded Christians and exterminated Yazidis, ISIS could boast that it was immune in its haven.

No more. As anti-ISIS coalition spokesman Colonel Ryan Dillon tweeted Tuesday, "Our partners have removed ISIS from 87% of territory they once held and liberated over 6.5 million people."

This humanitarian and military success wouldn't have been possible without U.S. air power, intelligence and special forces assisting the Kurdish and free Syrian troops. Russia, Iran and China did virtually nothing. Europe provided some planes, and Turkey let the U.S. Air Force fly from Incirlik. But make no mistake, this is another example of America policing the world. If not for U.S. planes and the Peshmerga, Kirkuk in Iraq would have fallen to ISIS—and maybe Baghdad too.

The tragedy is that it took so long. President Obama devised a long strategy that would put few U.S. soldiers on the ground. He didn't want to admit that he had to re-intervene in Iraq after having pulled out in toto in 2011.

The long campaign allowed ISIS to recruit and plant seeds of terrorism around the world. Islamic State now has offshoots or allies in some 30 countries, and its acolytes have claimed credit for murders across Europe and even in the U.S. Defeating ISIS became a major campaign theme for Donald Trump, and his generals sped up the pace of the campaign upon taking office.

The question is what comes next? Islamic State fighters fleeing Raqqa and Mosul are mi-

grating to Deir al-Zour province in eastern Syria, where the terror group still holds sway. Bashar Assad's Syrian government forces, with the help of Russian air power and Iranian-backed troops, are moving quickly to secure control of the area. Colonel Dillon says the U.S. will let our allies in the Syrian Defense Forces decide whether to continue

their fight, which seems to suggest that the Trump Administration is happy to declare victory and move on.

If the Trump Administration has a post-ISIS strategy, it isn't obvious. And other forces are quickly filling the vacuum. The Iraqi Army is trading fire with the Kurds on the edge of Kirkuk and the Kurdish Regional Government. If the U.S. had a long-term arrangement for keeping some troops in Iraq, it would retain more influence against Iran and play a brokering role between the Kurds and Baghdad. We certainly owe some support for the Kurds who have been our best anti-ISIS allies.

As for Syria, if the U.S. withdraws, it's only a matter of time before Iran and its allies assert control over the area once held by ISIS. This would amount to defeating Islamic State so Iran can dominate the region—from Tehran through Iraq to Western Syria and Lebanon.

Iran is also trying to establish control over southern Syria near the border with Israel. Mr. Trump gave that a boost with his July decision to abandon the Free Syrian Army and forge a cease fire with Russia in the south that has sent moderate Sunnis into the arms of the Nusra Front, the Syrian branch of al Qaeda. Israel has launched periodic bombing runs against Iran's proxies, and a wider war is possible.

Mr. Trump campaigned to defeat ISIS, and he is loathe to make U.S. commitments abroad. But this month he also promised a new strategy to deter Iranian designs for regional hegemony. That strategy won't work if the U.S. declares victory over ISIS and walks away.

Like Barack Obama, sooner or later Mr. Trump will be pulled back in—either by a reconstituted Sunni jihadist vanguard, or an Iranian threat to Jordan, the Kurds, Israel or the Sunni Arab States. The Trump Administration needs a policy to consolidate the victory against ISIS into a strategic gain for U.S. interests in the Middle East.

#### Smearing Ed Gillespie in Virginia

**L**ooks like it's panic time for Democrats in Virginia. Naturally they are responding by playing the race card against Ed Gillespie, the Republican candidate for Governor.

Mr. Gillespie's rival, Lt. Gov. Ralph Northam, enjoys a two-to-one cash advantage, and for most of the race he has also enjoyed a comfortable margin

in the polls. That changed in the past week, with one new poll showing Mr. Gillespie within the margin of error and another putting him ahead by a point. Some stories report Mr. Northam's internal polling shows Mr. Gillespie within striking distance.

It wasn't supposed to be this way. With Donald Trump loathed by 96% of Northam voters, the Democratic calculation has been that in an off-year all the party needed for victory was to tie Mr. Gillespie to Mr. Trump and make the campaign about the President.

But Mr. Gillespie avoided that trap and stressed state and local issues, since he's running for a state job. The former head of the national GOP has hit Mr. Northam hard on the economy and proposed a 10% across the board tax cut. He's also been running ads that focus on MS-13, a Central American gang whose members savagely murdered a 15-year-old girl in January in a Fairfax County park—and have been linked to other Virginia murders. The accusation is that Mr. Northam is soft on crime,

having cast the deciding vote against a state bill that would have banned sanctuary cities.

Mr. Northam says he's voted for tough prison sentences for gang members and accuses Mr. Gillespie of promoting "hatred and bigotry." On Thursday Barack Obama campaigned for Mr. Northam, saying that "our democracy is at stake" in Virginia and that Mr. Gillespie is stoking fears in a way he called "damaging and corrosive."

For his part Mr. Gillespie says that his opponents are insulting law-abiding Latino immigrants by making no distinction between them and violent gang members.

Our guess is that what's really freaking out Democrats is the increasingly real prospect of a GOP upset in the only southern state carried by Hillary Clinton last November. They know that three years ago Mr. Gillespie came within a whisker of defeating Sen. Mark Warner even as the national GOP failed to provide last-minute money.

Democrats have held the Virginia state house for four years—the current Governor is term-limited—which is an exception to the GOP dominance in state elections around the country in recent years. If Mr. Gillespie pulls this one out, the message will be that candidate quality matters and, even in a state trending left, Democrats need to stand for something more than opposition to Donald Trump.

#### Pass the Senate Budget

**A** Senate majority hanging together to move the party's agenda isn't usually news, but then we're talking about Republicans in the 115th Congress. On Thursday Senate Republicans passed a budget that is essential for tax reform. Now the House ought to whoop it through and move on to the substance of tax reform.

The budget passed 51-49, and a party-line vote is typical for the outline that doesn't require the President's signature. Rand Paul of Kentucky, who sometimes self-identifies as a Republican, voted no because he wants to cut the defense budget. The slim margin forced seriously ill Thad Cochran of Mississippi to return to the Senate.

The importance of the Senate document is that it allows the GOP to pass a tax bill with 51 votes, dodging a Democratic filibuster. Bipartisan tax reform would be wonderful but the GOP would be foolish to depend on even a single Democratic vote.

The ball now moves to the House, which has two options: Pick up the Senate outline and pass it, or force a conference committee to meld the two. The answer is obvious. Pass the Senate budget. The only difference that matters is that the Senate budget leaves room for \$1.5 trillion in tax cuts over 10 years. In other words, it isn't "deficit neutral" like the House-passed version. This could panic some Members who want to pretend they are voting to balance the budget in 10 years.

But the \$1.5 trillion is crucial to tax reform. The Congressional Budget Office predicts a limp 1.9% growth on average over the next 10 years. Yet a return to the historical norm of 3% growth would produce more than \$2.5 trillion in additional revenue for the government—well above the Senate's \$1.5 trillion gap.

The reality is the House can't afford to reduce the \$1.5 trillion, or broader reform could devolve into a tax cut that doesn't do much for the economy. The GOP is already sweating on the state and local tax deduction, which could turn up \$1.25 trillion in revenue. There aren't many other options to "pay for" lower tax rates on businesses or individuals.

This is also not the moment to have a showdown about defense spending. The budget is not an appropriation, meaning Congress can pick that fight when the checkbook is actually out. Ditto for futile gestures on entitlement reform. The only prayer for a better fiscal future is more economic growth. So point the laser at tax reform for now.

The goal is to finish a tax bill by the end of the year, and the GOP will take a week off for Thanksgiving. And don't forget the fight about government funding, coming to a theater near you in December. The best hope for a GOP tax victory is to polish off the budget as quickly as possible, and get moving on the business relevant to the Americans who voted for a Republican Congress.

#### Iran stands to benefit from a post-caliphate U.S. withdrawal.

medical specialists serve our area by flying in for day clinics in their small planes. They will be adversely affected by additional unnecessary fees that privatization would enable. Aviators already pay taxes via fuel purchases. This tax can be adjusted as needed.

REX BRYCE, M.D.  
*Thatcher, Ariz.*

The biggest problem with our current approach to commercial airline travel and to a lesser extent private aircraft travel is on the ground, not in the sky. Too many flights are scheduled to arrive at and depart from the 50 busiest airports in the country that handle over 90% of commercial air traffic. The arrival and departure schedules are optimized for travel during good weather. When the weather deteriorates, necessitating greater spacing between arriving and departing traffic, the schedule necessarily slips out, cascading into greater and greater delays.

Consumer groups are up in arms over this concept, including the National Consumers League, Consumer Action and FlyersRights.org. Organizations on the political left and right, including the American Conservative Union, have raised concerns. Airport groups and aviation-safety experts, including Capt. "Sully" Sullenberger, oppose the House bill.

Survey after survey, most recently one conducted by CNBC, shows that Americans overwhelmingly oppose ATC privatization. Almost no one, other than the airlines, their paid lobbyists and their front groups, think this is a good idea. They support the House bill because it's a giveaway that offers the airlines their long-sought moment to obtain sweeping authority to set revenue rates and control the aviation system, and focus on what best serves their bottom line.

Of course, this is the same group

whose ancient computer systems rou-

tinely ground thousands of passen-

gers, whose customer service has left

Americans gasping and have cut ser-

vice to small towns and rural commu-

nities by over 20% in recent years.

Let's not confuse so-called ATC pri-

vatization with modernization.

MARK BAKER

*President and CEO*

*Aircraft Owners and Pilots Association*

ED BOLEN

*President and CEO*

*National Business Aviation Association*

*Washington*

The biggest potential loser from

privatization will be the private avia-

tion community. In our rural region,

GREG WROCLAWSKI  
*Kinnelon, N.J.*

There is no evidence that privatizing ATC will improve things. Excessive security lines, surly TSA agents, over-booked flights, shrinking seats, inordinate amounts of overhead baggage—these are all problems that ATC privatization will not help.

JAMES G. RUSSELL  
*Midlothian, Va.*

#### Sagging Garden State Should Seek a Merger

Regarding Regina Egea and Ste-phen Eide's "Does New Jersey's Next Governor Want to Live in Connecticut?" (Cross Country, Oct. 14): Ms. Egea and Mr. Eide suggest that New Jersey can take lessons from Hartford's attempts to tax and spend its way to prosperity. In fact, New Jersey has already been teaching these lessons for decades, and for years has led the nation in the percentage of its population leaving the state, according to the annual survey by United Van Lines, with New York and Connecticut close behind. All three states show more people leaving than coming to live in the state. I am one, having left the Garden State five years ago, no longer willing to put up with the state's enormous reach into my pockets. Older retirees are most likely to leave, putting downward pressure on home values, especially in the upper half of the market.

When companies face intractable fiscal issues such as New Jersey's, they begin to look for merger part-

ners. California has a similar shape to New Jersey, only bigger, and has the same liberal mind-set about big government, so perhaps that state might like to add some East Coast shoreline to its boundaries. But why stop there? Perhaps the liberals in France would find New Jersey attractive, or maybe the U.K. might like to re-establish a toehold in North America. The possibilities are endless.

MICHAEL A. SMITH  
*Wells, Maine*

How many times have we heard that the rich aren't paying their fair share of taxes? When these rich free-loaders leave Connecticut for another state, it should be a cause for rejoicing in Connecticut and for dismay in their new state. But that isn't what happens.

JAMES G. RUSSELL  
*Midlothian, Va.*

Deduction Helps Some, Raises Prices for Everyone

It is a common fallacy that the mortgage deduction saves people money ("Mortgage Break Faces Irrel-evancy," U.S. News, Oct. 17). It does not. It simply lowers the borrower's effective interest rate. On a cash-flow basis, a mortgage-free homeowner will always have more after-tax money than one with a mortgage.

Therefore, the only effect of the deduction is to artificially raise house prices via the government subsidy.

STEPHEN R.S. MARTIN  
*Cave Creek, Ariz.*

#### CORRECTION

President Trump called the widow of Sgt. La David Johnson, who was killed in action in Niger. The Oct. 20 editorial, "John Kelly's Heroes," mis-takenly said he had called the mother.

#### Pepper ... And Salt

THE WALL STREET JOURNAL



"Before committing to free-range, we thought we try cage-free parenting."

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## OPINION

# Trump May Be Following Palin's Trajectory



**DECLARATIONS**  
By Peggy Noonan

The president has been understandably confident in his supporters. They appreciate his efforts, admire his accomplishments (Justice Neil Gorsuch, ISIS' setbacks), claim bragging rights for possibly related occurrences (the stock market's rise), and feel sympathy for him as an outsider up against the swamp. They see his roughness as evidence of his authenticity, so he doesn't freak them out every day. In this they are like

**Support for her cooled due to antic statements, intellectual thinness and general strangeness.**

Sarah Palin's supporters, who saw her lack of intellectual polish as proof of sincerity. At her height, in 2008, she had almost the entire Republican Party behind her, and was pushed forward most forcefully by those who went on to lead Never Trump. But in time she lost her place through antic statements, intellectual thinness and general strangeness.

The same may well happen—or be happening—with Donald Trump.

One reason is that there is no hard constituency in America for political incompetence, and that is what he continues to demonstrate.

The first sign of political competence is knowing where you stand with the people. Gallup this week had him at 36% approval, 59% disapproval. Rasmussen has him at 41%, with 57% disapproving. There have been mild ups and downs, but the general picture has been more or less static.

Stuart Rothenberg notes that at this point in his presidency Barack Obama had the approval of 48% of independents. Mr. Trump has 33%.

He proceeds each day with the confidence of one who thinks his foundation firm when it's not—it's shaky. His job is to build support, win people over through persuasion, and score some legislative victories that will encourage a public sense that he is competent, even talented.

The story of this presidency so far is his inability to do this. He thwarts himself daily with his dramas. In the thwarting he does something unusual: He gives his own supporters no cover. They back him at some personal cost, in workplace conversations and at family gatherings. They are in a hard position. He leaves them exposed by indulging whatever desire seizes him—to lash out, to insult, to say bizarre things. If he acted in a peaceful and constructive way, he would give his people cover.

He acts as if he takes them for granted. He does not dance with the ones that bring him.

Asked by reporters why he hadn't issued a statement on the death of four U.S. soldiers in Niger, he either misunderstood or deflected the question by talking about how he writes to and calls the families of the fallen.

Other presidents, he said, did not do as much—"some presidents didn't do anything"—including Mr. Obama. When former Obama staffers pushed back he evoked the death of Chief of Staff John Kelly's son Robert, a Marine first lieutenant, in Afghanistan: "You could ask Gen. Kelly, did he get a call from Obama?" Mr. Kelly, a private and dignified man, was said to be surprised at the mention of his son.

Soon after, Mr. Trump called Myeshia Johnson, widow of Army sergeant La David T. Johnson, and reached her in the car on the way to receive her husband's casket. Someone put the call on speakerphone. A Democratic congresswoman in the car later charged that Trump had



Sarah Palin endorsing Donald Trump in Ames, Iowa, Jan. 19, 2016.

been disrespectful. In fairness, if the congresswoman quoted him accurately, it is quite possible that "He knew what he was signing up for" meant, in the president's mind, "He heroically signed up to put his life on the line for his country," and "But still it must hurt," meant "I can't imagine the grief you feel even with your knowledge that every day he put himself in harm's way."

And indeed Mr. Kelly, in a remarkable White House briefing Thursday, recounted what Gen. Joseph Dunford, now chairman of the Joint Chiefs of Staff, had told then-Gen. Kelly in 2010, when Robert died: "He was doing exactly what he wanted to do.... He knew what he was getting into by joining that 1%. He knew what the possibilities were, because we were at war."

Mr. Kelly was moving, fully credible, and as he spoke you had the feeling you were listening to a great man. It was unfortunate that when the controversy erupted, the president defaulted to anger, and tweets. News stories were illustrated everywhere by the picture of the beautiful young widow sobbing as she leaned on her husband's flag-draped casket.

Those are the real stakes and that is the real story, not some jerky side-show about which presidents called which grieving families more often.

This week Sen. John McCain famously gave a speech in Philadelphia slamming the administration's foreign-policy philosophy as a "half-baked, spurious nationalism cooked up by people who would rather find scapegoats than solve problems." Fair enough—the famous internationalist opposes Trumpian foreign-policy notions. There are many ways presidents can respond to such criticism—thoughtfully, with wit or an incisive rejoinder.

Mr. Trump went on Chris Plante's radio show to tell Sen. McCain he'd better watch it. "People have to be careful because at some point I fight back," he said. "I'm being very nice. I'm being very, very nice. But at some point I fight back, and it won't be pretty."

FDR, Teddy Roosevelt and Ronald Reagan were pretty tough hombres, but they always managed to sound like presidents and not, say, John Gotti. Mr. McCain, suffering from cancer, evoked in his reply his experience as a prisoner of war: "I've

faced far greater challenges than this."

That, actually, is how presidents talk.

I must note I get a lot of mail saying this is all about style—people pick on Mr. Trump because he isn't smooth, doesn't say the right words. "But we understand him." "Get over these antiquated ideas of public dignity, we're long past that." But the problem is not style. A gruff, awkward, inelegant style wedded to maturity and seriousness of purpose would be powerful in America. Mr. Trump's problem has to do with something deeper—showing forbearance, patience, sympathy; revealing the human qualities people appreciate seeing in a political leader because they suggest a reliable inner stature.

Meanwhile Steve Bannon, Mr. Trump's former chief strategist, goes forward with at least partial support from the president and vows to bring down the Republican establishment. But Mr. Trump needs to build, not level. He needs a Republican House and Senate if for no other reason than one day Robert Mueller will file his report, and it will be leaked, and something will be in there because special counsels always get something. It is Republican majorities—the Republican establishment—that the president will need to help him. He will need the people he'd let Mr. Bannon purge.

Meanwhile polls say the Republican nominee for Republican Alabama's open Senate seat is neck and neck with his Democratic opponent.

Meanwhile the president absolutely has to win on tax reform after his embarrassing loss on ObamaCare. He shouldn't be in this position, with his back to the wall.

None of this speaks of competence. And again, in America there is no hard constituency for political incompetence. Mr. Trump should keep his eye on Sarah Palin's social media profile. She has 1.4 million Twitter followers, and her Facebook page has a "Shop Now" button.

## Tolstoy's Classics Are Still Fresh a Century and a Half Later

By Benjamin Shull

I read Tolstoy this year to plug a literary gap unbefitting a book-review editor. Getting started was no easy task. His two pre-eminent novels, "War and Peace" and "Anna Karenina," clock in at more than 1,200 and 800 pages respectively, the former so massive that Henry James called it a "loose, baggy monster."

Count me a fan of monsters.

**Henry James called 'War and Peace' a 'loose, baggy monster.' Count me a fan of monsters.**

Published in 1869, "War and Peace" nominally centers on Napoleon's 1812 invasion of Russia, but it more broadly surveys the effects of Europe's early-19th-century conflicts on several Russian families. Its scenes shift from the landed estates of Moscow and St. Petersburg to the battlefields of Austerlitz and Borodino. Its main characters include Pierre Bezukhov, by turns an illegitimate son, Freemason and Napoleon's would-be-slaver; Andrei Bolkonsky, the sardonic and military-minded prince; Natasha Rostova, the young woman who comes to love both; and of course, Bonaparte, *le petit caporal* himself.

"Anna Karenina" came eight years later. It relates the trials of its title heroine, a strong-willed woman who has an affair with the charming Count Vronsky, bearing his child and the wrath of Russian society in turn. "Anna Karenina" has its own cast of unforgettable characters—Stepan "Stiva" Arkadyich Oblonsky, Anna's jaunty, epicurean brother; and Konstantin Dmitrich Levin, the idealistic landowner (and Tolstoy's self-modeled proxy).

As Nikolai drifts away, Levin (in Richard Pevear and Larissa Volokhonsky's translation) manages to keep his gloom at bay: "In spite of death, he felt the necessity to live and to love. He felt that love saved him from despair and that under the threat of despair this love was becoming still stronger and purer." Nary a paragraph later, Nikolai since passed, Kitty learns she is pregnant, as one mystery of life supplants another. Thinking about this scene has been a comfort for me since.

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# SPORTS

## MLB PLAYOFFS

# The Taming of Baseball's Wild Horse

In the playoffs this year, Yasiel Puig has learned to channel his ebullience. Next up is the game's biggest stage: the World Series

BY JARED DIAMOND

**THE WILD HORSE** still lives inside Yasiel Puig, bucking and neighing in an unending effort to gallop free. It emerges every time Puig wags his tongue while running the bases or kisses his hitting coach after bashing a home run or flips his bat into the air on a humble single.

The **Los Angeles Dodgers** outfielder earned his colorful nickname early in his career, still fresh out of the Cuban leagues, because his unbridled exuberance for the game too often overshadowed his enormous talent. That passion and energy quickly turned him into a folk hero and a pariah, a beacon of hope for baseball's future and an embodiment of the sport's imminent demise, depending on the observer. On the field, Puig constantly seemed capable of doing something simultaneously brilliant and reckless.

But this postseason has showcased a different Puig, demonstrating his possibility for greatness when he channels the enthusiasm that defines him and directs it onto the task at hand. He replaced the unchecked pandemonium that earned him his controversial reputation with a unique style best described as "controlled chaos."

The results speak for themselves: He hit .414 with four extra-base hits and six RBIs in the first two rounds of the playoffs, powering the Dodgers to this moment, hosting Game 1 of the World Series on Tuesday.

Finally, Puig has proven that he can play with the joy that makes him so compelling and the discipline to thrive on the grandest of stages.

"We don't want him to change who he is and lose that energy that he brings," said Turner Ward, the Dodgers' hitting coach. Puig cites as one of his most trusted influences. "We want him to channel it in a different way, and that's what I feel like he's done."

For years, the Dodgers tried to tame Puig, to rein in his giant personality and guide him toward assimilation. They believed that forcing him into the culture of conformity that pervades the major leagues would help them tap into Puig's massive potential.

It didn't work. After a blistering rookie season, Puig, now 26, struggled on and off the field. His production sagged and his name popped up in plenty of trade rumors, culminating with his demotion to Triple-A in August 2016. Meanwhile, he ran into legal trouble, arrested twice on suspicion of reckless driving. Less than a month ago, Dodgers manager Dave Roberts benched Puig in two consecutive games, one in response to a baserunning blunder and the other as punishment for Puig arriving late to a pre-game activity.

Then, of course, came what Dodgers relief pitcher Brandon Morrow described, with air quotes, as the "antics"—the bombastic displays of emotion that sometimes prompt opponents to counter with a fastball to the ribcage. Ward compares Puig to Hall-of-Fame outfielder Rickey Henderson.

"They're attention drawers," he said. "He wants to absorb the attention."

The Dodgers eventually realized that Puig performs at his highest level when he lets his ebullience shine. It drives him, and his teammates feed on it, even if they don't always understand or relate to it.



JONATHAN DANIEL/GETTY IMAGES

Early in his career, Yasiel Puig often let his emotions get the best of him. His teammates say his increased production is the result of improved focus.

Last season, Dodgers president of baseball operations Andrew Friedman said multiple times that the industry "failed the Cuban players" by expecting them to immediately adapt to American baseball, rather than allowing them to embrace their roots.

"It may not be the things that you do," veteran outfielder Curtis Granderson said. "But that doesn't necessarily mean it's wrong."

Asked now about Puig's magical October thus far, people around the Dodgers invariably return to one word: focus.

Morrow: "I think you've seen a definite narrowing of focus for him."

Roberts: "He's as focused as I've ever seen him."

Ace pitcher Clayton Kershaw: "His level of focus this postseason has been the best that I've ever seen it."

Third baseman Justin Turner: "It's that fun, exciting, enjoying the game but with concentration and focus and a plan."

For that, Puig largely credits Ward, one authority figure who stuck behind him when others wavered. When Ward took over as hitting coach last season, he formed an immediate bond with Puig, finding the balance

between challenging and encouraging him.

With Ward's help, Puig learned to remove some of the pressure he put on himself, accepting that he needed to first return to respectability before ascending to superstardom. He concentrated on his relationship with his teammates, trying to blend in a bit more in the clubhouse. He set tangible, stated goals, a mature step for him.

Puig wanted to hit at least 20 home runs, walk more and strike out less. He finished with 28 homers and posted the best walk and strikeout rates of his career. After homers, he kisses Ward on the cheek or forehead after returning to the dugout.

"I'm coming here and preparing more this year than any years here with the team," Puig said. "I grew up a little bit more."

Throughout these playoffs, Puig has exercised uncharacteristic patience at the plate, abandoning his flailing hacks in favor of a more measured approach. In Game 2 of the National League Championship Series against the Chicago Cubs, he drew three bases on balls without the benefit of an intentional walk, the first time he accomplished that in a nine-inning contest since August 2013. Thanks

to six walks, Puig owns a 1.169 on-base-plus-slugging percentage this postseason.

"I think people have gotten through to him a little bit," Kershaw said. "I think he's built up trust with some people."

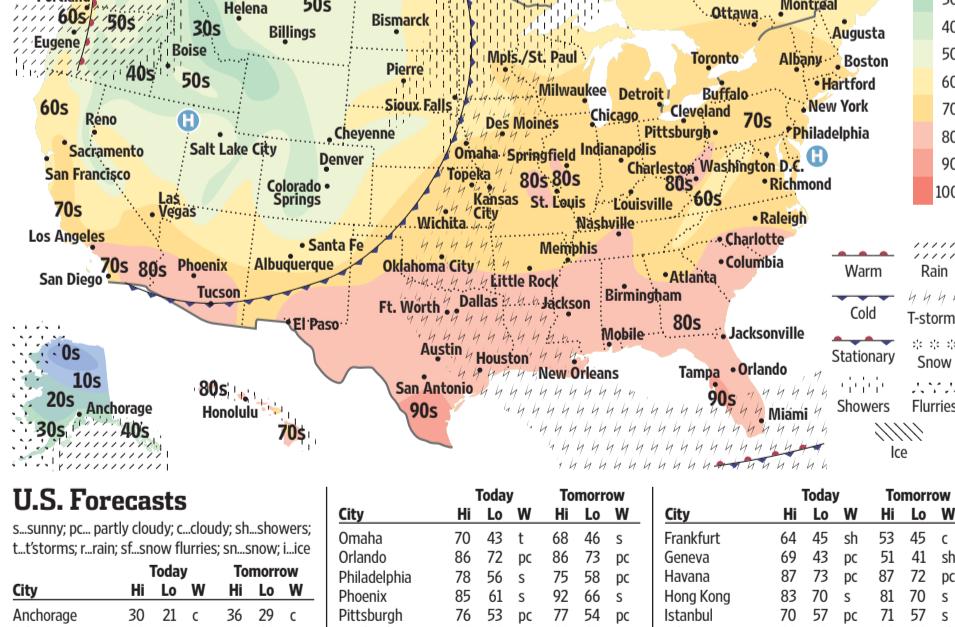
Puig has done all of this without sacrificing his trademark flair. He has bat-flipped on base hits and responded to a double by raising his arms in the air with glee. He has licked pine tar off his bat for good luck, hammered for the cameras and thumped his chest to ignite a Dodger Stadium crowd that continues to shower him with affection.

After games, he appears comfortable with the media. When a reporter asked him to compare his fun-loving attitude with the more reserved demeanor of center fielder Chris Taylor, he responded simply, "He's Gringo. I'm Cuban." Asked if he could ever remember having more fun on a baseball field, he said, "No. When I was 5-years-old, I played better."

It all adds up to the ideal version of Puig: the Wild Horse, but maybe a little less wild.

"There's a fine line between how much fun you can have on the field and losing that focus," Turner said. "He's found a way to really balance it."

## Weather



## U.S. Forecasts

S...sunny; pc...partly cloudy; c...cloudy; sh...showers;

t...tstorms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Hi Lo W Today Hi Lo W

City Hi Lo W Today Hi Lo W



TECH CLEARING THE AIR B4

# BUSINESS & FINANCE



CURRENCIES A SWISS TWIST B10

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## AmEx Mission: Regain Brand's Cachet

New CEO will have to deal with increasing competition from banks, fintech firms

By ANNA MARIA ANDRIOTIS

Entrepreneur Christopher Burch has been a loyal user of American Express Co. cards since 1979. This year, he switched almost all of his spending to **J.P. Morgan Chase** & Co.'s Sapphire Reserve card.

Regaining customers like Mr. Burch, who made the Forbes list of wealthiest Americans in 2014, is one of the big challenges for incoming AmEx

Chairman and Chief Executive Stephen Squeri. Named successor to longtime chief Kenneth Chenault on Wednesday, Mr. Squeri will take over as the card giant stresses it is building momentum after a recent rough stretch.

The reality is more complicated. AmEx is still dealing with rising competition from banks and nimble fintech firms such as **PayPal Holdings** Inc., the Silicon Valley payments company whose market value recently eclipsed AmEx's. Investors aren't clear, meanwhile, on where long-term revenue growth will come from, or how AmEx will deal with potential disruption to tradi-

tional payments channels from new, mobile approaches.

When asked about competition at a shareholder lunch last year, Mr. Chenault put the situation in a historical context, according to a person at the meeting. But, Mr. Chenault added, the firm was under attack.

AmEx issues cards to consumers and businesses, both credit cards and ones that must be paid off monthly. It runs its own card network and makes loans to people and companies.

The firm has spent recent years fending off rivals on several fronts, which has worried some investors. Mr. Chenault's departure is "good timing from a stock perspective but...there

are still challenges ahead," said Don Fandetti, a Wells Fargo & Co. analyst.

Top of the to-do list for Mr. Squeri: Regain the cachet of the AmEx brand, both for millennials who don't view it the same way as their parents and for established customers who have been wooed by banks offering better services and more perks.

As competitive pressures have mounted, AmEx has lost market share to banks and to card networks such as Visa Inc. AmEx's market share of total U.S. credit-card purchase volume fell to 22.9% last year, according to Nomura Instinet, from 25.4% in 2015. It was about 26% as recently as 2014.

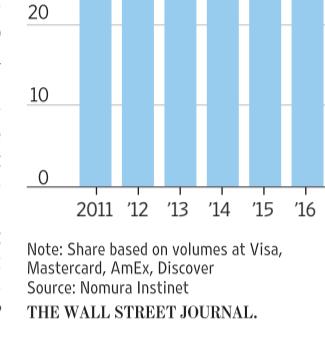
The slip has in large part been the result of several co-branded cards that AmEx has lost since 2015, including Costco Wholesale Corp. and JetBlue Airways Corp.

Costco was viewed as a huge loss for AmEx by many shareholders, but the company's earnings are starting to rebound from that. "It turned out the decision on Costco was 100% the right decision," Warren Buffett, whose **Berkshire Hathaway** Inc. is the largest AmEx shareholder, told The Wall Street Journal in an interview. "Everybody thought it was a mistake at the time," but he said that since then, "the

Please see AMEX page B2

### Slipping

American Express share of U.S. credit-card purchase volume



Note: Share based on volumes at Visa, Mastercard, AmEx, Discover  
Source: Nomura Instinet  
THE WALL STREET JOURNAL.

## Tax Plan Rattles Savings Industry

By ANNE TERGESEN AND RICHARD RUBIN

Proposals to cap the amount that Americans can contribute before taxes to 401(k) plans and individual retirement accounts are unsettling professionals in the retirement industry.

Congressional Republicans are looking for ways to generate revenue to support broad reductions in individual tax rates. One idea is to limit the amount of pretax money households can sock away for retirement saving. Such a move would likely generate significant political blowback, but it hasn't been explicitly ruled out, stirring worry among industry lobbyists.

Many opponents say any plan that cuts contribution limits would slow the growth of the asset-management industry.

Members of the House Ways and Means Committee are widely expected to release a version of the tax bill by mid-November. Specifics on a wide range of issues remain unclear. Emily Schillinger, a spokeswoman for the Ways and Means Committee, declined to comment.

Lobbyists and others in the retirement and financial-services industries who have spoken to congressional staff and committee members say lawmakers are looking at proposals that would allow 401(k) participants to contribute significantly less before taxes than what is currently allowed in a traditional tax-deferred 401(k). An often mentioned amount is \$2,400 a year. It isn't clear whether that would apply only to 401(k)s or IRAs

Please see SAVE page B2



KYOSHI OTA/BLOOMBERG NEWS

Some manufacturers are cleaning up from China's proposed ban on imported waste such as recycled plastic that is used for other products.

## U.S. Firms See Money in Trash Ban

By ERICA E. PHILLIPS

Some U.S. manufacturers are turning trash into treasure after an impending Chinese ban on imported waste flooded American scrapyards with paper and plastic.

The import ban, announced in July, sent global prices for waste paper and plastic into a tailspin.

Without access to their Chinese customers, U.S. waste and recycling firms are scrambling to find new buyers for the scrap they collect from curbside bins. But companies that use recycled materials to make things like cardboard, plastic bins, yarn and other goods are taking advantage.

You might expect that a "fee-only" adviser would never charge commissions. It isn't that simple, as the Journal reported in February. And financial planners use the term in baffling ways. There is no official regulatory or legal definition of "fee only." The CFP board permits certified financial planners to use that term "if, and only if," all of their compensation comes from the clients as fees, not commissions.

According to a new analysis of Securities and Exchange Commission disclosures by my colleague Andrea Fuller, almost 3,900 firms described themselves as offering both investment management and financial planning to individual clients as of March 31. More than 90% declared to the SEC that they don't charge commissions.

Some, however, state in one disclosure filing that they do charge commissions, while claiming, on another SEC form, to be "fee only."

Consider **Mediquis Asset Advisors** Inc., a Chicago-based firm that managed \$790 million as of March.

The firm's Form ADV on

"America has an endless supply of waste and it just got more endless," said Anthony Pratt, executive chairman of

**Pratt Industries**, which uses 100% recycled material in its U.S. facilities to make boxes for Amazon.com Inc. as well as firms ranging from major manufacturers to pizza joints.

Plunging scrap prices are also driving new demand for recycled materials, which usually have to compete with growing supplies of new plastic resin made cheaply from shale oil by U.S. plants.

On Wednesday, Target Corp., Procter & Gamble Co., Keurig Green Mountain Inc., Campbell Soup Co., Coca-Cola Co.'s North America business and others agreed to require

suppliers of industrial plastic items like crates and trash bins to use more "post-consumer" material.

For environmentally conscious firms like **Unifi** Inc., which manufactures yarn and packaging from recycled plastic bottles, China's new rules help keep down production costs.

"By having more supply, we expect the upward price pressure [on recycled material] will be mitigated," said Eddie Ingle, Unifi's vice president of supply chain.

Over two-thirds of America's wastepaper exports and more than 40% of its discarded-plastic exports ended up in China last year. Paper and plastic scrap exports to

mainland China topped \$2.2 billion.

China told the World Trade Organization that it wants to limit the entry of "foreign waste." Under new rules, China by year-end would ban imports of used plastics and restrict some paper-scrap imports.

If China stands by its proposed restrictions, U.S. recycling businesses will need to invest in machinery to more stringently sort the waste they collect, said Bob Cappadonna of **Casella Recycling** LLC, a waste-services company based in the Northeast.

It also means households will have to do a better job of sorting items headed for recycling, he added.

## Japan's SoftBank Plans Second Giant Tech Fund

By MAYUMI NEGISHI

TOKYO—**SoftBank Group** Corp., which runs what is already the world's biggest technology investment fund, is planning to create a second fund that could be even larger, according to people close to the Japanese telecommunication giant.

SoftBank, whose \$100 billion Vision Fund hasn't finished raising money, is floating tentative plans for a second Vision Fund that could be about \$200 billion in size, said one person familiar with the company's plans.

In an interview with Japan's Nikkei business daily published Friday, SoftBank chief executive Masayoshi Son said he hoped to launch a new fund every two or three years, amassing a huge pool of capital

tal to invest in technology companies around the world. The first Vision Fund, backed by contributions from sovereign-wealth funds and tech giants such as Apple Inc., was started this year.

"The Vision Fund was just the first step. Ten trillion yen (\$88 billion) is simply not enough," Mr. Son told the Nikkei, saying that the Vision Fund will have invested its entire \$100 billion investment pool in about two years. "I want to create a mechanism by which we can build our funding capability by ¥10 trillion, ¥20 trillion, ¥100 trillion."

Through the funds, SoftBank hopes to invest in about 1,000 companies in 10 years, he said. A SoftBank spokesman confirmed Mr. Son made those statements.

Several people close to the

company said the plans are at an early stage and that SoftBank hasn't started marketing a second fund. SoftBank said in May it plans to complete capital raising for the first Vision Fund by the end of November.

The gigantic numbers Mr. Son has thrown about show how his ambitions are shaking

up the tech-investment world. Backed by a \$45 billion pledge from Saudi Arabia's state-owned Public Investment Fund, the first Vision Fund already dwarfs other rival tech investors. The \$100 billion targeted for the first Vision Fund—for which \$93 billion has so far been raised—is roughly equal to the total amount invested in venture businesses globally last year, according to research firm CB Insights.

Rival tech investors say the fund's sheer size has the potential to inflate company valuations, while some entrepreneurs worry that spurning investments from the Vision Fund could send capital to rival businesses. The availability of private money from the fund is also enabling late-stage technology companies to delay going public, analysts

and investors say.

"It will take opportunities away from public markets," Sam Altman, president of the tech incubator Y Combinator, said at a panel at The Wall Street Journal's D.Live technology conference this week. "That's really bad."

SoftBank declined to say where the money for additional Vision Funds would come from. One idea is that SoftBank could open a portion of one fund to retail investors, according to a person familiar with the company.

There is also the question of what companies additional Vision Funds could invest in. The first fund has largely targeted companies with valuations of at least \$1 billion.

—Phred Dvorak and Eliot Brown contributed to this article.



KYOSHI OTA/BLOOMBERG NEWS

CEO Masayoshi Son says 10 trillion yen 'is simply not enough.'

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## BUSINESS & FINANCE



SIMON DAWSON/BLOOMBERG NEWS

The Daimler exhibition at the Frankfurt Motor Show in September. The company said it had no plans to spin off businesses.

# Scandal, Recalls Hurt Daimler AG

BY WILLIAM BOSTON

BERLIN—Daimler AG reported a sharp fall in third-quarter profit, as its flagship premium car brand Mercedes-Benz was hammered by air-bag-related recalls and the cost of fixing emissions controls on diesel vehicles.

The downbeat results on Friday from Daimler, the first of Germany's big auto makers to report this earnings season, could signal more bad news to come from the industry as the fallout from the diesel emissions-cheating scandal that began with Volkswagen AG in 2015 continues to spread throughout the auto industry.

Daimler said net profit fell to €2.18 billion (\$2.58 billion) from €2.60 billion a year ago, while earnings before interest and taxes—the measure most closely watched by investors—declined 14% to €3.46 billion. Profit was hit by currency fluctuations and charges—€230 million to cover recalls connected to air-bag issues and €223 million to fix or swap tainted diesel vehicles.

Total revenue—including Mercedes-Benz, Daimler Trucks and a growing stable of car-sharing and ride-hailing operations—rose 6% to €40.81 billion.

Daimler's earnings came just days after it said it was taking steps to consolidate its five business divisions into three separate registered companies, sparking speculation that the businesses could be spun off to investors.

The company has dismissed suggestions of a possible breakup, with Chief Finance Officer Bodo Uebber saying the move simply creates “the best-possible structure for the future.”

“We do not intend to spin off these businesses,” he said.

Separately, Mr. Uebber said the company had applied for key witness protections in a continuing European Union investigation into potential antitrust violations in the European auto industry.

Car makers have said that they routinely cooperate in a variety of industry working groups and committees to achieve standardization of new technology. Daimler hopes that by aiding the EU's inquiries any potential fines could be reduced.

During the third quarter, Daimler's truck division posted a strong rise in earnings but its Mercedes unit went in reverse.

As well as charges, earnings were hurt by costs related to the launches of Mercedes' new flagship S-Class, X-Class light-duty vehicles and the company's first electric heavy truck.

Research and development spending on new vehicles and products, part of the company's push to build electric cars, digital services, and develop self-driving vehicle technology, also rose in the quarter to €2.3 billion from €1.9 billion.

Mounting costs related to the industry's diesel emissions woes were among the biggest headwinds hitting Daimler's bottom line.

In the face of threats to ban diesel vehicles from cities to reduce pollution, Daimler and other auto makers recalled millions of diesel vehicles to tweak software to improve emissions controls.

“Around 60% of the vehicles affected in Germany have been updated,” Mr. Uebber told reporters on a conference call.

## Diesel Woes

Diesel costs weigh on Daimler's quarterly earnings.

	3Q 2017	CHANGE FROM A YEAR EARLIER
Revenue	€40.81 billion	6%
Ebit*	€3.46 billion	-14%
Net profit	€2.18 billion	-16%
Earnings per share	€2.03	-16%

\*Earnings before interest and taxes

Source: the company

THE WALL STREET JOURNAL.

# EU Officials Raid BMW's Headquarters

BY NATALIA DROZDIAK AND WILLIAM BOSTON

BRUSSELS—European Union competition authorities raided BMW AG's headquarters over concerns that several German car makers violated the bloc's cartel rules through agreements that might have suppressed technology costs.

The EU said it conducted an unannounced inspection of a German car manufacturer between Monday and Friday, alongside counterparts from the German cartel office.

BMW confirmed that EU antitrust officials had inspected its premises in Munich and spoken to executives about cartel allegations against five automobile

manufacturers. The company said it was assisting the EU.

The commission hasn't launched an official investigation and BMW hasn't been charged with wrongdoing.

The raid came after the luxury-car maker denied in late July that it had cooperated with rivals to keep a lid on the costs of technology, including for systems used for reducing auto emissions.

“The company stands by its previous statements: as a matter of principle, BMW Group vehicles are not manipulated and comply with all respective legal requirements,” BMW said Friday.

Inspections are preliminary steps in competition probes.

Earlier this year, Volkswagen revealed it had alerted European regulators to potential competition issues related to cooperation agreements between German car makers.

VW's lifting of the veil on behavior it thinks might have been illegal is part of an effort to review past practices and invite closer scrutiny by authorities after its diesel emissions-cheating scandal, a person familiar with the matter said earlier this year.

In a letter sent to the European Commission in mid-2016, Volkswagen provided details of years of discussions between car makers to find common positions on technologies, including the systems at the center of the emissions-cheating crisis.

## SAVE

Continued from the prior page  
or both.

Currently, employees under age 50 can save up to \$18,000 a year in a 401(k) before taxes, while those 50 or older can set aside up to \$24,000. In an IRA, the annual contribution limits are capped at \$5,500 and \$6,500 for the same age groupings. The 401(k) limits are scheduled to rise to \$18,500 and \$24,500 in 2018.

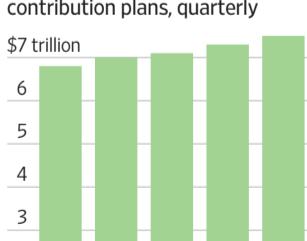
Dave Gray, a senior vice president at Fidelity Investments, said a \$2,400 limit would give the company a significant concern and would essentially require trade-offs between the certainty of the immediate deduction and the prospect of tax-free retirement income.

Mr. Gray, speaking Friday at the U.S. Chamber of Commerce in Washington, said that implementing such a system would be extremely difficult and could take the industry 12 to 24 months to implement.

There are two basic types of retirement accounts. With a traditional 401(k) or IRA, account holders generally get to

### Put Aside

Retirement assets in defined-contribution plans, quarterly



\$7 trillion

6

5

4

3

2

1

0

2Q 16 3Q 4Q 1Q '17 2Q '17

Source: Investment Company Institute

THE WALL STREET JOURNAL.

have to go into a Roth account. The change wouldn't affect existing balances in traditional 401(k)s and IRAs, those people said, and it is likely that any matching contribution from an employer would continue to go into a tax-deferred 401(k) account.

Congress's goal in making the switch is to reduce a tax break that is projected to cut federal revenue by \$115.3 billion this fiscal year so the money can be used to pay for lower tax rates. The switch could boost government revenue over the next decade, the period when the tax bill will likely face a \$1.5 trillion cost constraint. Shifting to Roth-style accounts would move tax revenue from the future to the near term.

That would help Republicans meet budgetary targets now but could cause problems with a requirement that prevents the tax bill from expanding long-run deficits if they want to pass a bill without Democratic votes under a fast-track process.

With the aim of targeting retirement-tax incentives more directly at the middle class, lawmakers may also make changes to an underused tax credit that acts like a govern-

ment match to retirement savings.

If lawmakers enact these changes, many savers will face a choice between maintaining their current savings rate or their current take-home pay.

Sen. Rob Portman (R., Ohio) said he was skeptical about the idea of lower pretax deferrals for retirement savings.

Mr. Portman said Thursday that he didn't want to make the decision just for revenue reasons. “I'm deeply concerned about it,” he said. “I don't think you want to disincentivize retirement savings in any way right now.”

Americans have saved about \$7.5 trillion in 401(k)-type accounts, plus \$8.4 trillion in individual retirement accounts, according to the Investment Company Institute, a trade group for mutual funds.

Industry groups have an incentive to keep the status quo and are trying to preserve the tax benefits of the current system. This year, AARP joined with groups representing employers and asset managers—including Fidelity Investments, T. Rowe Price Group Inc. and TIAA—to form Save Our Savings Coalition to lobby for the existing tax treatment of retirement plans.

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## BUSINESS NEWS

# Thrifty Consumer Habits Puzzle P&G

Company remains under pressure despite victory over activist investor Nelson Peltz

BY SHARON TERLEP AND ALLISON PRANG

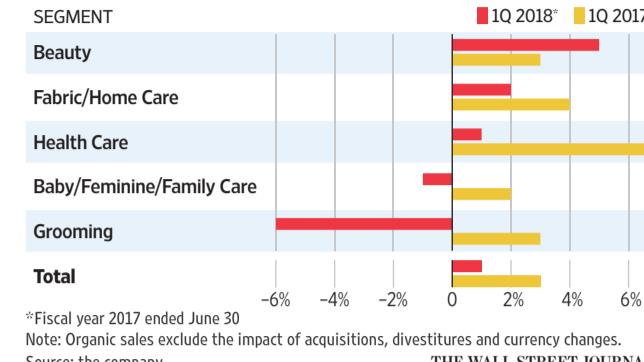
U.S. shoppers continue to cut back spending on household goods from paper towels to diapers, depressing sales at Procter & Gamble Co., and the consumer giant would like to know why.

The maker of Tide and Pampers reported another quarter of sluggish growth Friday. Fresh off an apparent victory over activist investor Nelson Peltz, P&G is under pressure to show it can bolster sales.

The company's organic sales, a closely watched metric that strips out currency moves, acquisitions and divestitures, rose 1% in the quarter, the increase almost entirely driven by emerging markets outside the U.S.

## Pulling Back

P&G's organic sales by unit, change from previous year



global industry growth at about 2.3% for the quarter, down from 2.5% the previous period. U.S. growth was essentially flat, the company said.

This week, fellow consumer-products company Unilever PLC also reported weaker-than-expected sales, while Reckitt Benckiser Group, maker of Lysol cleaner and Durex condoms, said it would split its business into two divisions.

Neither gains by lower-cost private-label products nor consumers switching to less-expensive brands accounts for the U.S. spending decline, Mr. Moeller said.

He discounted two other theories behind the slowdown: that Hispanic shoppers are spending less amid concerns over Trump administration immigration policies and that consumers have shifted spending to services. P&G data show no particular slowdown in

markets with a large Hispanic population, Mr. Moeller said, "and the idea that, 'I want a cellphone so I'm not going to wash my hair,' doesn't make sense to me."

Price cuts driven by retailers as they battle each other and online rivals may in part account for the decreased spending, he said.

P&G said its fiscal first-quarter profit rose 5% as China, once a weak spot, now is driving growth. To highlight the turnaround there, Mr. Moeller hosted the analysts' call from P&G's Guangzhou office.

Two years ago, P&G CEO David Taylor said publicly that the company lost its footing there. P&G's organic sales in the country rose 8% in the recently ended quarter.

Shares in P&G, up 5.5% over the past year, declined 3.2% to \$88.63 in morning trading.

The results come as Mr. Peltz narrowly missed obtain-

ing a seat on P&G's board last week, according to a preliminary vote tally. At least \$60 million was spent on the proxy fight—which the Trian Partners chief executive says isn't over yet—making it the priciest in U.S. history. Trian declined to comment on P&G's first-quarter results Friday.

The company's profit rose to \$2.85 billion, or \$1.06 a share, from \$2.71 billion, or 96 cents a share. Total sales rose to \$16.65 billion from \$16.52 billion.

The company expects sales to grow 2% to 3% in the current fiscal year, which ends in June, unchanged from the previous forecast.

P&G's sales growth in the first quarter was helped by segments related to beauty; fabric and home care; and health care. Net sales in the grooming segment, as well as baby, feminine and family care, each fell.

# Activist Investor Pushes for More Changes at Nestlé

BY SAABIRA CHAUDHURI

shareholders, and setting a formal profit margin target.

However, Mr. Schneider has resisted Mr. Loeb's call for the company to sell its 23.29% stake in cosmetics giant L'Oréal SA, saying the investment remains a good one.

On Friday, Mr. Loeb indicated that he won't back down from urging Nestlé to do more. "We believe there is much more opportunity to unlock value, particularly by further optimizing capital allocation and carefully evaluating the L'Oréal stake as part of a comprehensive portfolio review," he said.

Nestlé didn't respond to a request to comment on Mr. Loeb's remarks.

Mr. Loeb, the Third Point LLC hedge fund founder who flew to London last month to attend Nestlé's investor day, said he had been impressed by Mr. Schneider's "strong presentation" at the event. Mr.

Loeb said the company's new target of a 17.5% to 18.5% profit margin by 2020 and its \$20.8 billion share buyback "imply a return to double-digit EPS growth through 2020 after five years of essentially zero growth." "Meeting these goals alone would create enormous value for shareholders," Mr. Loeb said.

His largely bullish remarks give Nestlé some breathing room as it struggles to jump-start sales growth.

Earlier this year Nestlé ditched a longstanding goal of achieving 5% to 6% organic sales growth after it missed the target for four straight years through 2016.

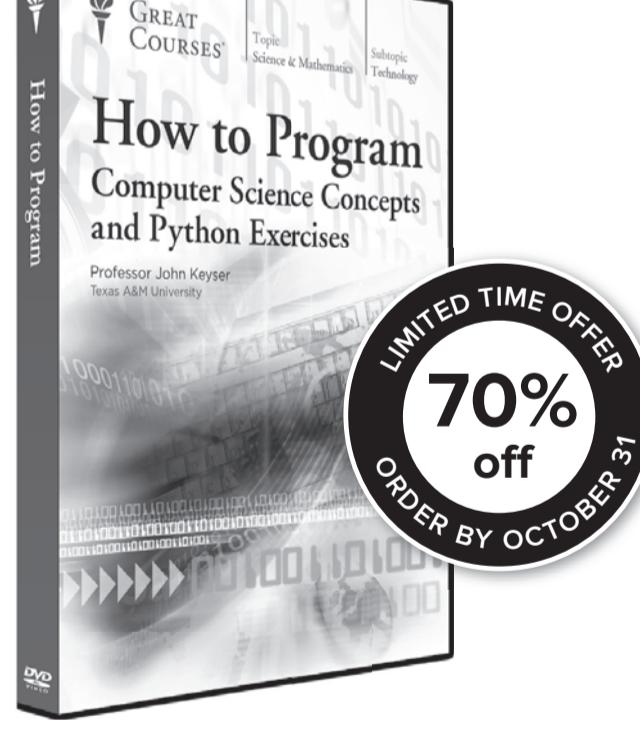
The Swiss consumer giant on Thursday reported sales growth of 2.6% for the first nine months of the year. It said it was on track to post 2.6% growth for the full year, too, compared with 3.2% last year.



Daniel Loeb endorsed recent moves by Nestlé but said more needed to be done. He has pressured the maker of Kit Kat chocolate and Nescafe coffee to sell its stake in cosmetics giant L'Oréal.

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## TECHNOLOGY

WSJ.com/Tech



A drone demonstration before a House subcommittee. More than 14,000 authorization requests for drones are pending at the FAA.

# Clearing Drones for Takeoff

**Proposed FAA system automates approvals to ease air-traffic controllers' stress**

By ANDY PASZTOR

With roughly 250 monthly encounters between drones and manned aircraft nationwide, automated procedures are being developed to reduce pressure on air-traffic controllers.

Operators of unmanned aircraft are increasingly either fly close to U.S. airports without first obtaining required Federal Aviation Administration authorizations, or belatedly contact controllers to expedite requests for approvals, according to a recently released FAA document. In some instances, the agency says, last-minute

phone calls to airport towers entail "distractions for air-traffic control management" while "creating a potential safety hazard."

To alleviate such problems, industry experts and federal safety regulators have joined forces to launch a computerized system later this year. The goal is to more easily and quickly give the green light to drone operations slated for closer than 5 miles to U.S. airports. Commercial flights in such airspace currently require manual approvals from the FAA to proceed, which typically can take months and has been a longstanding source of industry frustration.

More than 14,000 individual authorization requests are now pending and the FAA projects that unless the process is changed, the total

backlog could climb to more than 25,000 by March.

The FAA document posted in the Federal Register this month projected that switching to automated authorizations will reduce encounters between drones and manned aircraft by 30%, eliminating some 450 problematic events over the next six months. Most incidents don't pose an imminent threat to airliners or other manned aircraft, but monitoring and cataloging them uses controller resources.

Roughly four dozen airports may begin relying on the automated capability, which also will allow recreational drone users and operators of remote-controlled aircraft to notify controllers of upcoming flights in the proximity of airports.

Critics of the proposal worry it could inadvertently

create difficulties for controllers. "They are so stressed already" that it's "reckless to have anything more put on their plates," said aviation attorney Steven Marks of the law firm Podhurst Orseck PA.

But drone proponents, some of whom have been working for the past year to assemble the foundations of the proposed system, counter that automated approvals for routine, minimal-risk requests will help promote industry expansion while reducing the burden on controllers.

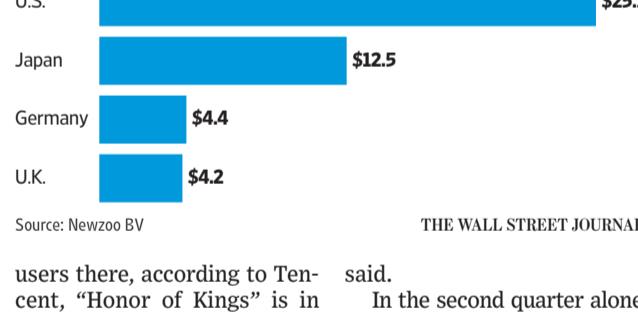
Ben Marcus, chief executive of service provider AirMap Inc., said the proposal "demonstrates that public-private partnerships for airspace management are not only possible, they're happening today." AirMap is expected to serve as one of the intermediaries.

# Tencent Aims to Crack U.S. Game Market

**China's Tencent Holdings Ltd. is banking on a successful launch abroad for "Honor of Kings," but the hit smartphone**

## Global Gaming

Top countries for videogame-software revenue, 2017 projections



game faces an uphill battle in the U.S., where the company can't lean on its popular messaging apps to hook players.

The game, which allows teams of players to battle one another online, is so popular in China that Tencent this year installed a curfew for young players after one state-run newspaper called it a "drug" and "poison."

With 50 million daily active

chases from weapons to character upgrades—pulled in \$375 million through Apple Inc.'s App Store in China, app data provider App Annie Inc. estimates.

But despite being the world's most valuable gaming company, Tencent has yet to release a hit game in the U.S.—and "Honor of Kings" is its most ambitious attempt to date.

To maximize the appeal of the game to Western users, the company struck a deal with DC Comics and will be swapping out historical Chinese characters for DC Comics superheroes such as Batman and Wonder Woman. The game also got a new name: "Arena of Valor."

said.

In the second quarter alone, the game—which is free to play and generates revenue through small in-game pur-

# Pacemaker Fix Against Hackers Raises New Fears

By PETER LOFTUS

A software patch to fix a cybersecurity weakness in hundreds of thousands of implanted heart devices has raised a dilemma among doctors and patients: Is the fix worth the risk?

The software update that Abbott Laboratories released in late August is supposed to reduce the risk that someone with malicious intent could gain unauthorized remote access to a patient's pacemaker. Abbott issued the update after outside security researchers identified vulnerabilities in the devices.

But Abbott has said the update itself—administered in a doctor's office or hospital—carries a slight risk of causing a malfunction in the pacemakers, which are implanted in patients' chests to correct abnormal heart rhythms.

The dilemma underscores the limits of technology as medical devices increasingly are connected to the internet.

The connections help doctors remotely catch problems that might otherwise go undetected—such as irregular heart rhythm or dwindling battery life—but they theoretically can expose devices to hackers.

And yet, when companies offer fixes, the decision to adopt them isn't easy.

There are no known reports of patients being harmed by hacking of the pacemakers, according to the Food and Drug Administration. A hacker would have to be within close proximity to a person to gain unauthorized access, said Mike Kijewski, chief executive of MedCrypt, a device-security firm.

Since Abbott released the software update, the FDA has received at least 12 reports claiming malfunctions of pacemakers during the updates, according to a review by The Wall Street Journal of the agency's database of medical-device adverse events.

Several of the reports say the pacemaker went into backup-pacing mode during the update, and in some cases the update wasn't successfully completed. In backup mode, the pacemaker switches to a fixed default rhythm rather than one customized for that patient.

None of the reports cited any serious harm to patients.

Abbott spokeswoman Candace Steele Flippin said the company wasn't aware of any reports of patient harm from the updates. The company designed the update so that pacemakers would temporarily operate in backup-pacing mode, with life-sustaining features remaining available, and revert to pre-update settings once it is complete.

Suzanne B. Schwartz, associate director for science and strategic partnerships at the FDA, said the cybersecurity vulnerabilities in the Abbott de-

vices posed an "unacceptable" risk, and the agency felt strongly that the company make a fix available. She said the FDA isn't in a position to mandate that patients get the updates, but she cautioned against doctors assuming that the risk of hacking is so low that the update isn't worth it.

The Abbott pacemakers in question are implanted in about 465,000 people in the U.S. Abbott declined to say how many patients have received the cybersecurity update.

Some doctors and institutions, such as the cardiology department at NewYork-Presbyterian/Weill Cornell Medical Center, aren't recommending the update. "We don't feel the benefit at this point necessarily outweighs the potential risk of uploading this software," said Bruce Lerman, chief of cardiology at the hospital.

Cybersecurity researchers have identified weaknesses in

## Cyber-Medical Alerts

Number of cybersecurity alerts issued by the U.S. Department of Homeland Security for vulnerabilities in medical devices and equipment.



other devices in recent years, including infusion pumps made by Pfizer Inc.'s Hospira unit and insulin pumps from Johnson & Johnson's Animas unit.

There were no known reports of these devices being hacked, according to an arm of the Department of Homeland Security that monitors cyberthreats. In 2007, doctors disabled the wireless features of then-Vice President Dick Cheney's implanted heart device to guard against an attack by a hacker, according to "Heart," a book Mr. Cheney co-wrote with his doctor.

"It's really the first time this has come to a head, where there is this need for doctors to start making this decision about whether they should fix cyberthreats in something when it poses a safety risk for patients," said Stephanie Domas, lead medical security engineer with Battelle, a nonprofit research-and-development institute in Columbus, Ohio.

# Alexa, Are You Worried About New Rival?

By JAY GREENE

**Microsoft Corp. is set to enter the fast-growing voice-enabled speaker market on Sunday, nearly three years after rival Amazon.com Inc. launched the pioneering Echo.**

Microsoft's entry comes via a partner, Samsung Electronics Co.'s Harman Kardon unit, whose Invoke speaker will use Microsoft's Cortana digital assistant to take commands.

Similar to Amazon's original Echo, the Invoke is a Pringles can-size speaker that can play music, check traffic and answer questions about sports scores or historical facts.

Microsoft and Harman Kardon announced plans in May to launch the Invoke, priced at \$199. In August, Harman Kardon said it also would launch the Allure, a voice-enabled speaker using Amazon's Alexa.

Though Microsoft's arrival to the market comes years after Amazon's, the company is betting the Invoke can draw customers in with its connections to Microsoft products that have millions of users, such as the Office productivity franchise and Skype internet calling.

Cortana, like Amazon's Alexa, will take commands from users. Because of its integration with Office, Invoke users

also will be able to add appointments to their Outlook.com calendar and check the time and location of their next meeting.

"We have to play to the strengths we have," said Andrew Shuman, a Microsoft vice president who runs the Cortana engineering team.

The Invoke, though, faces significant hurdles. Amazon has a huge head start in the market and a bevy of voice-enabled speakers that start at \$50. It recently introduced a second-generation Echo, priced at \$100, and has ex-

panded its offerings to include smaller devices that connect to speaker systems, portable versions, and a voice-enabled gadget with a screen.

Alphabet Inc.'s Google unit, which entered the home-speaker market a year-and-a-half ago, has, like Amazon, recently refreshed its lineup, with devices ranging from a large \$400 speaker to a \$50 gadget that is smaller than a doughnut. Apple Inc., meanwhile, is preparing a \$350 voice-enabled speaker, the Home Pod.

Microsoft's speaker isn't

just late, said Carolina Milanesi, an analyst with market-research firm Creative Strategies; it also lacks meaningful differentiation.

The Invoke includes smart-home capabilities such as turning on lights with voice commands, but so do its rivals, Ms. Milanesi noted. And while it can make calls to phones using Skype, Amazon's and Google's devices enable landline calling.

With some stuff that could have been a differentiator, they missed the boat," Ms. Milanesi said.

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**NOTICE OF SCHEME MEETING IN THE GRAND COURT OF THE CAYMAN ISLANDS (FINANCIAL SERVICES DIVISION) CAUSE NO.: FSD 190 of 2017 (NSI)**

**IN THE MATTER OF  
NEO CYANAN HOLDINGS LTD.  
AND IN THE MATTER OF SECTION 86 OF THE COMPANIES LAW (2016 REVISION)**

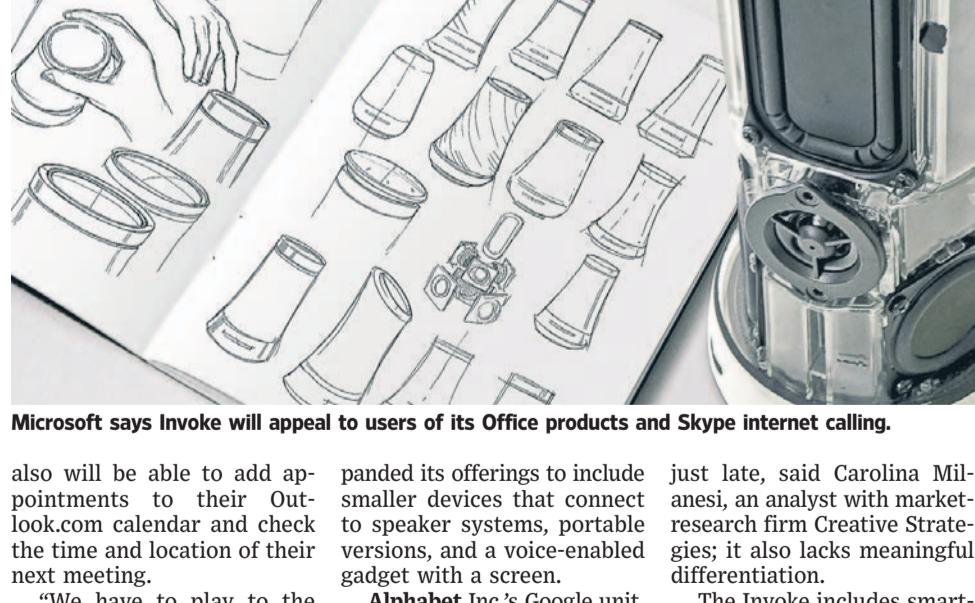
**NOTICE IS HEREBY GIVEN** that, by an Order dated 19 October 2017, the Grand Court of the Cayman Islands (the "Court") has directed that Neo Cyanan Holdings Ltd. (the "Company") convene a meeting (the "Scheme Meeting") of those registered holders (the "Shareholders") of the Company's ordinary shares of par value of US\$0.001 each for the purposes of considering and, if thought fit, approving a scheme of arrangement (the "Scheme") (with or without modification) proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme) pursuant to section 86 of the Companies Law (2016 Revision).

A document (the "Scheme Document") containing the Scheme, an explanatory statement explaining the Scheme in detail and appending a formal Notice of the Scheme Meeting and forms of proxy for use by Shareholders attending to vote at the Scheme Meeting by proxy has been posted on 20 October 2017 to the addresses of the Shareholders recorded in the Register of Members of the Company. Additional copies of the Scheme Document may be obtained by contacting Alexander D. Caldwell, Corporate Secretary, 121 King Street West, Suite 1740, Toronto, Ontario, Canada, M5H 3T9 or by email to a.caldwell@neomaterials.com.

The Scheme Meeting will be held at the offices of Fogler, Rubinoff LLP, 77 King Street West, Suite 3000, Toronto, Ontario, M5K 1G8, Canada at 9:30am on Wednesday 8 November 2017 (Toronto time), with any adjournment as may be appropriate. Attendance and voting at the Scheme Meeting can be in person or by proxy in accordance with the voting instructions set out in the Scheme Document.

**NOTICE IS FURTHER GIVEN** that, if approved at the Scheme Meeting, the Scheme will be subject to a subsequent application seeking the sanction of the Court (the "Sanction Hearing") which is listed to be heard at 9:30am on 16 November 2017 (Cayman Islands time), or as soon as practicable thereafter as it may be heard. Any Shareholder will have the right to attend and be heard at the Sanction Hearing, through legal counsel, to support or oppose the Scheme.

Dated: 20 October 2017 Walkers, Cayman Islands attorneys for the Company



Microsoft says Invoke will appeal to users of its Office products and Skype internet calling.

HAROLD KARDON

## WEEKEND INVESTOR

TAX REPORT | By Laura Saunders

# These Breaks Don't Make the Grade

The tax breaks Americans love most are actually some of the least effective given their cost.

If these provisions were based solely on what's best for America, the mortgage-interest deduction would end or be tilted toward lower earners, tax specialists say. Health-insurance premiums paid by employers would be taxable. Write-offs for charitable gifts would be tightened, and the deduction for state and local taxes would be limited or ended. Investment incentives, such as the lower rate on long-term capital gains, would be reconfigured.

As a result, the \$1.3 trillion a year that these and other tax breaks for individuals "cost" Uncle Sam would probably shrink. So would market distortions they encourage: Health-care prices might moderate, and Americans might put less of their

savings into homes and more elsewhere.

These radical changes aren't going to happen.

As Congress struggles to enact the first major overhaul of the tax code in 30 years, it faces severe budget constraints and political pressures. President Donald Trump has already called for preserving deductions for both mortgage interest and charitable donations.

Yet none of these beloved tax breaks rates higher than a B-minus, according to an informal survey of specialists at the Tax Foundation, the Tax Policy Center and the Committee for a Responsible Federal Budget. We asked them to grade the breaks for cost effectiveness and averaged the results.

"Do I as a taxpayer want to subsidize a college building named after a rich person who donates?" says Marc Goldwein, policy director at the Committee for a Responsible Federal Budget.

There's surprising agree-

ment among tax specialists of different political leanings about the poor design of top breaks. They even agree about some fixes, unrealistic as these may be. Here are their thoughts.

♦ **Employer-provided health insurance and medical care.** Critics give this break a D-plus, saying it helps drive up health-care costs, encourages overconsumption of medical care and impedes a market for individual insurance. Some workers don't switch jobs because of health coverage.

Mr. Goldwein suggests replacing the current benefit with a tax credit, a fixed-dollar offset for each taxpayer.

♦ **Capital gains.** The lower rate for long-term capital gains reaps praise for lessening double taxation of corporate profits and encouraging investment.

Critics say the benefit goes mostly to the top 1%, and it's an engine for tax shelters. The capital-gains exemption at death—the

"step-up"—prompts investors to refrain from selling. Grade: B-minus.

Kyle Pomerleau, policy director at the Tax Foundation, wishes taxpayers could get a tax deduction when they invest, but then owe tax on sales at ordinary rates, with no step-up at death.

♦ **State and local tax deductions.** Some specialists grade them C-plus because they encourage state and local governments to provide services, while others give them a flat F, saying they unfairly subsidize locales with higher earners and higher taxes, encouraging bloated government. Average grade: D.

Len Burman, a Tax Policy Center economist and former Treasury Department official during the 1986 tax overhaul, opts for a C-plus. But even he would repeal them. In his dreams, he would put the revenue in a federal "rainy day" fund to help states through temporary economic crises.

## Progress Report

Many cherished benefits aren't cost-effective, some say.

### FY2018 cost

Employer-provided health insurance and medical care

\$227.9 billion

### Capital gains\*

154.6

### State and local tax deductions

110.8

### Mortgage-interest deduction

69.1

### Charitable-donation deduction

63.1

\*Excluding agriculture, timber, iron ore, and coal; includes cost of 'step-up' at death  
Sources: U.S. Treasury Department (cost); analysts at Tax Policy Center, Committee for a Responsible Federal Budget, and Tax Foundation (grade)

Grade

D+

B-

D

C+

THE WALL STREET JOURNAL.

deduction into a tax credit.

♦ **Charitable-donation deduction.** This write-off gets a C-plus. While it encourages worthy charitable giving, some think it's a double subsidy because nonprofits don't pay taxes. The ability to donate appreciated assets, such as stock, without owing capital-gains tax also encourages gaming, critics say.

Possible fixes: Limit the benefit to one home instead of the current two. In addition, encourage lower-income buyers by turning the

deduction into a tax credit. The term "fee only" can be a marketing magnet. "People are commission-averse," Mr. Bert says, "and we're trying to separate ourselves from all the other firms out there that are just trying to sell a product and call it financial planning."

Confusing? You bet. If you want to hire a financial planner who charges only fees, you will have to ask probing questions. Start with these: Are you a fiduciary, who must always act in my best interests? Will you put that in writing? Does anybody else ever pay you to advise me and, if so, do you earn more to recommend certain products or services?

If the answer to the last question is yes, "fee only" is just talk, and you should walk.

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CHRISTOPHE VORLET

business. Yet because MediQuis is affiliated with a brokerage, he says, it must disclose that it may take commissions even though all

its investment advice is fee only. "That's a dilemma," says Mr. Paprocki. "The whole reason we're talking to you about this is because

it probably is confusing."

**Certified Advisory Corp.**, a financial-planning and investment firm in Altamonte Springs, Fla., manages about

\$1.3 billion in assets. The firm repeatedly describes itself as "fee only" on its website. Certified's official SEC brochure says the firm is "fee only," but its representatives "may or may not be characterized as 'fee only.'"

About 3% of the total revenue generated from Certified's clients has come from sales of insurance and securities on a commission, says its president, Joseph Bert. Those commissions aren't earned by Certified, he says, but by representatives the firm retains as independent contractors.

Mr. Bert says the commissions are fully disclosed and derive from occasional, "one-off transactions" outside the usual scope of the firm's practice, such as setting up a gift account for a client's

child. The term "fee only" can be a marketing magnet. "People are commission-averse," Mr. Bert says, "and we're trying to separate ourselves from all the other firms out there that are just trying to sell a product and call it financial planning."

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## Biggest 1,000 Stocks | [WSJ.com/stocks](http://WSJ.com/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**  
†New 52-week high.  
‡New 52-week low.  
dd—Indicates loss in the most recent four quarters.  
FD—First day of trading.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Friday, October 20, 2017

YTD 52-Week Yld Net % Chg Hi Lo Stock Sym % PE Last Chg

NYSE

20.84 25.83 20.26 ABB ABB 3.0 24 25.46 0.09

-4.22 12.47 10.60 AES AES 4.3 dd 11.13 -0.16

20.47 85.24 66.50 Afpac AFL 2.1 13 83.85 -0.05

22.40 75.58 48.93 AGCO AGCO 0.8 31 80.72 -0.92

-16.44 43.03 35.10 AT&T T 5.7 15 35.54 -0.15

46.63 56.60 37.38 AbbottLabs ABLT 1.9 44 56.32 0.32

53.47 98.26 55.06 AbbVie ABBV 2.7 24 96.10 -0.38

19.09 140 112.31 Accenture ACN 1.9 26 139.49 0.87

-30.30 261.43 152.80 AcuityBrands AYI 0.3 22 160.90 -0.04

45.22 86.42 99.67 Adient ADNT 1.3 dd 85.10 0.12

-48.69 177.82 82.21 AdvanceAutoParts AXP 0.3 17 86.78 -0.14

23.02 6.70 4.89 ArvinEngels ASX 3.7 14 60.20 -0.03

5.24 6.13 4.16 Aegean AEG 5.2 17 58.2 -0.08

27.52 53.19 39.97 AerCap AER 9.9 53.06 0.80

29.70 164.52 104.38 Alfabco ALCOA AET 1.25 16 106.84 -0.24

35.95 198.31 130.48 AffiliatedMgmt AMG 0.4 22 197.54 1.82

47.61 67.82 42.92 AgilentTechs A 0.8 35 67.25 0.37

5.62 53.37 35.95 AgioLifeCo AGO 0.4 41 44.36 -0.36

7.06 111.88 87.82 Agrium AGU 3.3 26 107.65 -0.12

7.23 154.74 129 Ariv Products APD 2.5 13 154.20 1.32

-20.45 25.80 24.30 AlticeUSA ATUS ... 26.02 0.00

-3.87 77.79 60.01 Altria MO 1.45 65 0.63

115.48 23.54 9.01 AluminaChina ACH ... 87.22 0.64

36.66 7.03 4.70 Ambev ABEV ... 29 6.71 -0.11

17.35 61.74 46.97 Ameren AEE 3.0 21 61.56 -0.04

53.06 19.50 10.22 AmericanMtnl AMX 1.7 26 19.42 -0.58

25.45 95.25 66.55 Allstate ALL 1.6 14 92.97 -0.27

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-20.45 25.80 24.30 AlticeUSA ATUS ... 26.02 0.00



## **BIGGEST 1,000 STOCKS**

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% Chg	Hi	Lo	Stock
-2.46	59.47	45.41	ONEOK

\* \* \* \*

% Chg	Ht	Lo	Stock	Sym	%	PE	Last	Chg
-2.46	59.47	45.41	ONEOK	OKE	5.3	35.56	0.19	-1.90
-8.09	75.50	57.20	OccidentalPetrol	OXY	4,750	65.47	0.63	-0.09
4.53	3.87	2.15	Och-Ziff	OZM	2.3	25.36	0.09	-0.09
37.17	36.84	20.43	Olin	OLN	2,314	35.13	0.03	-0.03
3.01	35.14	28.11	OmegaHealthcare	OH	8.1	28.20	0.09	-0.09
-13.42	89.66	71.63	Omnicom	OMC	3.0	15.73	73.69	0.73
28.09	53.14	37.64	Oracle	ORCL	1.5	25	49.25	-0.10
5.75	17.63	13.98	Orange	OMC	5.6	58.86	16.01	-0.15
51.25	134.59	72.06	OrbitalATK	OA	1.0	28	132.69	-0.29
9.21	89.44	69.97	Orix	IX	... 8	85	-0.13	-0.13
34.86	88.20	52	Oshkosh	OSK	1.0	26	87.13	0.10
55.37	80.56	45.46	OwensCorning	OC	1.0	23	80.11	0.87
-4.79	15.71	9.49	PG&E	PCG	3.7	14.52	57.86	0.86
19.06	38.54	25.50	PLDT	PHI	5.7	15	32.80	-0.70
17.09	137.71	92.37	PNC Fin	PNC	2.2	17	139.95	1.65
41.58	77.76	50.37	POSTCO	PKX	... 5	75	47.40	-0.63
24.27	117.80	89.64	PPG Ind	PPG	1.5	22	117.76	3.45
10.87	20.40	32.46	PPL	PPL	4.2	16	37.75	-0.06
42.19	130.75	84.53	PVH	PVH	0.1	25	128.31	2.57
39.54	119.43	78.03	PackagingCpAm	PKD	2.1	23	118.36	1.76
19.64	165.69	107.31	PalAeroNtwks	PANW	... dd	149.61	0.28	-0.28
-4.75	33.40	24.65	ParkHotels	PK	6.0	2	28.48	-0.49
31.79	184.56	118.77	ParkeHannfin	PK	1.4	26	184.50	2.49
26.59	39.82	22.98	ParsleyEnergy	PE	... 25	25.87	-0.24	-0.24
-8.91	10.31	7.04	Pearson	PSO	1.5	9	10.1	0.08
4.92	35.63	27.44	PembinaPipeline	PSB	5.3	34	32.86	-0.47
26.93	71.36	53.80	Pentair	PNR	1.9	31	71.17	0.46
6.67	119.39	98.50	PepsiCo	PEP	2.9	23	111.61	-1.06
37.55	72.11	45.35	PerkinElmer	PKI	0.4	43	71.73	0.41
5.06	92.64	63.68	Perrigo	PRGO	0.7	40	87.44	-0.09
-12.85	81.80	60.69	PetroChina	PTR	3.2	41	64.23	0.17
2.37	12.55	7.61	PetroleoBrasil	PBR	... dd	10.35	-0.04	-0.04
14.98	111.77	6.96	PetroleoBrasilA	PBRA	... dd	10.13	-0.02	-0.02
12.13	36.60	29.83	Pfizer	PFE	3.5	27	36.42	0.18
19.71	123.85	86.78	PhilipMorris	PM	3.9	24	109.52	1.37
5.08	95	75.14	Phillips66	PSX	3.1	27	90.80	0.41
4.86	66.67	46.36	PinnacleFoods	PF	2.3	37	56.05	-0.52
13.78	90.72	70.86	PinnacleWest	PNW	3.1	20	88.78	0.21
-19.61	193.88	125.46	PioneerNatRscs	PXD	0.1	148	144.75	1.77
-36.85	33.95	18.82	PlainsAllAmpipe	PAA	5.9	15	20.39	-0.25
-40.17	36.09	19.60	PlainsGP	PAG	5.8	20	27.75	-0.50
29.21	108.45	73.98	PolarisIndustries	PII	2.2	45	106.46	1.10
6.52	20.27	15.74	Potash	POT	2.1	33	29.17	0.02
22.14	134.14	114.43	Praxair	PX	2.2	27	143.14	2.73
17.09	68.90	52.08	PrincipalFin	PFG	2.8	15	67.75	-0.42
4.96	94.67	81.18	Procter&Gamble	PG	3.1	24	88.25	-3.34
37.77	49.75	30.99	Progressive	PGR	1.4	20	48.93	0.22
22.07	65.63	45.93	Prudential	PRU	2.7	12	110.78	1.18
6.46	115.26	82.45	PrudentialFin	PRU	2.7	12	106.46	1.10
11.67	49.33	39.28	PublicServiceEnt	PEG	3.5	55	49.04	0.06
-3.76	23.21	19.25	PublicStorage	PSA	3.7	31	215.09	-0.12
52.34	28.01	17.69	PulteGroup	PTC	1.3	18	28.02	0.22
13.09	35.45	28.49	Qudian	QD	... 33	-3.90	-1.90	-1.90
3.46	112.97	79.12	QuestDiag	DGX	1.9	20	95.08	1.85
35.48	103.38	70.10	QuintilesIMs	Q	... 141	103.01	1.21	-0.05
30.79	22.01	14.92	RELEX	RENX	1.4	27	21.92	-0.05
26.32	22.89	16.19	RELX	RELX	1.3	28	22.70	-0.02
-3.08	56.48	46.25	RPM	RPM	2.9	39	52.17	0.25
37.39	194.43	139.07	ThermoFisherSd	THMO	0.3	34	193.86	1.42
25.06	87.22	58.17	ThomsonJames	RJF	1.0	21	86.63	0.91
33.03	189.44	132.39	Raytheon	RTN	1.7	26	188.90	1.95
-3.38	63.60	52.72	RealtyIncome	O	4.6	47	55.54	-0.67
74.75	122.36	68.54	Redhat	RHT	... 73	121.00	0.20	-0.20
-7.69	74.87	58.63	RegencyCtrs	REG	3.2	25	63.65	-0.73
15.23	147.13	106.68	ReinsuranceGrp	RGA	2.4	16	125.21	-0.44
12.52	67.18	49.44	RepublicServices	RSV	2.1	33	64.19	0.54
27.32	81.87	56.57	ResMed	RMD	1.8	33	79.21	0.21
41.48	68.40	42.34	RestaurantBrands	RUS	1.4	27	67.43	-0.17
31.71	29.55	18.30	RiceEnergy	RICE	... dd	28.12	25	-0.25
25.77	50.77	32.47	RioTinto	RIO	4.6	14	48.37	0.24
5.88	51.87	34.42	RobertHalf	RHI	1.9	20	51.65	0.73
40.25	188.60	116.28	Rockwell	ROK	1.6	30	188.50	2.06
45.54	135.31	78.54	RockwellCollins	COL	1.0	27	135	0.43
37.40	54.24	37.43	RogersComm B	RCI	2.9	35	50.31	0.13
41.21	48.29	28	Rollins	ROL	1.0	57	47.70	0.04
39.19	254.82	167.50	RoperTech	ROP	0.5	38	254.82	2.86
18.53	80.98	60.92	RoyalBkCanada	RY	3.6	15	80.26	-0.48
35.62	7.58	4.51	RoyalBkScotland	RBS	... dd	7.50	0.05	-0.05
47.14	128.09	67.53	RoyalCaribbean	RCL	2.0	17	120.71	-0.41
12.30	61.42	48.07	RoyalDutchA	RDSA	6.2	33	61.07	0.04
8.73	63.12	50.94	RoyalDutchB	RDSB	6.0	34	63.03	0.30
29.62	113.64	80.93	RAPA	SAP	1.2	34	110.03	-1.37
50.22	166.96	107.21	S&P Global	SGP	1.0	19	161.55	2.11
-0.06	55.81	48.82	SINOPECShanghai	SHI	5.9	8	52.65	0.87
-9.44	115.34	93.90	SLGGreenRealty	SLG	3.25	97	94.70	-1.26
44.46	99.18	66.43	Salesforce.com	CRM	... dd	98.90	1.71	-0.04
22.43	50.65	36.31	Sanofi	SNY	3.3	13	49.51	-0.51
0.94	32.40	24.91	Sasol	SSL	4.2	12	28.86	-0.06
-33.08	74.99	47.80	Scana	SCG	5.0	12	49.04	0.39
24.78	87.84	61.40	Schlumberger	SBL	3,248	63.15	-1.35	-1.35
47.43	2.73	1.74	UnitedMicro	UMC	3.2	21	2.58	-0.00
13.20	46.21	30.66	Schwab	SCHW	0.7	29	44.68	1.41
36.77	147.60	70.58	UnitedRentals	URI	... 20	144.40	0.43	-0.04
5.29	56.61	43.50	US Bancorp	USB	2.2	16	54.09	0.50
-12.86	7.74	4.49	SemicodctrMfg	SMI	5	6.64	2.8	-0.25
10.00	30.12	24.09	SempraEnergy	SRE	2.9	17	114.13	0.04
28.27	50.05	35.10	SensataTech	ST	... 30	49.96	0.36	-0.04
20.88	35.89	24.90	ServiceCorp	SCI	1.7	19	34.33	0.04
25.19	48.48	34.36	ServiceMaster	SERV	... 28	47.16	0.25	-0.04
19.03	52.91	34.83	UnumGroup	UNM	1.3	20	52.29	0.01
67.90	124.87	72.80	ServiceNow	NOW	... dd	124.82	4.01	-0.04
8.33	23.31	19.02	ShawComm B	SJR	4.3	28	21.73	-0.12
45.01	35.90	30.60	Siemens	SHV	3.2	33	30.89	0.70
18.62	48.98	36.06	ShinhanFin	SHG	... 8	44	65.45	-0.59
13.83	116.13	94.34	Shopify	SHOP	... dd	102.10	3.85	-0.04
-7.29	199.19	150.15	SimonProperty	SPG	4.4	30	164.72	-0.80
30.07	61.82	43.66	SmithAO	AOS	0.9	31	61.59	0.79
27.26	40.43	26.96	Smith&Nephew	SNA	1.3	21	38.28	0.36
-18.62	143.68	102.73	Smucker	SJM	3.0	22	104.22	0.22
-36.44	29.44	11.28	Snap	SNAP	... dd	15.56	0.31	-0.04
13.20	181.73	140.83	SnapsOn	SNA	1.8	16	160.12	3.93
106.98	63.80	26.47	SOQUIMICH	SQM	1.3	45	59.53	0.01
34.19	73.14	54.38	Vantiv	VNTV	3.6	19	77.54	-0.09
16.32	73.14	54.38	Variant	VNTV	... 0	19	73.14	-0.02
-4.73	9.78	7.44	VEREIT	VER	6.8	dd	8.06	-0.05
24.42	66.97	48.05	VF	VFC	2.5	25	66.38	1.03
37.85	105.20	75.17	Visa	V	7	41	107.55	0.53
41.66	232.71	153.66	VailResorts	MTN	1.8	47	22.51	-0.01
13.49	31.93	20.74	Venture	VALE	5.5	15	20.58	-0.05
13.50	41.88	37.94	VersanMed	VAR	3.5	35	106.69	0.10
62.72	20.96	11.55	Vedanta	VEDL	10.9	21	20.21	0.08
49.88	68.07	37.34	VeevaSystems	VEEV	... 73	61	49.00	1.40
34.44	91.22	74.37	Venture	VTR	4.7	38	61.50	0.53
13.50	41.88	37.94	Venture	VTR	... 0	19	37.94	-0.02
13.37	41.88	37.94	Venture	VTR	... 0	19	37.94	-0.02
13.37	41.88	37.94	Venture	VTR	... 0	19	37.94	-0.02
13.37	41.88	37.94	Venture	VTR	... 0	19		

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Join WSJ Editor in Chief Gerard Baker at this year's meeting to examine the shift in policy currently underway in Washington. Taxes, trade, health care, regulation, America's role in the world—they are all up for notable change, and the consequences for business are considerable.

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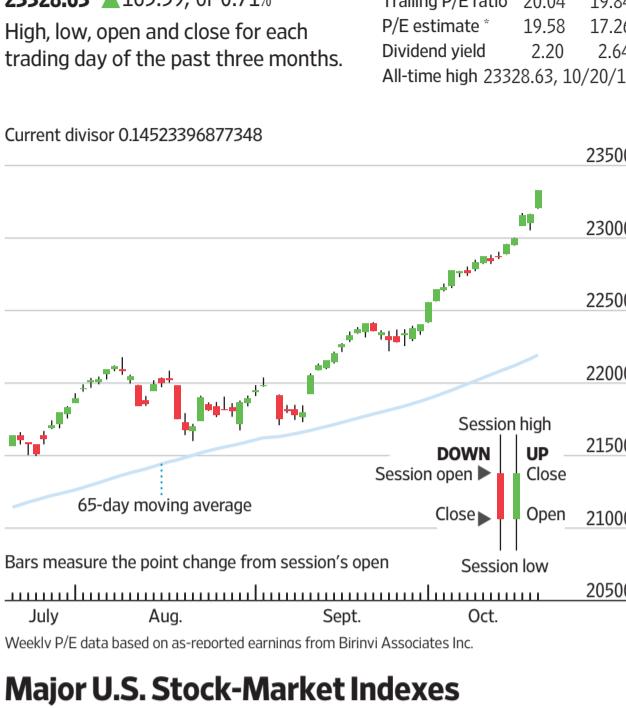
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## MARKETS DIGEST

### EQUITIES

#### Dow Jones Industrial Average



#### S&P 500 Index



#### Nasdaq Composite Index



Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

#### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	23328.84	23201.78	<b>23328.63</b>	165.59	<span style="background-color: green;">0.71</span>	23328.63	17888.28	<b>28.6</b>	18.0 <b>12.5</b>	
Transportation Avg	9983.39	9929.88	<b>9972.10</b>	85.59	<span style="background-color: green;">0.87</span>	10038.13	7967.02	<b>24.2</b>	10.3 <b>6.6</b>	
Utility Average	750.20	745.42	<b>749.21</b>	1.35	<span style="background-color: green;">0.18</span>	754.80	625.44	<b>14.4</b>	13.6 <b>9.5</b>	
Total Stock Market	26704.03	26635.72	<b>26697.94</b>	136.37	<span style="background-color: green;">0.51</span>	26697.94	21514.15	<b>20.6</b>	14.7 <b>10.5</b>	
Barron's 400	692.56	690.53	<b>691.35</b>	4.56	<span style="background-color: green;">0.66</span>	691.35	521.59	<b>27.7</b>	14.9 <b>11.3</b>	
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	6640.03	6622.92	<b>6629.05</b>	23.99	<span style="background-color: green;">0.36</span>	6629.05	5046.37	<b>26.1</b>	23.1 <b>15.4</b>	
Nasdaq 100	6122.56	6102.16	<b>6108.82</b>	16.20	<span style="background-color: green;">0.27</span>	6122.61	4660.46	<b>25.9</b>	25.6 <b>16.4</b>	

#### Standard & Poor's

	500 Index	2575.21	13.11	<span style="background-color: green;">0.51</span>	2575.21	2085.18	<b>20.3</b>	15.0	<b>10.6</b>
MidCap 400	1834.82	1830.47	<b>1834.29</b>	10.44	<span style="background-color: green;">0.57</span>	1834.29	1476.68	<b>20.1</b>	10.5 <b>11.2</b>
SmallCap 600	916.28	913.14	<b>913.75</b>	5.21	<span style="background-color: green;">0.57</span>	918.72	703.64	<b>24.5</b>	9.0 <b>13.1</b>

#### Other Indexes

	Russell 2000	1512.75	1504.72	<b>1509.25</b>	7.20	<span style="background-color: green;">0.48</span>	1512.09	1156.89	<b>23.9</b>	11.2 <b>11.3</b>
NYSE Composite	12430.65	12401.64	<b>12430.53</b>	50.21	<span style="background-color: green;">0.41</span>	12430.53	10289.35	<b>17.6</b>	12.4 <b>6.4</b>	
Value Line	546.43	542.85	<b>545.98</b>	3.13	<span style="background-color: green;">0.58</span>	545.98	455.65	<b>15.3</b>	7.9 <b>5.4</b>	
NYSE Arca Biotech	4250.90	4202.93	<b>4243.06</b>	-9.41	<span style="background-color: red;">-0.22</span>	4304.77	2834.14	<b>38.7</b>	38.0 <b>11.6</b>	
NYSE Arca Pharma	561.27	558.25	<b>560.10</b>	-0.41	<span style="background-color: red;">-0.07</span>	560.52	463.78	<b>13.6</b>	16.3 <b>3.8</b>	
KBW Bank	101.19	100.53	<b>101.17</b>	1.57	<span style="background-color: green;">1.58</span>	101.17	73.36	<b>37.3</b>	10.2 <b>14.6</b>	
PHLX® Gold/Silver	85.49	84.64	<b>85.01</b>	-0.51	<span style="background-color: red;">-0.60</span>	96.72	73.03	<b>-2.1</b>	7.8 <b>2.7</b>	
PHLX® Oil Service	133.21	130.78	<b>131.71</b>	-1.15	<span style="background-color: red;">-0.86</span>	192.66	117.79	<b>-19.4</b>	-28.3 <b>-18.5</b>	
PHLX® Semiconductor	1237.63	1229.48	<b>1231.34</b>	6.29	<span style="background-color: green;">0.51</span>	1231.34	802.88	<b>51.2</b>	35.8 <b>28.2</b>	
CBOE Volatility	10.04	9.29	<b>9.97</b>	-0.08	<span style="background-color: red;">-0.80</span>	22.51	9.19	<b>-25.3</b>	-29.0 <b>-18.7</b>	

\$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 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	% chg	After Hours	High	Low
SPDR S&P 500	SPY	18,602.2	257.11	...	unch.	257.72	255.78	
PwrShrs QQQ Tr Series 1	QQQ	5,994.9	148.70	-0.01	-0.01	148.95	148.65	
VanEck Vectors Gold Miner	GDX	4,138.6	23.22	-0.01	-0.04	23.28	23.21	
iShares Russell 2000 ETF	IWM	4,075.2	150.01	0.03	0.02	150.09	149.94	
Microsoft	MSFT	4,027.2	78.73	-0.08	-0.10	78.83	78.30	
General Electric	GE	4,025.9	23.71	-0.12	-0.50	23.89	23.09	
Groupon	GRPN	3,837.6	4.80	...	unch.	4.82	4.80	
Mattel Inc	MAT	3,731.5	15.97	...	unch.	16.05	15.97	

#### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours	High	Low
Immune Therapeutics	AIMT	148.9	37.20	11.54	<b>44.97</b>	43.00	25.66	
LG Display ADR	LPL	13.0	14.00	0.68	<b>5.11</b>	14.00	13.32	
Genworth Financial A	GNW	40.2	4.00	0.19	<b>4.99</b>	4.00	3.81	
Xunlei ADR	XNET	5.6	6.88	0.30	<b>4.56</b>	6.88	6.54	
Tile Shop Holdings	TTS	19.9	9.10	0.35	<b>4.00</b>	9.10	8.70	

#### ...And losers

Company	Symbol	Volume (000)	Last	Net chg</th
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## MONEY & INVESTING

# Check Your Insurance for Fire Coverage

Differences in policies could result in less money to rebuild than homeowners need

BY LESLIE SCISM  
AND NICOLE FRIEDMAN

Home-insurance coverage has its limits, which many Americans discover after large-scale disasters like the fires that have been raging in California this month.

There are some fairly standard coverage areas, such as fire damage, in most homeowners' policies across the country. Still, standard policies can saddle people with surprisingly large costs. Often, the maximum payout in a policy is insufficient to rebuild an entire home and replace its contents.

"So many clients don't properly insure the replacement value for their homes, and they don't understand what it would cost to rebuild their home today," said Bob Courtemanche, private client practice leader at insurance brokerage Risk Strategies Co.

There are myriad subtle differences across states and carriers that could hit homeowners and leave them with less rebuilding money than they need. And those differences are growing: Policies are more varied than they were a decade or two ago, according to University of Minnesota Law School Professor Daniel Schwartz.

California fire victims will



JOSEPH EDELSON/AGENCE FRANCE PRESSE/GETTY IMAGES

A vineyard building burns in California. The wildfires might be a wake-up call to increase insurance or even get an entirely new policy.

generally find their policies cover fire and smoke damage as well as additional living expenses, said Loretta Worters, a spokeswoman for Insurance Information Institute, a trade group. That said, additional living expenses, such as temporarily relocating, sometimes are covered only if the home is damaged, Ms. Worters said. In

that case, homeowners who are ordered to evacuate but whose homes aren't damaged might not get payments for the costs incurred.

While it is too late to increase coverage after your property burns, for some the recent California fires might be a wake-up call to the need to increase a policy's limits or

even get an entirely new policy. Property owners should start by trying to read and understand their policies; they also should contact their agent, or the insurer directly, because figuring out the appropriate amount of coverage is hard to do.

Here are some important details to bear in mind:

◆ Homeowners sometimes forget to expand the amount of insurance coverage they have on their property after making home improvements, such as adding a new kitchen. If insurance coverage hasn't been updated, homeowners may find themselves underinsured after a fire.

◆ Extra structures on the

property are typically covered for as much as 10% of the policy limit for the main structure, Ms. Worters said.

◆ Consumer advocates say insurers in recent decades have shifted to providing "actual cash value coverage," which takes depreciation into account, rather than "replacement cost coverage." Actual cash value coverage might not cover the full cost of replacing a damaged or lost item, leaving the consumer to foot more of the bill.

◆ Homeowners should keep an inventory of the contents in their home and store this list outside the home. Some homeowners should consider getting specialized policies for expensive items such as jewelry or art collections.

◆ After widespread destruction in a community, labor and materials costs can soar, as many people seek contractors and supplies at the same time. An extended replacement policy generally pays as much as 20% or more above the policy limit; a guaranteed replacement-cost policy pays whatever it costs to rebuild a home as it was before the storm, Ms. Worters said.

◆ Some policies—even a guaranteed replacement-cost policy—won't pay for the extra expense of rebuilding to higher code standards, Ms. Worters said. Including coverage for such code upgrades may require an additional premium payment.

◆ Some insurers also offer inflation protection, for an added premium amount.

## Good Money Going Bad: Swiss Debate Expiring Notes

BY BRIAN BLACKSTONE

ZURICH—One of the world's most coveted currency notes, the Swiss franc, includes a feature that runs at odds with its reputation as a safe store of value: It has an expiration date—and for some notes, that is fast approaching.

Up to one billion francs worth of 1970s-era bank notes are nearing their cutoff date, when they will unceremoniously make the switch from reserve currency to antique wallpaper as their value is wiped out unless the Swiss government intervenes.

Switzerland is unique among rich countries because its bank notes—from the 10-franc bill all the way to the mighty 1,000-franc bill (\$1,025)—lose all of their value 20 years after they are replaced by new ones. The series from the 1970s was replaced in 2000, so their value vanishes in 2020. Franc coins are always usable.

That two-decade buffer

gives people plenty of time to prepare, but the very notion of an expiring currency contradicts the Alpine country's reputation for financial safety and security that has driven the franc's value higher in recent decades.

The government and central bank want the law to change. If it doesn't, then franc notes introduced starting in 1976

vanished naturally, accidentally discarded or lost. Some could be with tourists or workers who left Switzerland with cash and never returned. In recent years, around 30 million to 40 million francs of notes have been exchanged annually. There were still 1.1 billion francs of the 1970s-series notes in 2016.

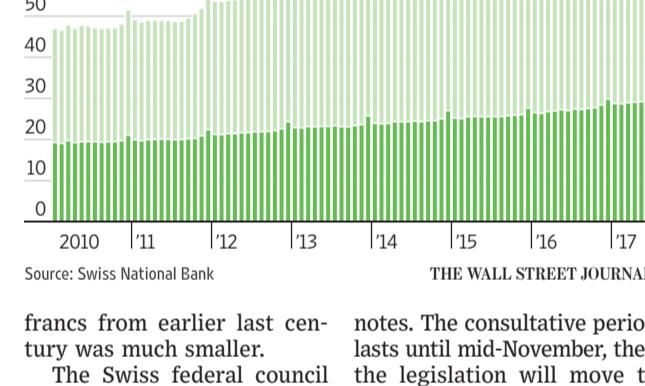
The central bank doesn't get to pocket the unclaimed money and the Swiss have found an innovative use for it. Under a century-old law, the SNB transfers the equivalent amount worth of obsolete bank notes to a Swiss fund that insures against natural disasters such as avalanches. It recently made money available to farmers and wine growers hit by an April freeze.

There were 244 million francs of 1950s-era notes that were withdrawn from circulation in 1980 and lost all of their value in 2000.

The SNB transferred that amount to the insurance fund. The amount of worthless

### Cash Pile

Value of Swiss franc notes in circulation by denomination



Source: Swiss National Bank

notes. The consultative period lasts until mid-November, then the legislation will move to parliamentary committees.

"The purpose is to avoid that people find themselves with bank notes that have no value," the federal council said in August.

"Switzerland would adapt

to the practices of other industrialized countries" that don't have a fixed exchange period, it said.

In the U.S., currency is legal tender no matter when it was issued. The same holds for euros. Though the European Central Bank will stop issuing €500 (\$593) notes in 2018, they will always keep their value. Germans can still exchange old deutsche marks for euros at the Bundesbank. British pound notes always hold their value, and while the round, £1 coins lost their legal status this week, they can still be deposited at many commercial banks.

Despite their limited shelf life, Swiss francs are highly coveted, particularly the 1,000 franc note that is one of the highest denomination pieces of money in the world. The value of Swiss notes in circulation has increased more than 60% since the start of 2010 to 76.5 billion francs, despite the rise of electronic payments and digital currencies.

## School Weighs Axing M.B.A. Program

BY KELSEY GEE

One of the country's oldest business schools is considering closing its M.B.A. program, the latest tremor in the troubled market for graduate business degrees.

An administrator at the University of Wisconsin's School of Business said the school is reviewing its business programs, a process that may result in ending its full-time master's of business administration program in favor of adding shorter, more specialized degrees.

Flagging student interest is prompting schools to take a hard look at their M.B.A. programs. In August, the University of Iowa's Tippie College of Business said it would end its full-time M.B.A., and Wake Forest University moved to end its two-year program in 2014.

Once a must-have for careers in finance and management consulting, the M.B.A. has lost some appeal in recent years as fewer employers help workers cover costs and a generation of students saddled with student-loan debt opt to remain in the workforce rather than break for school. Though elite programs at Harvard and Stanford universities continue to attract applicants, some schools outside the top tier are finding it harder to maintain interest in the two-year M.B.A.

"We don't have the re-



The school lately has pivoted to courses that feed appetites for shorter, more niche credentials.

sources to be all things to all people," Tippie Dean Sarah Gardial said earlier this year.

Business school faculty in Madison, Wis., will vote on the decision in early November, according to a person familiar with the matter. Students were notified of the university's plans in an email sent to the student body and reviewed by The Wall Street Journal.

"WSB remains committed to all of you currently enrolled within the full-time M.B.A. program," wrote Don Hausch, associate dean for the M.B.A. programs. Anne Massey, the school's recently appointed

dean, will hold a town hall with students on campus next week.

A spokesman for the school declined to comment further.

Founded in 1900, the Wisconsin program is one of the nation's oldest business schools, and its M.B.A. ranks among the top public-university business programs. Its 42,000 alumni include Kimberly-Clark Corp. Chairman and Chief Executive Thomas Falk and former Symantec CEO Steve Bennett.

Lately, the school has begun offering part-time and specialized programs in accounting

and finance, feeding appetites for shorter, more niche credentials. About 100 students enrolled in the Wisconsin full-time M.B.A. program last month, steady with the class size two years ago.

Diego Hahn, a second-year M.B.A. student at Wisconsin, said Thursday that he was dismayed to learn that the program may be on the chopping block. "Are we just going to get rid of all top public M.B.A. programs because they are loss leaders, and only let those who can afford to go to a private school earn this type of education?" Mr. Hahn said.

## Hudson Bay CEO to Rejoin Advisory Firm

BY MARIA ARMENTAL

The head of Hudson's Bay Co., the owner of Saks Fifth Avenue and Lord & Taylor, is leaving the retailer ahead of the critical holiday shopping season and in the midst of a restructuring effort to boost sales.

Chief Executive Gerald Storch will step down from the role Nov. 1 and return to his advisory firm Storch Advisors, the company said Friday. He had held the post for three years and before serving as Hudson's Bay leader, he was an executive at Target Corp. and had been CEO of Toys "R" Us Inc.

Executive Chairman Richard Baker, who has previously served as Hudson's Bay CEO, will lead the company in the interim, Hudson's Bay said.

The company has recruited a search firm to identify a permanent CEO. Shares in Hudson's Bay have fallen 30% over the past 12 months. The stock closed Friday up 0.9% at 11.96 Canadian dollars (US\$9.47).

The new leader will likely work on turning around the business without the help of a major department-store acquisition. This year Hudson's Bay has approached Macy's Inc. and then Neiman Marcus Group LLC in potential takeover bids, but talks both times faltered without reaching in a deal.

Hudson's Bay, which calls itself North America's oldest

company, started as a royal-chartered fur-trading company in 1670. Today, it is largely known for its retail stores. In addition to Saks and Lord & Taylor, it owns the Hudson's Bay chain in Canada and Galeria Kaufhof in Germany.

Mr. Baker, in a conference call last month to discuss its second-quarter results, said the company wasn't interested in buying another retailer in the near term.

"Right now, our entire team in North America and Europe is focused on delivering a strong holiday season and best serving our customers," Mr. Baker said Friday in a statement. "At the same time, we are looking to the future with great anticipation as we work on plans to maximize the strength of our leading retail and real-estate assets."

The CEO change also comes as Jonathan Litt's Land & Buildings Investment Management LLC has ratcheted up pressure on Hudson's Bay management in recent months to explore options such as taking the company private or monetizing its real-estate holdings. Mr. Litt is well known for agitating for change in real-estate circles.

The Canadian retailer has said it was looking into such things as leasing space in its department stores to other brands, such as Topshop and Sephora, and selling stores. It has also moved to restructure its North American business.

## MARKETS

# Treasury Yield Rises to Highest Since Early July

BY SAM GOLDFARB

U.S. government bonds pulled back Friday as prospects brightened for large tax cuts out of Washington.

The yield on the benchmark 10-year Treasury note settled at 2.381%—the highest close since July 7—compared with 2.323% Thursday and 2.280% the previous Friday. Yields rise when bond prices fall.

Investors had dumped Treasurys overnight after the Senate approved a budget resolution that would allow Republicans to pass a bill lowering projected government revenue by as much as \$1.5 trillion over a decade with just GOP votes. Though hurdles remain, the vote is considered an important step toward passing tax cuts that could reduce the value of Treasurys, in part by growing the budget deficit.

Larger deficits mean the government has to issue more bonds, weighing on the prices of existing debt. Tax cuts can also spur economic growth, causing investors to favor riskier assets, and stoke inflation, which is a main threat to government bonds because it erodes the purchasing power of their fixed payments.

Although the prospect of tax

cuts and infrastructure spending helped support Treasury yields earlier this year, investors had grown skeptical that Congress could pass meaningful fiscal stimulus as it struggled to pass other legislation.

"There is just so little probability of meaningful tax reform priced into the market that, any time you get a baby step toward that, it's viewed as a big upside surprise," said Thomas Simons, senior vice president and money-market economist in the Fixed Income Group at Jefferies LLC.

Treasury yields have climbed in recent weeks as investors sold bonds for a variety of reasons. Those have included improving economic data and messages from Federal Reserve officials that have made a December interest-rate increase look increasingly likely. That has helped push the 10-year yield back to just above the midpoint of its 2017 trading range.

Speculation about whom President Donald Trump might nominate as the next leader of the Fed has also weighed on the market. His potential selections include Fed governor Jerome Powell, White House economic adviser Gary Cohn, Stanford economics professor John Taylor and former Fed governor Kevin Warsh. Chairwoman Janet Yellen is also being considered.

### Yield Gain

The yield on the 10-year Treasury note climbed Friday as prospects brightened for tax cuts.



# First Data Reaches Deal for BluePay

BY ALLISON PRANG

First Data Corp. said it has reached a deal to buy payments-processing firm BluePay Holdings Inc.—for real this time.

Payments-processing company First Data said Friday that it would pay \$760 million in cash for BluePay. The announcement came one day after it mistakenly posted a draft of a news release about the transaction on its website.

In its clarifying comments Thursday, First Data had said a deal hadn't been completed.

First Data said it expected to close on the purchase later this year. BluePay is currently owned by private-equity firm

TA Associates and BluePay management. Boston-based TA bought a majority stake in BluePay from Goldman Sachs Group Inc. in 2013.

First Data's acquisition of the Chicago-area company comes a few months after it bought payments processor CardConnect Corp. in a deal valued at \$750 million. That transaction closed in July.

BluePay, one of First Data's biggest distribution partners, processes \$19 billion in transaction volume a year for more than 77,000 merchants. The company does business in both the U.S. and Canada.

The shares of First Data gained 63 cents, or 3.4%, to close at \$19.08 on Friday.

# Dollar Gains as Vote Lifts Tax-Cut Hopes

BY IRA ISOBASHVILI  
AND KENAN MACHADO

The U.S. dollar rose to a three-month high against a basket of currencies, as hopes for a tax overhaul received a fresh boost after Senate Republicans adopted a budget for the next fiscal year.

The Wall Street Journal Dollar Index, which measures the U.S. currency against 16 others, gained 0.6%, Friday to 87, reaching its highest level since July 19.

Analysts said the Senate's late Thursday passage of the budget blueprint helps unlock a procedure that Republicans plan to use to rewrite the tax code with just GOP votes. Hopes for changes to the tax code have lifted the dollar in recent weeks, although the in-

dex is down 6.4% this year. Some warned, however, that the White House faces a long battle to push through its agenda. The dollar's gains "will be tough to sustain for long unless the president scores a major legislative win," said Joe Manimbo, an analyst at Western Union.

Another factor in the dollar's direction will likely be who President Donald Trump will tap to lead the Federal Reserve. News reports that he is leaning toward Fed governor Jerome Powell, a comparatively dovish candidate, weighed on the dollar during Thursday's trading.

Late Friday in New York, the euro was at \$1.1783, down from \$1.1853 late Thursday. The dollar bought ¥113.52, up from ¥112.54.



John Taylor, who is being considered for the top Fed job, favors basing interest-rate policy on established rules.

# A Formula for Higher Rates

BY MICHAEL S. DERBY

Stanford University professor John Taylor, a contender to become the next Federal Reserve chairman, has repeatedly criticized the central bank by saying it held interest rates too low before and after the financial crisis.

But how much higher should rates have been? Quite a bit, according to estimates by economists applying his eponymous "Taylor rule," a mathematical formula for setting rates based on several economic variables.

While there are multiple versions of the rule, the classic 1993 model indicates the Fed's benchmark federal-funds rate should have started rising sooner and more in the years before the crisis, dipped below zero during the worst of the recession, and started rising in late 2009, according to a tool offered by the Atlanta Fed.

In contrast, the Fed held the fed-funds rate near zero from late 2008 until late 2015, and has raised it little since then.

Under the Taylor rule, the rate would be between 2.5% and 3% now, more than a percentage point higher than where the Fed has it, in a range between 1% and 1.25%.

Speaking at a Federal Reserve Bank of Boston confer-

ence a week ago, Mr. Taylor repeated his argument in favor of basing Fed interest-rate policy on established rules, something that some Republican lawmakers have pushed for. He said he created his rule to provide "something relatively simple that would not create shocks and could react to shocks well." He believes that until around 2003, the rule described pretty well how the Fed actually set policy.

Mr. Taylor could be in a position to try to apply his rule next year. President Donald Trump met with the economist earlier this month to discuss the top Fed job.

Mr. Trump met Thursday with Fed Chairwoman Janet Yellen and has said he is considering nominating her to stay in the job when her term as chief expires in February. He also is considering and has met with Fed governor Jerome Powell and former Fed governor Kevin Warsh. The president's top economic adviser Gary Cohn is also a candidate.

A White House official said the president is expected to announce his decision before a trip to Asia that begins Nov. 3.

Fed officials see value in Mr. Taylor's rules as a way to help them think about policy. But they also believe the value is limited. Officials such as Federal Reserve Bank of New

York President William Dudley have long argued that rules don't take account of financial conditions, which are a critical driver of the economy's performance.

Boston Fed President Eric Rosengren at the recent conference argued against requiring the Fed to follow a formal rule. Mr. Rosengren pointed to

*Under the Taylor rule, the fed-funds rate would be between 2.5% and 3% now.*

an example of when the Taylor rule would have led the central bank astray. "In 2007, the actual federal-funds rate decreased much sooner than would have been implied by the 1993 Taylor rule," he said. "In the case of 2007, a much slower reaction to the impending financial problems would have exacerbated what was already a very serious economic downturn."

One of the Fed's biggest supporters of keeping rates low, Federal Reserve Bank of Minneapolis President Neel Kashkari, has reckoned that following the Taylor rule over recent years would have been a disaster. He

said his bank estimates that following the rule would have meant 2.5 million fewer jobs created during the recovery.

The Taylor rule also would prescribe a higher fed-funds rate now, despite persistently weak inflation. Several Fed officials have said in recent months they won't support another rate increase until they see evidence that inflation is rising toward their 2% target.

Federal Reserve Bank of San Francisco President John Williams recently said that he expects the central bank to raise the fed-funds rate over the next two years to a long-term level of 2.5%. That would be lower than what the Taylor rule would prescribe now.

Mr. Taylor could have a hard time trying to implement his rule if he becomes chairman, given the strong consensus among Fed officials in favor of their current policy.

"Presumably if most people disagreed with—I'm not anticipating this—but if most people disagreed with a chair, you could have a possibility that the chair would lose the vote," Mr. Rosengren said in an interview.

"A rational chair" who doesn't want that sort of setback would then change tack and move to better reflect his colleagues' views, he said.

# New Zealand Currency Under Pressure

BY JAMES GLYNN

The surprise emergence of a Labour-led coalition government in New Zealand pressured the currency as global investors contemplate a raft of potential changes to economic policy, including the country's central bank.

Despite finishing second in an inconclusive general election last month, 37-year-old Labour leader Jacinda Ardern emerged victorious after smaller parties agreed Thursday to form a government. The coalition ends nearly a decade of conservative rule that helped propel the island economy to one of the fastest growth rates in the developed world.

The uncertainty created by the prospect of a switch in policies and the likelihood that the new government could favor a weaker currency sparked a fall in the New Zealand dollar against the U.S. currency. Late Friday in New York, the New Zealand dollar bought 0.6952 U.S. cents, down from 0.7030 cents late Thursday. The currency, known as the kiwi, fell below 70 U.S. cents for the first time since May.

The New Zealand dollar has given an initial thumbs-down to the new Labour/NZ First/Greens government, representing a sticker shock to fresh uncertainty about the macroeconomic outlook," said Jason Wong, senior market strategist at BNZ, based in Wellington.



The incoming government of Labour leader Jacinda Ardern, speaking, could favor a weaker currency.

Based on election pledges, the new-look Parliament could limit immigration, which has helped fan strong economic growth; curb foreign ownership of housing; and change the mandate of the Reserve Bank of New Zealand.

But while the benchmark S&P/NZX 50 stock index recovered from a 1% drop to eke out a gain, rising less than 0.1% on Friday.

"There's a lot of inexperience there in government, but the currency drop-off will be a good thing for exporters," said Grant Williamson, a director at Hamilton Hindin Greene, a brokerage based in Christchurch.

Of particular concern to

market participants is the influence of Winston Peters, the leader of the New Zealand First party, who effectively became kingmaker after the ruling party failed to gain a majority.

"Winston Peters makes the markets nervous, and it's easy to understand why. He is on the record with longstanding controversial policy ideas," said Annette Beacher, head of Asia-Pacific research for TD Securities, based in Singapore.

Mr. Peters has talked about the need for a weaker currency and has flagged interest in Singapore's exchange rate-based monetary policy as a potential way to prevent damage to the economy from an over-

inflated New Zealand dollar.

Sean Callow, currency strategist at Westpac, said the political environment means there is scope for the New Zealand dollar to decline to as low as 68.5 U.S. cents.

"A weaker kiwi is a particular policy priority for NZ First, and it is now in position to work with Labour on revising the Reserve Bank of New Zealand's mandate to lessen the focus on inflation," he said.

Labour wants to introduce a dual mandate that includes employment and inflation objectives. Economists have warned that it has the potential to make the central bank more unpredictable in its signaling on interest rates.

# MARKETS

# Stocks Keep Barreling to New Records

Another kick from corporate earnings lifts Dow to its 53rd new high this year

By CORRIE DRIEBUSCH  
AND RIVA GOLD

Stocks extended their remarkable streak of gains Friday.

The Dow Jones Industrial Average closed above 23000 for the first time Wednesday, and its fresh high Friday marked the most records in a calendar year for the index since 1995.

Earlier this month, the Dow's advance that started in March 2009 became the third-longest bull market in the index's history.

The relentless rise in stocks is continuing because "alternatives are not good enough yet," said Chris Wolfe, chief investment officer at First Republic Private Wealth Management, referring to how interest rates are near historic lows.

The bulk of the recent leg up in the rally is founded on earnings gains and global growth, traders and investors said.

"Earnings growth looks good, and there's not a lot of downward guidance, that's key," said Mr. Wolfe.

The Dow industrials rose 165.59 points, or 0.7%, to 23328.63 on Friday, notching its 53rd record close of 2017. The index's weekly gain of 2% was its biggest since mid-September.

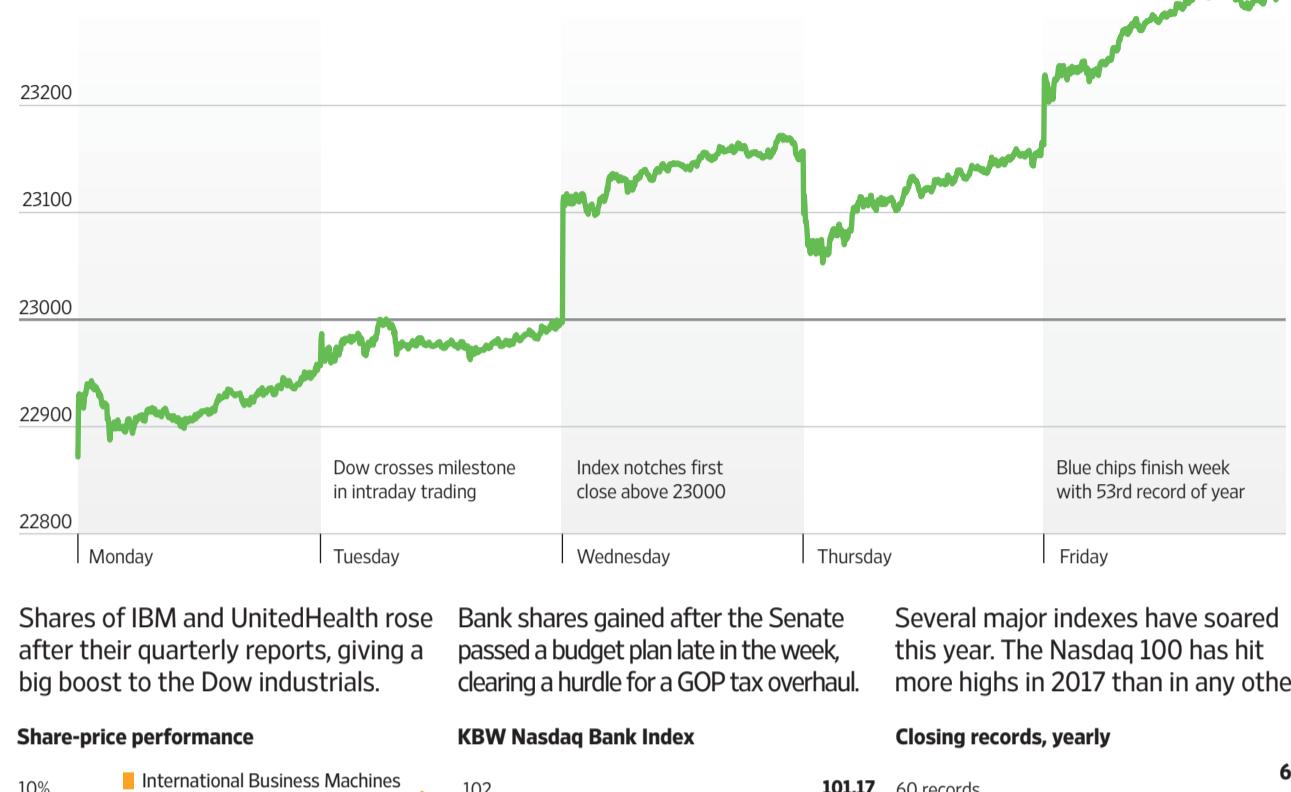
The S&P 500 gained 13.11 points, or 0.5%, to 2575.21 on Friday, while the Nasdaq Composite added 23.99 points, or 0.4%, to 6629.05. Both indexes closed at records Friday and notched weekly gains.

Corporate earnings have largely driven stocks in the past week.

**PayPal Holdings** rose \$3.72, or 5.5%, to \$70.97 Fri-

## More Milestones

The Dow Jones Industrial Average closed above 23000 for the first time during the week, after investors were encouraged by earnings from some blue-chip companies.

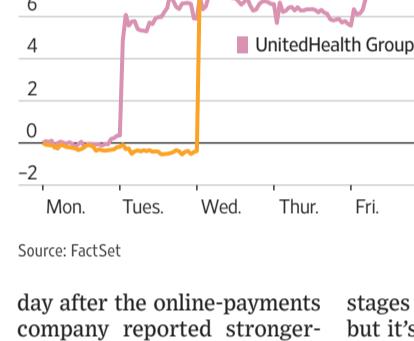


Shares of IBM and UnitedHealth rose after their quarterly reports, giving a big boost to the Dow industrials.

Bank shares gained after the Senate passed a budget plan late in the week, clearing a hurdle for a GOP tax overhaul.

Several major indexes have soared this year. The Nasdaq 100 has hit more highs in 2017 than in any other.

## Share-price performance

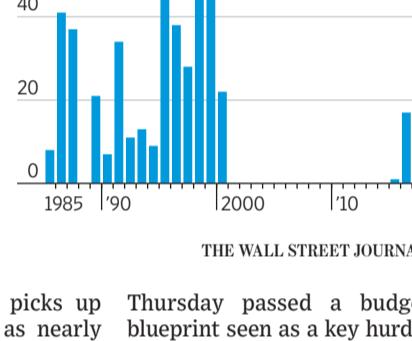


Source: FactSet

## KBW Nasdaq Bank Index



## Closing records, yearly



THE WALL STREET JOURNAL.

day after the online-payments company reported stronger-than-expected earnings.

Shares of **Procter & Gamble** fell 3.34, or 3.6%, to 88.25 after the maker of household goods reported sluggish sales growth.

"We're still in very early stages of the earnings season, but it's been going very well," said Lindsey Bell, investment strategist at CFRA Research.

Of the S&P 500 companies that have reported earnings so far, three-quarters have topped estimates, according to FactSet.

Earnings season picks up this coming week, as nearly 200 companies in the S&P 500 are scheduled to report third-quarter results, according to FactSet.

Stocks, the dollar and Treasury yields received a boost Friday after the U.S. Senate on

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The passage helps unlock a procedure that Republicans plan to use to rewrite the tax code with just GOP votes, which investors largely see as positive for earnings and eco-

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# HEARD ON THE STREET

Email: [heard@wsj.com](mailto:heard@wsj.com)

FINANCIAL ANALYSIS & COMMENTARY

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## GE's Kitchen Sink Is Leaking

**General Electric** left its investors unhappy once again. At least management seems to be getting the message this time.

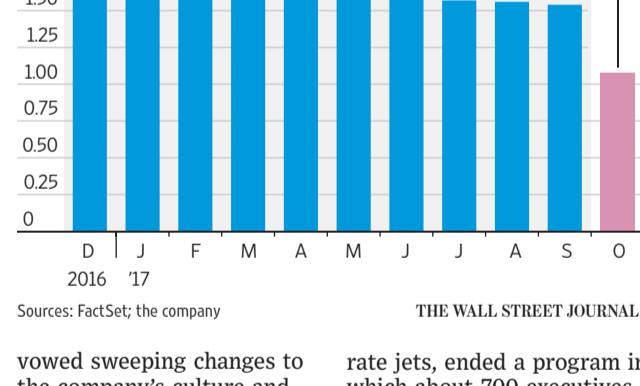
Third-quarter results on Friday were ghastly. The company reported sales of \$33.5 billion, which topped analyst expectations, and adjusted earnings per share of 29 cents. That profit figure missed badly. Analysts had expected 49 cents a share, according to FactSet. Operating cash flow through the first nine months was down 78% from a year earlier.

The outlook was even worse. GE slashed full-year profit guidance to \$1.05 to \$1.10 a share, down from earlier promises of \$1.60 to \$1.70. Shares somehow closed higher on Friday, snapping a streak of seven straight stock declines after reporting earnings.

The good news for investors is that management seems to have gotten the message. New CEO John Flannery called the results "unacceptable" on a conference call with analysts and

### The Bottom Falls Out

GE's 2017 earnings-per-share forecasts



vowed sweeping changes to the company's culture and how it does business.

Those changes are badly needed. The Wall Street

Journal reported earlier this week that prior CEO Jeff Immelt, who retired earlier this year, would travel around the world with two corporate jets.

One was a spare in case Mr. Immelt's main jet encountered mechanical problems. Mr. Flannery has grounded the fleet of corpor-

ate jets, ended a program in which about 700 executives received company cars, and doubled GE's cost-reduction targets for next year.

Those details rightly angered common equity holders, but cost-control issues are plaguing the company more substantially. For instance, operating profit in the oil-and-gas segment was down 35% from a year earlier despite an 82% rise in revenue. A 4% fall in power

revenue yielded a 51% drop in that segment's profits.

The trouble is it will take a long time for Mr. Flannery to regain investors' trust. Shareholders also have no assurance that Friday brought out all of the bad news. Detailed profit guidance for next year, which is undoubtedly headed lower from Mr. Immelt's target of \$2 a share, won't be forthcoming until next month. And Mr. Flannery didn't say that the company's dividend payout will be spared.

Bad news brings lower share prices, of course, and lowering expectations is the path to a more successful future. The stock is down more than 30% from the recent high set in the summer of 2016, which means there is upside if the company can repair itself.

In that sense, investors who can stomach more short-term pain have a good opportunity in front of them.

But for now, visions of those happy days are merely imagination at work.

—Charley Grant

## OVERHEARD

Trying to extract a pound of flesh from critics rarely ends well for companies.

Count pharmaceutical company **Concordia International** as the latest example.

The company's former chief executive, **Mark Thompson**, sued short seller **Marc Cohodes** for libel in 2016, alleging that he "has launched a campaign to manipulate downward the price of Concordia shares by, among other things, criticizing Mr. Thompson."

Well, they're down. The company's stock plunged again on Friday after the drugmaker said it would restructure its debt. The shares are off 98% over the past two years.

The company probably has bigger fish to fry than chasing short sellers, including a proposal to reduce its debt burden by \$2 billion and a crackdown on high drug prices.

While the lawsuit is pending, it is safe to say that the stock market has loudly and clearly issued its own verdict.

## P&G Isn't Doing Itself Any Favors

Life isn't getting easier for **Procter & Gamble** after its extremely narrow—and still unconfirmed—victory in the proxy fight with activist Nelson Peltz. Results announced Friday for the three months through September were weak, with organic sales growth of just 1%. That was driven entirely by volume growth.

Chief Executive David Taylor's defense against Mr. Peltz made much of the improvement in this closely watched metric to 2% for the year through June 2017, from 1% in the comparable period through June 2016. That the growth trend has fallen back to 1% risks undermining the argument that the existing turnaround plan is working.

Management is sticking with guidance of 2% to 3% growth this year. This range doesn't look like a stretch: P&G's numbers from last year get progressively easier to beat. But the sales trend makes 2% look more likely than 3%. The stock fell 3.7%.

Management focused on China, where quarterly sales were up 8% year over year.

But all consumer-goods companies have reported improvements there.

The problem market is the U.S. The company had no explanation for soft spending in its home market. Competitors have been making experimental acquisitions to understand the new U.S. landscape. Unilever last year bought Dollar Shave while Nestlé recently bought coffee roaster Blue Bottle. P&G has been notably absent from these deals. If management can't explain the changes in its own market, P&G risks giving the impression that it is losing touch with U.S. consumer culture.

—Stephen Wilmot

## The Downside of Big Profits at Google and Facebook

Google and **Facebook** make too much money.

That, of course, is why they are two of the most valuable companies on the planet. But as lawmakers and regulators become concerned about the outsized power they wield, the strong earnings expected over the next two weeks come at an inconvenient time.

Analysts expect the two combined to report more than \$33 billion in advertising revenue in the third quarter, up 25% from the same period last year. For the full year, their combined advertising revenue will likely hit \$133 billion, nearly three times more than five

years ago. Google, a unit of **Alphabet**, and Facebook combined are expected to control nearly two-thirds of total digital ad spending this year, according to eMarketer.

Such runaway growth has raised fresh concerns about the companies' reach and the dominant role they play in modern society. Google accounts for more than 90% of the world's internet search activity, according to StatCounter, while about one-quarter of the world's population checks in on Facebook at least once a month.

High usage and advertising dominance are closely linked, so questions about how these platforms can be

misused to spread false or malicious content are crucial. If users decide that the content they are seeing on Facebook posts or YouTube videos is fake, they may spend less time on those sites. If advertisers are afraid of being associated with stuff they don't like, they could step back, too.

But if both companies' performance stays strong even with all the new questions swirling, lawmakers may feel greater urgency to step in. To start, a bill introduced Thursday would require public disclosure of who pays for political ads on digital networks. That alone may not have a

Jason Gay's  
qualified 'boo!'  
to the Halloween  
season's spine-  
chilling growth  
**C3**



# REVIEW



From historian to  
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A biography  
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Schlesinger Jr.  
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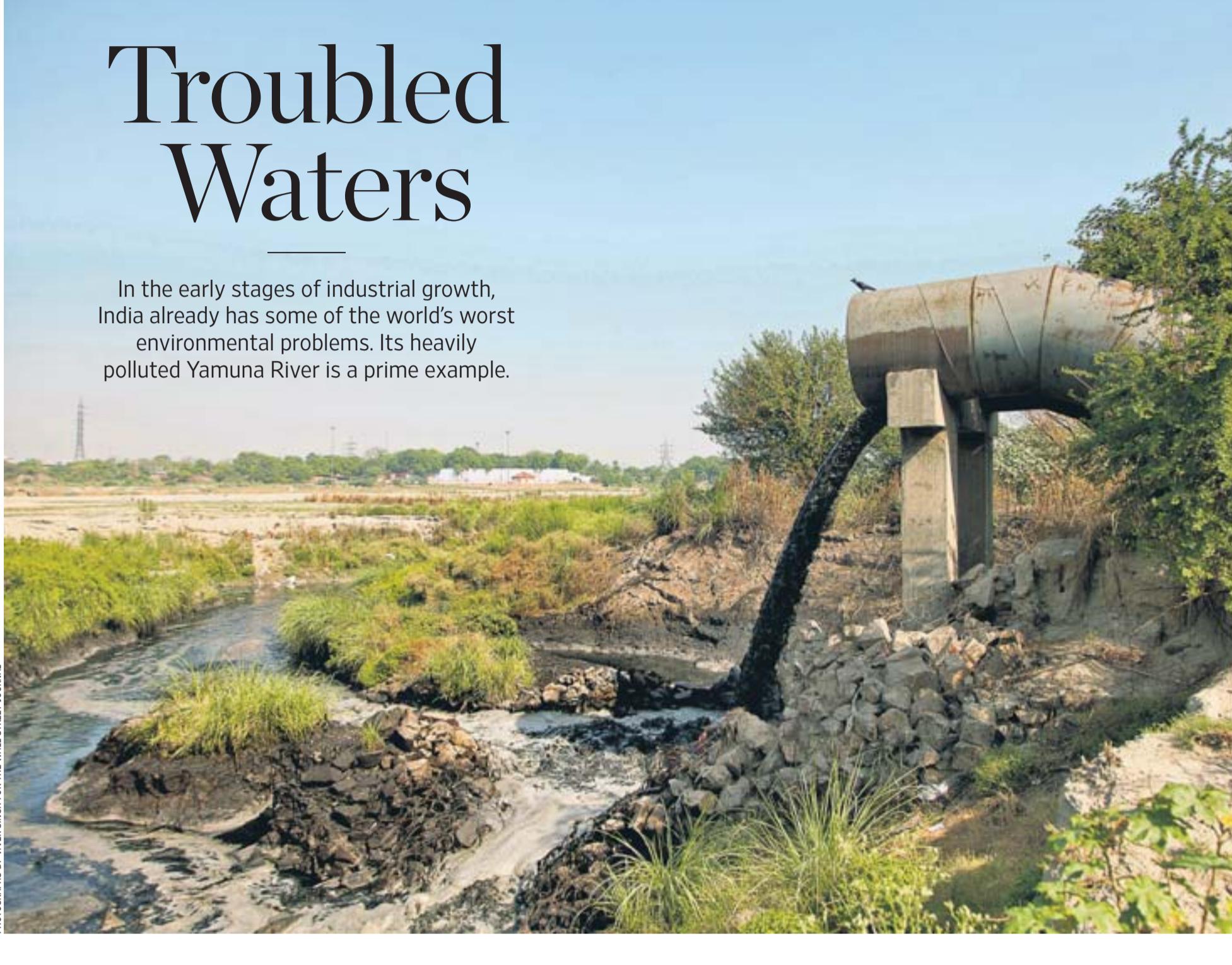
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PHOTOGRAPHS BY VIVEK SINGH FOR THE WALL STREET JOURNAL

## Troubled Waters

In the early stages of industrial growth, India already has some of the world's worst environmental problems. Its heavily polluted Yamuna River is a prime example.

BY KRISHNA POKHAREL  
AND PREETIKA RANA

**T**HE YAMUNA RIVER that flows through Delhi has helped sustain some of India's greatest empires. Hindu poets celebrated its life-giving properties. The Mughal dynasty built the Taj Mahal and other monuments along its banks.

Today, the Yamuna is a foul sludge for much of its 855-mile run. In Delhi, it is black and nearly motionless, covered in many areas with a foam of industrial chemicals, floating plastic and human waste.

Every 100 milliliters of the Yamuna in Delhi contains 22 million fecal coliform bacteria, up from 12,250 in 1988, scientists say. Anything over 500 is unsafe for bathing, India's government says. The comparable standard in Vermont is 235.

Illnesses ranging from diarrhea to brain worms are reported along the river's edges. By the time the Yamuna exits Delhi, it is so defiled that scientists have declared the next 300 miles "eutrophic," or incapable of sustaining animal life.

"The fact that I cannot take my children to their own river, in their own city, is for me a tragedy of colossal proportions," says Pankaj Vir Gupta, a 47-year-old architect and professor who splits time between India and the U.S. "Right now we don't have a river," he says. "We have a drain."

For years, global environmentalists have focused on China, whose rapid industrialization made it one of the world's most polluted major nations. Now it's India's turn.

Unlike China, which has become wealthier and is starting to clean up, India is in the early stages of industrial growth. It is following the same road China took to get richer, meaning more factories and cars. Yet, it already has some of the world's worst environmental problems.

A government report in 2015 found that 275 of 445 rivers in India are severely polluted, including the Ganges. An international nonprofit, WaterAid, says 70% of India's surface water is contaminated. Diarrhea, often caused by drinking bad water, is the fourth-leading cause of death in India, ahead of any cancer, and kills far more people than in China, which has a larger population.

Greenpeace says that in 2015, the average Indian was subjected to more air pollution than the average Chinese for the first time, as China's sys-



tematic efforts" to improve air have started working. A 2016 WHO report found that 10 out of the world's 20 most polluted cities were in India, based on residents' exposure to deadly small particulate matter.

One reason India is an environmental mess at such an early stage of its development is that it has failed to master the basic services of sewage and water treatment which some other developing nations addressed when incomes rose.

Of the over 16 billion gallons of sewage that India produces every day, 62% ends up on nearby water bodies untreated, according to the Central Pollution Control Board, a federal pollution monitor.

Many Indian cities that built wastewater treatment systems don't fully use

Please turn to the next page

**Top:** Untreated waste flows into the Yamuna in Delhi.

**Above:** Pilgrims collect water and offer prayers at the source of the river.

### INSIDE



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**C4**



**WEEKEND CONFIDENTIAL**  
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**C3**

## REVIEW

# India's Environmental Nightmare

Continued from the prior page

them because of electricity shortages or other problems. Several others haven't built them at all.

On top of that, damage from India's industrialization is accumulating, just as Prime Minister Narendra Modi promotes a "Make in India" campaign to accelerate its growth as a manufacturing nation. Industries India has fostered, such as leather tanneries, are heavy polluters, while the national power grid is weighted toward coal.

Although India has only 22 motorized vehicles per 1,000 people, versus 118 in China and 821 in the U.S., the numbers are growing fast. India rolled out new emission-control norms in 2010, but lax enforcement means many drivers continue to violate them.

A senior official with the prime minister's office said that the government's growth policy wouldn't have any harmful impact on the environment.

The Yamuna river—which touches the lives of more than 100 million people through northern India—is a classic example of how India's unresolved poor-nation problems are combining with modernity to create an environmental nightmare.

It begins 21,000 feet up in the Himalayas, fed by a glacier. Religious devotees say it was birthed from the union of the sun and a goddess of consciousness.

Sureshwar Sinha, an 83-year-old retired Indian Navy officer, said he remembers swimming in the Yamuna in Delhi as an 11-year-old in 1946. In the mid-60s, he steered a boat that capsized on the river during a yachting regatta. "It was like a mountain stream," he recalled.

Problems mounted in the 1980s. Engineers had built several dams on the river north of Delhi to provide drinking water for the capital and irrigation for the states of Haryana and western Uttar Pradesh. Those states, India's breadbasket, powered the 1960s "green revolution," feeding the masses.

The dams left little water in the river to flow to Delhi, whose population growth outstripped the city's ability to treat sewage and wastewater.

By the 1980s, Delhi's population had reached more than six million, and some 120 million gallons of untreated sewage entered the Yamuna daily, according to the Central Pollution Control Board. With its freshwater depleted due to dams, wastewater started dominating the river.

Mr. Sinha, the retired naval officer, said the Yamuna began smelling of excreta around that time. He says he went to the Central Water Commission, a regulatory body, and made a case for releasing more water from dams upriver so the Yamuna could regain some self-cleaning ability. He says he was told that using the river for irrigation was more important.

Pradeep Kumar, an officer currently in charge of river management at the Central Water Commission, said the government constructed large dams and canals on the Yamuna and other rivers to achieve "food and energy security" for its people. He added that releasing more water into the Yamuna from existing dams alone wouldn't solve the pollution.

Today, Delhi has more than 16 million people. Local authorities say about half of Delhi's residential area doesn't have sewer lines.

Prime Minister Modi has unveiled plans to build more toilets across the country, but areas like Anna Nagar—an encampment of about 15,000 people by the river near central Delhi—remain under-served. Many of its residents lack toilets and defecate in the open. A drain carries the waste directly to the Yamuna.

Meena Devi, a 43-year-old mother of four who lives there and works for a health nonprofit, says she and other parents constantly worry about children dying from diarrhea. "The same fly sitting on the waste comes and sits on our food," she says.

Other riverside residents have suffered seizures caused by tapeworms three to six millimeters wide in the walls of their brains. Some doctors attribute the condition to eating leafy vegetables grown near the Yamuna.

R.M. Bhardwaj, a Central Pollution Control Board senior scientist, says the government hasn't done epidemiological studies in Delhi to assess the river's health impact. He agrees it is a concern.

The river is "a waste-flowing channel," he says. "It requires all kind of caution."

Environmentalists also point to the threat caused by "pickle liquor," a toxic fluid used to make stainless steel that is often released directly into the river. An Indian court has ordered dozens of Delhi factories to close after the government put them on a "seriously polluting industries" list.

Some of those factories, including Kalyan Steel Rolling Mill in Delhi's north, remain open.

Sumender Gupta, who runs the Kalyan mill, told visiting reporters his factory conforms to government pollution-control guidelines and has its own effluent treatment plant. Efforts to close

down factories like his are part of a "conspiracy," he said.

"Our industrial area is competing with China," he said. Authorities "are trying to destroy us."

Dinesh Jindal, a law officer with the Delhi Pollution Control Committee, a local environmental regulator tasked with the enforcement of the court's order, said the agency is waiting for the government's final decision on the matter. He said the Delhi government is studying the "socio-economic impact of the closure, which will make some 250,000 people jobless."

Some 100 miles south, in the pilgrimage towns of Mathura and Vrindavan, devotees fall sick every year after sipping Yamuna water, religious leaders say. The area has a special significance to Hindus, who believe it is where the deity of love, Krishna, and his spiritual consort Radha grew up playing and drinking from the Yamuna.

Another 35 miles downriver, in Agra, some environmentalists say the absence of water in the Yamuna is causing the Taj Mahal to sink, removing support from its foundation and causing its minarets to tilt toward the drying banks of the river. The government says it hasn't confirmed the damage.

In the past two summers, millions of mosquito-like insects called goeldichironomus swarmed the Taj Mahal and excreted a green substance on its walls, marring their bright sheen. Manoj Kumar Bhatnagar, an Archaeological Survey of India scientist looking after the Taj Mahal, said the Yamuna's stagnant polluted water provided a breeding ground, killing off small fish that would normally feed on the insects' larvae. In addition, ashes from nearby cremation grounds have led to a high concentration of phosphorus, which enhances the reproductive output of the female, Mr. Bhatnagar says.

India doesn't lack funds to address its worst environmental problems, officials say. It has already spent hundreds of millions of dollars trying to clean the Yamuna.

The problem, environmentalists and some government officials say, lies in a bewildering bureaucracy that has more than a dozen local, state and federal entities looking after the river, often with little coordination and poor planning.

The federal government oversees the river overall, planning its use and development. But responsibility for building and operating infrastructure like wastewater treatment facilities belongs to state governments and cities that lie along its banks and share its water. Often, they don't work together.

Mr. Sinha, the former navy officer, petitioned India's Supreme Court in 1992, saying the Yamuna's health was linked to the people's rights to life and liberty.

◆ See more photos, graphics and videos on the Yamuna at [WSJ.com/review](http://WSJ.com/review).

The Supreme Court ordered Haryana, Delhi and Uttar Pradesh to ensure at least 10 cubic meters per second of fresh water flowed. After failing to follow the order blaming each other for several years, the states have recently started releasing the prescribed fresh water, but environmentalists say it's not enough to restore the river's health.

In 1993, the Indian government launched a Yamuna Action Plan with a Japanese government aid agency, the biggest effort to date to clean up the river. It led to the construction of more than 35 sewage treatment plants over the next two decades.

Even today, Delhi can still only treat about half of the more than one billion gallons of waste it produces daily, according to the Central Pollution Control Board.

Activists and other critics say the plan neglected the simple task of connecting toilets to treatment facilities with sewage lines. In other cases, they say, staff failed to operate the treatment plants properly, leaving many underutilized.

"We thought that by just creating sewage treatment plants, it will clean the river," said Uma Bharati, India's former water resources minister who is currently the minister for drinking water and sanitation in the federal government of Prime Minister Modi.

But officials "didn't bother" with who'd run the plants or what would happen if they didn't have proper maintenance, she said. "We have abused the faith of the people."

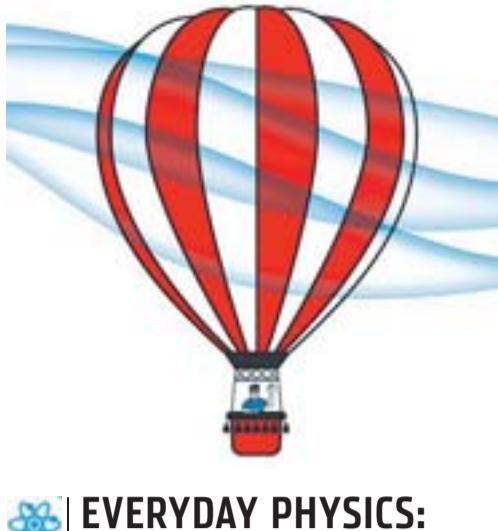
Ms. Bharati said her ministry was changing the way new wastewater treatment facilities would be designed and run, with federal utilities taking responsibility for their operation. The government would soon call a global tender to build and run newer plants, she said. "I want big people to come in this."

Meanwhile, Mr. Sinha, the retired Indian Navy officer, continues to fight at India's Supreme Court. He's championing restoration of at least half the river's original flow throughout its full stretch.

Supporting his case: Infusions of freshwater from tributaries downriver from Delhi mean the Yamuna is almost clean when it reaches its conclusion, merging with the Ganges 300 miles southeast of the Taj Mahal.



FROM TOP: KARAN SINGH/THE WALL STREET JOURNAL; VIVEK SINGH FOR THE WALL STREET JOURNAL  
A MAN BLEACHES CLOTHES on the banks of the Yamuna. The river touches the lives of more than 100 million people through northern India.



## EVERY PHYSICS: HELEN CZERSKI

### Up, Up and Away Into the Workings Of the Atmosphere

**EVERY MORNING** for nine days in October, hundreds of hot-air balloons join a gigantic atmospheric waltz in the clear blue skies over New Mexico for the Albuquerque International Balloon Fiesta. I've loved flying in a balloon, and I'm so envious of the thousands of spectators at the fiesta. It's a beautiful celebration of the earliest form of human flight. There's something about balloons that planes, helicopters and rockets have never replaced.

The startling variety of balloons in a festival like New Mexico's hides the simplicity that's keeping them aloft. A hot-air balloon is fascinating not because it's in the sky, but because it becomes part of it.

It's simple to integrate a basket of humans into the atmosphere. The nylon fabric of each balloon is just the container for a pocket of air that's emptier than the atmosphere around it. As a burner heats the air inside, the molecules speed up, which means they push harder on their surroundings and spread out. Some of the original air gets squeezed out, so the space in a balloon has perhaps 20% fewer air molecules in each cubic foot than the air outside.

These missing molecules matter—the hot air in a medium-size balloon weighs about 6,400 pounds, instead of the 8,000 pounds of air it would have taken the fill the balloon while cold. The difference is made up by the cargo of people, the fuel and the structure of the balloon itself. The weight of everything you see suspended from a balloon exactly matches the weight of the missing air from inside the balloon. So it just blends in with the atmosphere. If you've ever wondered what it would be like to ride with the wind, this is it.

Balloons go where the air goes, and they make the layers of the sky visible. Close to the ground, rough terrain, trees and buildings slow the wind down, but the wind speed increases rapidly as you rise. The bumpier the ground, the higher you need to go to be free of its influence—perhaps 700 feet over a flat plain but 1,500 feet over a city. Balloonists can control their speed by choosing their height, but they have a surprising amount of control over direction, too. In the Northern Hemisphere, the spin of the planet means that winds turn to the right as you go higher—due to what's known in physics as the Coriolis effect.

This and the weather determine the major wind direction, and that will carry the balloon along. But in the slower wind speeds nearer the ground, the Coriolis effect is less influential. That means that the pilot does have a bit of control over direction when the balloon is within 1,500

feet of the ground, because the wind near the surface has a distinctive pattern.

As the balloon descends from higher up, it will start to follow the lower winds that aren't turned to the right by the Coriolis effect. By controlling the balloon altitude, the pilot takes advantage of these different wind directions. These wind spirals are present all the time, but you can't see them directly. And Albuquerque is a particularly good place for a balloon festival, because the winds high above the spiral often run in the opposite direction to the low-level winds. So by traveling in different layers of the atmosphere on the outward and return legs, it's possible to launch and land in the same spot.

There are hazards. Thermals form when dark patches of ground heat up quickly in the sun and the warmed air above them rises in an invisible fountain. Balloonists avoid thermals because they make the ride very bumpy. That's why balloons fly in the early morning and evening, when solar heating is minimal.

The vast ocean of air above us is constantly on the move, invisible but dynamic. In the end, that's what my love of ballooning is about: It's the closest we ever come to seeing the atmosphere directly, being able to visualize the flow, to see the sea of air we live in and appreciate the dance of the sky. A human in a hot-air balloon is just joining the party.

## REVIEW



# The Case Against The Prosecution

A New York scandal shows how perverse incentives harm the criminal-justice system

BY JOHN PFAFF

**MANHATTAN DISTRICT ATTORNEY** Cyrus Vance Jr. has had a difficult few weeks. Earlier this month, ProPublica, WNYC and the New Yorker revealed that he overruled his staff and declined in 2012 to file criminal charges against Ivanka Trump and Donald Trump Jr. over allegations that they had misled investors in the Trump SoHo building. Mr. Vance also faced renewed criticism over his decision not to prosecute Harvey Weinstein in 2015 for sexual assault despite recorded

evidence from an alleged victim.

Mr. Vance had received tens of thousands of dollars in campaign donations from a lawyer for Mr. Weinstein and from the elder Donald Trump's personal lawyer in the months before he declined to prosecute, and money after as well. Since then, it has also been reported that his campaign has received tens of thousands from the law firm representing New York Mayor Bill de Blasio, despite an investigation by Mr. Vance's office into the fundraising of Mr. de Blasio and his aides. Mr. Vance declined in March to bring charges in that case.

Mr. Vance has since returned the donations from Mr. Trump's lawyer, put a halt on all new donations until the conclusion of an independent investigation into his campaign funds, and has repeatedly stressed that the donations were routine and had no impact on

fice policy, but rather on the personal experience of the prosecutor and on one or two high-profile cases. If an incumbent prosecutor is going to face a challenger, it will be the result of a few outlier cases that grab the public's attention.

Two outcomes likely scare prosecutors the most: losing a high-profile case or being blindsided by a Willie Horton—the convicted murderer whose violent reoffending haunted then-Massachusetts Gov. Michael Dukakis's 1988 presidential campaign. In the latter scenario, the prosecutor is less aggressive than he could have been in a routine case, only to have that person commit a sensational crime once released.

Mr. Vance's decision to not charge the Trumps, for example, didn't arise in a vacuum. As Jeannie Suk Gersen pointed out in the New

his decision-making. The back-to-back exposés nevertheless led to questions about his office's integrity. While Mr. Vance and his office insisted that charges weren't filed in the Trump and Weinstein cases because the evidence didn't establish guilt beyond a reasonable doubt, critics pointed out that Mr. Vance's office had regularly pursued and won far weaker cases against far less powerful people.

It is easy to try to tell a story here of personal corruption, or at least of how privately funded elections can create the appearance of a conflict of interest that undermines faith in the criminal-justice system.

But there is a deeper lesson in this scandal. The worrisome outcome here—that richer (and whiter) people don't get prosecuted on strong cases while poorer (and more minority) people get convicted on far flimsier evidence—would plague our system even if money played no role in elections. The allegations embroiling the Manhattan D.A. point to more fundamental problems with the incentives that prosecutors face nationwide.

Prosecutor elections, which are unique to the U.S. criminal-justice system, were adopted to ensure that prosecutors respond to public needs. In practice, however, they are deeply flawed. Turnout in these often uncontested elections is generally low, and it tends to be concentrated in wealthier, and thus safer, neighborhoods. These voters don't experience the costs of aggressive prosecutorial decisions, but they appreciate the perceived safety benefits they yield.

Furthermore, as Wake Forest University law professor Ron Wright has shown, these elections don't turn on broad issues of

Yorker, the year before Mr. Vance confronted the Trump case, he had charged Dominique Strauss-Kahn, then-chief of the International Monetary Fund, with attempted rape, then saw the case collapse. Mr. Vance had just been burned; perhaps he feared being burned so soon again, especially with an election coming up in 2013.

Political risk thus discourages prosecutors from pursuing the powerful, while the Willie Horton risk makes it dangerous *not* to be harsh against little-known defendants.

These political risks are then magnified by other structural deficiencies in our criminal-justice system that receive too little attention. For example, charging the Trumps or Mr. Weinstein would mean facing a well-resourced defense team. Conversely, most defendants—perhaps as many as 80% of those facing prison or jail time—are represented by state-appointed lawyers. These lawyers are critically underfunded and thus unable to defend cases as aggressively as the Trumps' or Mr. Weinstein's counsel would.

Making matters worse is the underappreciated fact that for all the complaints about how much we spend on prisons, prison costs have no bearing on prosecutors.

In all but four states, district attorneys are county-elected officials, while prisons are state-funded institutions. When a prosecutor sends someone to prison, his constituents don't have to pay for it directly; the costs are shared by all of the state's taxpayers. In fact, in most places, the counties pay for probation—so imposing a less-severe sentence is counterintuitively more expensive for the county.

### Politics discourage D.A.s from pursuing the powerful.

This encourages prosecutors to be even more aggressive against defendants who are easy to convict, since doing so imposes no costs but avoids the risk of appearing overly lenient.

The good news is that there are steps we can take to improve prosecutorial incentives. Simply mobilizing those who live in high-enforcement communities to vote would be a good start. In the longer run, we could allow cities to elect their own prosecutors (i.e., Chicago, not Cook County), so that those most affected by the prosecutor have a louder voice.

States could also make sure that county prosecutors are more sensitive to the costs they impose on state prisons, either by charging them for the state prison capacity they use or making them incarcerate people in county-funded facilities. California has done this already in a significant way. Adequately funding indigent defense, an issue that has recently started to garner bipartisan support, could also help reduce these disparities.

Criminal justice reformers rightly stress that crimes are often driven by social and environmental pressures. This same perspective, however, is needed when thinking about failures on the enforcement side as well. Too few proposals address these defects in institutional design. The recent revelations about the Manhattan district attorney provide an opportunity to consider the incentives prosecutors face and what we should do to change them.

*Dr. Pfaff is a professor at Fordham Law School and author of "Locked In: The True Causes of Mass Incarceration—and How to Achieve Real Reform" (Basic).*

## THE CREEP OF HALLOWEEN MANIA

BY JASON GAY

HALLOWEEN is still days away, but I feel like I've been celebrating it since mid-April. I have a pair of children, ages 2 and 4, and for them, Halloween is basically the Super Bowl meets New Year's Eve meets Thomas the Tank Engine's birthday. They're out of their minds, especially on the topic of costumes—a maddening cycle of selections, reconsiderations and switcheroos. In recent weeks, the 4-year-old has evolved from wanting to be a dragon, to a dinosaur, to a vampire dragon, to a fireman, to an EMT, to a lizard, maybe a piranha, and now back to a vampire dragon. His costume frenzy is impossible to keep up with. It's like I'm working backstage at an Elton John concert.

When did Halloween turn into a months-long extravaganza? I swear: My excitable neighbor has had a 3-foot spider with cobwebs dangling outside his house since Memorial Day 2013. Once scary and hairy, the spider is rotting and bleached, like a sad volleyball left too long in the sun. The grocery stores have been selling Halloween candy since Easter; thank goodness lollipops and Tootsie Rolls don't expire until the year 8000. (You could find a Tootsie Roll from World War I and devour it without fear.) Americans' Halloween spending is expected to reach a record \$9.1 billion this year, according to the National Retail Federation, up from \$8.4 billion last year. Every retailer on the planet now has a side racket as a costume superstore—don't dare try to buy aspirin with your kids in tow, unless you're prepared to spend 45 minutes trying on scary witch masks and pressing the buttons on howling plastic gravestones.



Don't get me started on pumpkins. I will probably have chronic back pain for the rest of my life from lugging pumpkins. Pumpkins are the devil's gourd.

Yes: I'm dressing up as a grump for Halloween.

As a parent with young kids, I know it's unavoidable. There will come a day when they will be old and responsible enough to go to the grocery store, buy shaving cream and eggs and celebrate Halloween with their friends, but for the next decade, I'm going to be right in the thick of it.

And yet Halloween is also a menace in the adult world. There are costume parties and office competitions with loads of adult peer pressure. You don't want to be the sourpuss who shows up at the adult costume party without a costume. You can't just show up as yourself and say, "I dressed up as Jeff!"

Everybody who put effort into a costume hates that guy. Don't be Jeff.

There's also the neighborhood pressure to decorate. It doesn't matter if your children have long left the house—you have to show a little Halloween effort. Only the truly evil draw

the shades, sit in the dark and ignore the doorbell. Even Dracula's like, *I guess I should go buy candy and some crap for the windows*.

Oh right: candy for trick-or-treaters. When I was a child, I had grand ambitions: I'm going to be the guy in the neighborhood who gives out GIANT-SIZE candy bars. To be clear: I don't mean regular-size bars, I mean the GIANT-SIZE ones, the size of iPads. I would hand out giant-size candy bars and be a rock star, a kindhearted legend whom kids would talk about the rest of the year.

Then I went to the store and priced out how much it would cost to buy GIANT-SIZE candy bars for all the neighborhood trick-or-treaters. Basically, it costs the same as vacation in Hawaii.

So kids are getting mini Kit-Kats. Tough. They should be grateful. My wife wants to give them quinoa.

I really sound like a crabapple. I should knock it off. Halloween's not so bad. You should see our neighborhood on Oct. 31: It's like a Norman Rockwell fever dream. There's an adorable Halloween parade with six bazillion kids; there's blocks upon blocks of trick-or-treating; there are homemade haunted houses; there's a spooky dance party on the street with Michael Jackson's "Thriller" rattling orange leaves off the trees.

And just when you think you've had enough, there are kind parents who recognize the exhausted look in your eyes and slip you a plastic skeleton cup...filled with beer.

Nights like this are really what parenthood is all about, right? Halloween can be overwhelming at times, but for my children, it means pure joy.

It also means two big bags of hard-earned candy...for Dad, as soon as they fall asleep.

## REVIEW



# Can Evangelicals And Academics Talk to Each Other?

A Christian professor on how to correct the pervasive misunderstandings between the two groups

BY ALAN JACOBS

**LAST YEAR**, as the fire and fury of the presidential election were intensifying and people all around me were growing more and more hostile to one another, I was struck by the familiarity of the situation. For all my adult life, I've been dealing with the kinds of hostilities and misunderstandings that now dominate American politics, because I belong to two very different and mutually suspicious groups. I am an academic, but I am also an evangelical Christian.

When I hear academics talk about Christians, I typically think, "That's not quite right. I don't believe you understand the people you think you're disagreeing with." And when I listen to Christians talk about academics, I have precisely the same reaction.

I have spent decades trying to figure out how these pervasive misunderstandings arise and looking for ways to correct them. But they are very hard to combat, because academics and Christians (like the rest of us) treasure their enmities. And where your treasure is, there will your heart be also.

Thirty years ago, when the anthropologist Susan Friend Harding began doing field research on American fundamentalist Christianity—resulting, eventually, in her remarkable book, "The Book of Jerry Falwell: Fundamentalist Language and Politics"—she discovered that her colleagues were deeply suspicious of her interests. Why would someone want to investigate such weird and obviously unpleasant people? "In effect," Dr. Harding wrote in an essay about her experience, "I am perpetually asked: Are you now or have you ever been a born-again Christian?"—an echo of the question posed to hundreds of suspected communists by the House Un-American Activities Committee in the 1950s.

But, Dr. Harding wondered, aren't anthropologists supposed to be interested in cultural structures and practices that are different from their own? Why would they be repelled by the idea of studying such differences right next door, among people who vote in the same elections they do? The title of her essay is "Representing Fundamentalism: The Problem of the Repugnant Cultural Other," and the phrase "repugnant cultural other" (RCO) neatly describes one of the most common impediments to thinking rationally about those with whom we disagree.

For many academics, evangelical Christians are the RCO; for many evangelical Christians, academics play that role. And having an RCO is one of the best ways to form and maintain group identity. Recent research by the political

scientists Shanto Iyengar and Sean J. Westwood indicate that, in terms of social belonging, "out-group animosity is more consequential than favoritism for the ingroup." That is, it's more important to hate the RCO than to affirm and support the people who agree with you. How do I know you're One of Us? Because you hate the right people.

Many academics would be surprised, I think, to discover how many evangelical Christians are political moderates or simply apolitical and how much they do to help the poor and needy in their communities with no spiritual strings attached. Similarly, many evangelicals would be surprised to learn how hard many academics work, whatever their political views (and many of them are apolitical also), to be fair to all their students, regardless of the students' beliefs, and how much they worry about not being as fair as they should be.

Are there academics whose professed commitment to fairness masks deep prejudice and hostility toward social or political conservatism? Indeed. Might there be evangelicals whose professed commitment to charity masks a selfish desire to control the means of generosity? No doubt. But these are human frailties, not the property of any group. As the writer Katherine Anne Porter was fond of saying, "There is no such thing as an unmixed motive."

All of us have good impulses and bad, and even with a lifetime of self-scrutiny we can scarcely understand our own motives, much less those of others. But because of the pressures to hate the right people, each group continues to insist that the other group is moved by something deeply impure—insists, that is, that there is a strong correlation between someone's political positions and their basic decency.

Given this distressing state of affairs, and given the world of social media, it becomes easy to cherry-pick tweets and posts and stories that confirm one's belief in the nastiness of the outgroup while ignoring anything that points in the other direction. And when we are confronted—as often happens on social media—with denunciations from people who can speak to us without knowing us, it becomes tempting to give up on self-defense and say,

"You think I hate fundamentalists (or transsexuals)? Fine. You're right. I do."

Many years ago C.S. Lewis gave a talk to university students called "The Inner Ring." In it he said, "I believe that in all men's lives at certain periods, and in many men's lives at all periods between infancy and extreme old age, one of the most dominant elements is the desire to be inside the local Ring and the terror of being left outside." The era of social media has amply confirmed Lewis's argument and has taught us that the most effective way to stay "inside the local Ring" is to police its boundaries and thrust others outside.

Most of us like to think of ourselves as shining exceptions to this impulse to exclude. And maybe a few of us are. But even the great psychologist Daniel Kahneman, who has spent half a century studying cognitive biases and errors, concedes that his research has done very little to rescue him from those biases and errors—that's how deeply embedded in our brains they are. They can only be overcome with great effort.

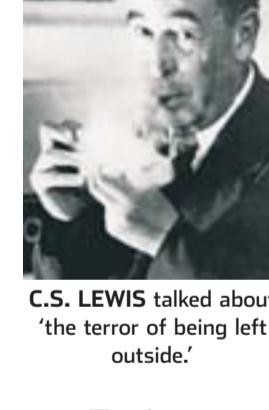
In the face of today's bitter cultural and political divisions, that effort must include finding ways to get to know people whom we never encounter naturally in our daily lives. That ought to be a prime function of social media, but too many of us, alas, can't resist the urge to make our social media selves are our worst selves.

So the path before us, if we wish to understand our neighbors better and have more compassion for them, is not obvious. But there is a first step that all of us can take in resisting the hold of our Inner Rings and the reflex to push away our "repugnant cultural others."

Some years ago the entrepreneur Jason Fried wrote of attending a lecture and not liking what he heard. With every passing minute his disagreements piled up, and as soon as he could talk to the speaker he rushed in with his refutation. The speaker listened to him for a little while and then said, "Man, give it five minutes."

Mr. Fried was stopped in his tracks—and then so taken by the speaker's request that he adopted "Give it five minutes" as a kind of personal watchword. It ought to be one for the rest of us too. But before that can happen, we need to reflect on the ways that our informational habits—the means (mostly online) by which we acquire and pass on and respond to information—strongly discourage us from taking even that much time.

Am I exaggerating the problem or just casting easy blame on social media? Could be. Maybe you're confident that you're not driven by the desire to belong to the Inner Ring, that you are indeed that shining exception. That too could be. But before you dismiss the possibility, why don't you just give it five minutes? You have nothing to lose but your RCO.



C.S. LEWIS talked about 'the terror of being left outside.'

**Before disagreeing, take five minutes to reflect.**

Dr. Jacobs teaches in the honors program at Baylor University. This essay is adapted from his new book, "How to Think: A Survival Guide for a World At Odds," published by Currency.



**WORD ON THE STREET:**  
BEN ZIMMER

## Stars Collide, Give a Boost To 'Kilonova'

**A LONG TIME AGO** in a galaxy far, far away, two neutron stars—the dense remainders of dead stars—collided with cataclysmic force. The resulting explosion, 130 million light years distant, sent out gravitational waves so powerful that their ripples could be detected by astronomers on Earth, who picked up signals of a never-before-seen cosmic event. And this newly observed phenomenon popularized an addition to the scientific lexicon: "kilonova."

At a series of news conferences earlier this week, teams of astronomers reported their findings with great fanfare. The explosion dubbed a "kilonova" had long been theorized, but now it could finally be verified by a globe-spanning network of gravitational-wave observatories, along with more traditional telescopes monitoring the electromagnetic spectrum.

The term "kilonova" was not entirely new: A team led by Columbia astrophysicist Brian Metzger introduced the term in a 2010 paper. The article calculated how much energy the merger of neutron stars would generate, determining that it would emit about a thousand times the energy of a run-of-the-mill "nova."

Mr. Metzger told me that the initial inspiration came when another astronomer on his team, Elliot Quataert of the University of California, Berkeley, gave a colloquium at Stanford University in 2010 presenting some of their findings. A Stanford colleague, Vahé Petrosian, suggested that "kilonova," using the prefix "kilo—" meaning "1,000" (as in metric units like "kilogram" or "kilometer") would be an apt name.

"Nova," Latin for "new," has long been used for a celestial event that suddenly brightens the night sky before slowly fading away. The Danish astronomer Tycho Brahe described such an event in a 1573 work called "*De nova stella*"—"On the New Star"—though what he was wit-

**A never-before-seen cosmic event.**

nessing was really the death throes of an old star. In an 1833 article on the interstellar clouds known as nebulae, William Herschel wrote that if a nebula had not been previously observed, "it is designated as Nova."

A century later, in 1933, Walter Baade and Fritz Zwicky presented a paper at Stanford on something they called a "supernova," the high-energy blast that ends a star's life, leaving only a neutron star behind. Astronomers would later coin even more explosive terms, like "hypernova" for an event about 10 times as energetic as a supernova.

The explosion from colliding neutron stars is a bit more modest than a supernova. In fact, one early nomenclatural suggestion was "mini-supernova." This oxymoronic term was declared "etymologically indefensible" in a 2005 paper by Caltech astronomer Shrinivas Kulkarni, who instead proposed "macronova." Mr.

Metzger preferred "kilonova" for its metric precision, and indeed, the latest discovery displayed the thousandfold brightness that he and his team predicted.

For now, "macronova" and "kilonova" are still jockeying for supremacy in the scientific literature, but the astronomers at this week's news conferences showed a clear preference for "kilonova." University of California, Santa Barbara astronomer Andy Howell told me that he thinks "macronova" is inferior because it "doesn't instantly communicate meaning." "I don't know how to put my finger on it, but 'kilonova' just sounds more interesting," he added.

**Answers to the News Quiz on page C13:**

**1.A, 2.B, 3.C, 4.B, 5.A, 6.D, 7.D,**

**8.C**

# BOOKS

THE WALL STREET JOURNAL.

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## Founding Brothers

The remarkable relationship of the two patriots whose views defined—and divided—the new nation

### Friends Divided

By Gordon S. Wood  
Penguin Press, 502 pages, \$35

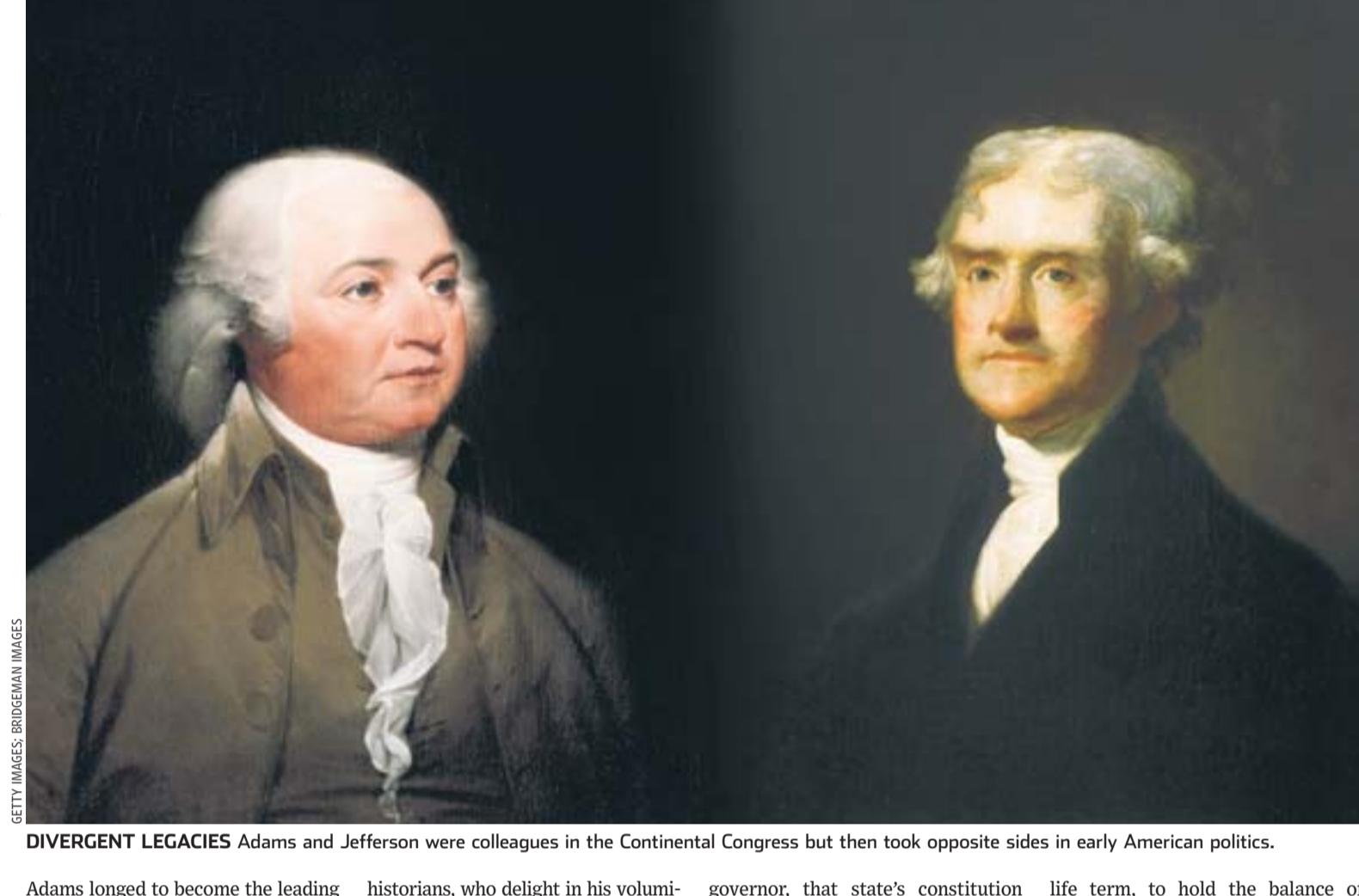
BY ALAN TAYLOR

**JOHN ADAMS** and Thomas Jefferson famously died on the same day, July 4, 1826, the 50th anniversary of the Declaration of Independence. The timing struck Americans as providential, for Adams had led the push for independence in the Continental Congress, and Jefferson drafted the inspirational document that justified the decision.

But, as Gordon S. Wood vividly conveys in "Friends Divided," the two men were stark contrasts in almost every way. Tall and lanky, Jefferson towered over the short and stout Adams. Outwardly serene, gregarious and gracious, Jefferson made friends more easily than did the cranky, excitable and acerbic Adams. Jefferson sought to ingratiate, Adams to provoke. Where Jefferson flattered the American people as the best on earth, Adams warned them to beware of their passions, greed and conceit. Jefferson told them what they longed to hear, while Adams conveyed unpalatable truths. Adams clung to a secularized vision of the original sin that taints all humanity, according to the Calvinist sermons of his youth. Jefferson instead embraced an Enlightenment creed that regarded humanity as potentially perfectible if freed from too much government. Jefferson sought, with remarkable success, to know something about everything, while Adams focused his reading and writing on political theory.

They came from divergent backgrounds in radically different colonies belonging to the British Empire. Born into a farming family of middling means and conventional piety, Adams grew up in Massachusetts, a domain of relative equality, where leading men feared pressure from the common farmers below, because the social distance was so short. Jefferson, however, inherited wealth and prestige in Virginia, the richest and most unequal colony on the mainland of North America: a domain of a few grandes, a paltry middle class, many poor whites and thousands of enslaved African Americans. Born into the master class, Jefferson could champion the political aspirations of common folk, for he felt secure that they would never challenge his superiority. Adams boasted that he never possessed a slave; Jefferson owned hundreds during his lifetime.

Driven by ambition and self-doubt,



DIVERGENT LEGACIES Adams and Jefferson were colleagues in the Continental Congress but then took opposite sides in early American politics.

Adams longed to become the leading lawyer in Massachusetts and statesman in America. He needed more applause than even his considerable talents could win, so he wallowed in self-abuse and self-pity in private diaries and letters. "No other Founder," Mr. Wood remarks, "could paint in prose such colorful and pungent pictures of individuals as Adams"—especially Adams writing about Adams.

Instead of confiding to a diary, Jefferson recorded everything he could measure: population, weather, expenditures and the births and deaths of his human property. Jefferson carefully courted public esteem by withholding his private sentiments and self-doubts—if he had any, which Mr. Wood doubts. Adams could never mask his contempt for almost every other politician, while Jefferson dreaded contention and cultivated equanimity. While smiling to the public faces of all men, Jefferson savaged rivals in private letters and political intrigues, which led foes to suspect duplicity.

Modern citizens and politicians prefer Jefferson's flattery to Adams's criticism. Adams, however, has become the not-so-guilty pleasure of

historians, who delight in his voluminous and vivid paper trail. Who can resist a source so garrulous, blunt, opinionated and provocative? He seems to offer the hidden truths coveted by scholars, who doubt surface appearances and pieties.

In this lucid and learned dual biography, Mr. Wood asks: "These two men were so different from each other. How could they ever have become friends?" They met at the Second Continental Congress, which convened in Philadelphia in May 1775, a few weeks after war had erupted between Patriot militiamen and British regulars. Thirty-nine-years-old, Adams was the older, veteran lawyer, writer and politician. Needing Virginia's support in Congress, Adams cultivated the younger man (then 32), treating him as a promising protégé. Busy with committee work to manage the war effort, Adams encouraged Jefferson to draft the Declaration.

At the time, Jefferson felt frustrated because that duty marginalized him from framing a state constitution

for Virginia. In the short term, Adams succeeded where Jefferson failed,

drafting the constitution for Massachusetts in 1779-80. Featuring a bi-

cameral legislature with a strong

governor, that state's constitution influenced the subsequent Federal Constitution adopted in 1787-88.

Thereafter, Adams became obsessed with vindicating the conservative principles of most American con-

stituted, to hold the balance of power between a democratic lower house and an elitist senate. While Jefferson won renown for declaring all men as created equal, Adams became notorious for announcing, early and often, that all men were unequal, both naturally and socially.

Their friendship flourished during the mid-1780s, when both men served as American diplomats in Europe and exchanged warm sentiments and happy visits. But their affection eroded during the 1790s, after they had returned to the United States and taken opposite sides in the nation's politics. During that decade, politics polarized between the nation-building Federalists and hostile Republicans, who promoted states' rights and a more democratic vision of governance—albeit only for white men.

During that decade, Adams's political fortunes ran on the fumes of former accomplishments, while Jefferson claimed the future. Early in the 1790s, Adams had little influence as vice president in the Federalist administration of the formidable and frosty President Washington. Meanwhile, Jefferson shrewdly built influence by leading the Republicans, who accused

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Jefferson the idealist and Adams the realist offered contrasting political visions that are relevant even today.

stitutions, writing long and turgid defenses. "Infatuated with the English constitution," Adams favored elements of monarchy in the executive and of aristocracy in the senate. Few readers appreciated the subtlety of his too-subtle analysis. Adams despised the wealthy and wellborn of America as selfish and exploitative,

but he insisted that their persistent power could never be wished away, as democracy falsely promised. Instead, he sought to channel that power overtly into a single house of the legislature, lest it covertly dominate the entire system. Adams also wanted an executive, with a complete veto and a

## From Historian to Hagiographer

### Schlesinger

By Richard Aldous  
Norton, 486 pages, \$29.95

BY JOSEPH EPSTEIN

**THE JOURNALIST** Murray Kempton said that intellectual contentment in America resides in not giving a damn about Harvard. I attained that blessed state many years ago, though it is more easily attainable now that Harvard, like all but the scientific universities in the country, has committed intellectual hara-kiri through multiculturalism, political correctness and the general surrender to victimology. But during its power days, which lasted for better than a century, Harvard was more than merely, what it is today, a good brand.

I had a friend, now deceased, who, with no discernible talent, upon leaving Harvard worked, all at high levels, on news magazines, in newspaper editing, in publishing, for the State Department and at an academic deanship, ending his days in a cushy job with a powerful foundation. He improved none of these institutions in any way I could determine, which did not stop his relentless progress in the world. I used to joke that he was on the short list for the premiership of India. But the true secret of his success was Harvard, the cachet and the connections it gave him.

In "Schlesinger: The Imperial His-

torian" Richard Aldous frequently notes the services that a Harvard connection afforded Arthur M. Schlesinger Jr. His first advantage was being the son of Arthur M. Schlesinger Sr., who was on the Harvard history faculty and, along with being an historian of originality, was a clever academic politician. Harvard, as they say, was there for Arthur Schlesinger Jr. through the first 50 years of his life. He was at Harvard as an undergraduate; after graduation he became first a Harvard Henry Fellow at Peterhouse College, Cambridge, then a member of Harvard's Society of

assistant and speechwriter, which his father, correctly as it turns out, thought a grave mistake.

Not that Arthur M. Schlesinger Jr.

was without talent. His undergraduate thesis, on the publicist and Transcen-

dentalist Orestes A. Brownson, was

published in 1939 when he was 21.

When Schlesinger gave up his Harvard job to work with Kennedy, his father thought it a grave mistake.

Fellows, which allowed students thought to be promising the freedom to pursue their own intellectual projects without the burdens of teaching. During the better part of World War II, through his Harvard connections, he found interesting work in the Office of War Information; and when the war was over, there was Harvard, arms flung open, offering him a job in its history department. The only falling out between Arthur M. Schlesinger Jr. and his father came when Arthur gave up his Harvard job to stay on in the Kennedy administration as a special

young Schlesinger, until he met a Waterboy named the Kennedys. Once that fatal encounter occurred, Schlesinger went from boundlessly promising brilliant historian—with three volumes of an anticipated five of his never-finished Franklin Delano Roosevelt biography already completed—to a man variously called "a

servant," "a stooge," a "poodle" and "a hagiographer."

During World War II, with its rationing and shortages of gasoline, a popular poster asked, "Is This Trip Necessary?" The same question might be asked of this biography. Is its subject worthy of the full-dress biographical effort Mr. Aldous, a professor of history at Bard College, gives him? No one would claim great-man status for Arthur M. Schlesinger Jr. Besides, since his death in 2007, selections from his letters and diary have been published, and during his lifetime he published an autobiography, "A Life in the 20th Century," of more than 500 pages on the first four decades of his life. Necessary or no, Mr. Aldous's biography is full of interest, not least on the subject of the relation of intellectuals to power.

As a biographer, Mr. Aldous's prose is cool and even-handed, though from time to time he lapses into such over-worked and imprecise vogue words as "charismatic," "optics," "take" (for "view") and the invariably hyperbolic "seminal." His own politics, pleasing to report, do not come into play, and at the end of his book one doesn't know what they might be. He is properly critical of his subject's self-justifications and no less properly skeptical about the putative integrity of politicians.

The one passage I wish Mr. Aldous had not included in his biography appears in his closing pages, when he

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ALL THE WAY WITH JFK Arthur M. Schlesinger Jr. in 1965.

NYT/GEOFFREY TAMES/THE NEW YORK TIMES

## BOOKS

'Nothing can be so deceiving as a photograph.' —Franz Kafka

# The Ghosts in the Machine

### The Apparitionists

By Peter Manseau

Houghton Mifflin Harcourt, 335 pages, \$27

BY KAREN ABBOTT

A PHOTOGRAPH might steal your soul, as the old adage goes, but spirit photography—a 19th-century phenomenon vividly explored in Peter Manseau's "The Apparitionists"—promised an inverse, and otherworldly, experience. Step into the studio of a spirit photographer, sit absolutely still for one full minute, wait for the light and chemicals to perform their mysterious alchemy, and *voilà!* There, hovering in the picture's background, is the ghostly visage of your dearly departed mother or spouse or child, resurrected long enough to imprint their souls for a cherished keepsake. When Mary Todd Lincoln visited a spirit photographer in 1872, President Lincoln himself appeared behind her, faint but fully intact, his spidery fingers curved over her shoulders.

As Mr. Manseau tells it, spirit photography was a natural outgrowth of two transformative events: the American Civil War and the rise of Spiritualism, the belief that the dead are able to communicate with the living. Derived from the writings and philosophy of Swedish theologian Emanuel Swedenborg, Spiritualism captured the country's imagination in March 1848, when Kate and Margaret Fox, two sisters from Hydesville, N.Y., announced they had made contact with the ghost of their home's former occupant. Word of their "rapping" technique spread. A spate of séances followed. Mediums prospered, channelling the thoughts and voices of restless souls. The movement surged in the traumatic aftermath of the Civil War: 620,000 dead and a nation of mourners, often left without a body to collect and a grave to visit. Spirit photography offered solace, and the tantalizing notion that, as Mr. Manseau writes, the dead "remain in this world, even if only as a shadow."

The innovator of this practice, and Mr. Manseau's main protagonist, was William H. Mumler, a Boston-based engraver and inventor who initially dabbled in photography as a weekend pastime. After falling in love with a



SILVER AND GOSSAMER Photograph of an unidentified woman with a female 'spirit' by William H. Mumler, ca. 1862-75.

photographer, Hannah Green Stuart, who claimed to be a clairvoyant, Mumler—neither a Spiritualist nor a believer in paranormal communications—began to reconsider his views. As he later claimed, his conversion was cemented one day when he took a photograph of himself for practice. As he watched the negative develop, he noticed "a girl made of light" sitting in a nearby chair, and recognized her as a young cousin who'd passed away years before. The story made national news. Mumler married

Stuart, set up shop in her studio and cultivated a bustling roster of clients. It was October 1864, and the war was still on.

Mumler's notoriety, and the growing suspicions of his detractors, is the scaffolding of Mr. Manseau's entertaining and ambitious narrative, but several supporting characters add heft and context, elevating "The Apparitionists" from an engaging biography of a huckster to a portrait of America during arguably its most formative years. Long before he be-

came famous for his eponymous code, Samuel Morse was a painter-turned-photographer inspired by daguerreotyping: when vaporized mercury is used to coax an image from silver-plated copper. The technique's inventor, Louis-Jacques-Mandé Daguerre, was initially unconvinced it could be used for portraiture. Morse proved him wrong and launched the portrait photography industry—"an indelible part of American culture," Mr. Manseau writes, superseded only recently by the birth of the selfie.

Mr. Manseau's story expands when several of Morse's pupils venture out onto their own, each eager to make his name in a burgeoning and increasingly crowded field. As mediums channeled dead Union and

Spirit photography gave solace to many still mourning loved ones lost in the recent Civil War.

Confederate soldiers alike, spurring concern on both sides that military secrets were being conveyed from beyond the grave, Mathew Brady obtained permission from Northern officials to follow the Union Army. But Brady stayed behind to operate his portrait studio, sending his employee (and fellow Morse protégé) Alexander Gardner in his stead. Gardner captured indelible images of bloodied battlefields that are still lauded today—the majority of them credited to his boss, an arrangement that eventually ruptured their partnership. Theirs wasn't the only rivalry; every photographer in the country, whether stalking soldiers or conjuring apparitions, schemed to outwit the competition. These proto-paparazzi pioneered the notion that nothing and no one was off limits, as long as the hard-won image proved memorable and, most important, profitable.

Mr. Manseau incorporates these prescient hints of the future as deftly as he invokes the past. Brady's 1861 photograph of Mary Todd Lincoln was perhaps the first example of Photoshop: "After developing the image," Mr. Manseau writes, "he instructed his artists to paint over the back of

her dress, removing several inches from her waistline." Gardner did him one better, posing soldiers' corpses the same way that others posed society matrons, tilting a chin or curving a hand, and adding detailed, melancholy captions imagining the subject's final moments. But the era's undisputed champion of "fake news" was P.T. Barnum, proponent of "puffery" (the predecessor, perhaps, to Stephen Colbert's "truthiness?") and proprietor of the American Museum in New York, which proudly displayed a collection of Mumler's spirit images.

Mr. Manseau develops these threads so that "The Apparitionists" itself is like a photograph—each successive chapter adding depth and shade and specks of mystery, until the final result magically appears, provoking as many questions as it provides answers. How do you reconcile rapidly advancing technology with the fixed nature of belief? Why do we so often prefer fiction to fact, even when we're aware of the ruse? "Might it not be said," Mr. Manseau reasons, "that every photograph of a living person will eventually become a picture of the dead?"

Despite repeated efforts by contemporary skeptics and professional investigators, no one was able to discover Mumler's tricks or explain away his results. The photographer's genius lay in his exceptional control of chemical reactions and ability to manipulate the printing of images from one surface to another. His technique, later called the "Mumler process," was based firmly in science, but dependent upon a paying public's sentimental belief in the supernatural. When Mumler was arrested on charges of fraud and forced to stand trial, even the judge acknowledged that the facts failed to discredit Mumler's brilliant and, one could argue, empathetic endeavor. The legal acquittal was, perhaps, as much a victory for the zeitgeist as for the photographer. Honoring the illusions of the bereaved, and the commemoration of the dead, justified a willful suspension of disbelief—and was worth any price Mumler wished to command.

*Ms. Abbott is the author, most recently, of "Liar, Temptress, Soldier, Spy: Four Women Undercover in the Civil War."*

## Arthur Schlesinger, Imperial Historian

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seems to take Schlesinger at his own valuation and writes: "He identified as part of an older tradition of historian-participants stretching back to Thucydides and including the likes of Guicciardini and Machiavelli, Bacon and Raleigh, Macaulay, Tocqueville and Guizot, Henry Adams and, of course, his own relative George Bancroft." To compare Arthur M. Schlesinger Jr. to such men is to liken Pepsi to Dom Pérignon. In fact, one of the themes playing through Mr. Aldous's biography is how little influence Schlesinger had during the three years of the Kennedy presidency.

Schlesinger was, like his father, a rock-solid liberal, a small- and large-D democrat, a member of the Americans for Democratic Action, an unstinting admirer of FDR. At the center of his books on Andrew Jackson and Roosevelt is an unrelenting condemnation of big business, which derived, as he notes in his autobiography, from the 1930s, when he acquired, in his words, "a profound impression of the political shortsightedness and stupidity (as well as the greed) of American business leadership." He was also always and honorably anticommunist and later in life wrote a strong book, "The Disuniting of America: Reflections on a Multicultural Society," attacking what he took to be the intellectual catastrophe of multiculturalism.

One impressive revelation of "The Imperial Historian" is how reluctant a liberal John F. Kennedy was during his brief presidency. His administration—hesitant on civil rights, negligible on poverty, mildly aggressive in foreign policy, including involving us in Vietnam—had none of the earmarks of traditional liberalism. In taking his White House job, Schlesinger saw it as his duty to steer Kennedy onto a liberal track and keep him there. His success at the task, we learn from Mr. Aldous, was slightly less than minimal.

Active in both of Adlai Stevenson's losing presidential campaigns, Schlesinger was at first put off by what he judged to be Kennedy's deviousness and ruthlessness. The closeness of the Kennedy family to

Sen. Joseph McCarthy, for whom Bobby Kennedy worked, did not make him any more attractive. "I believe him to be a liberal, but committed by a sense of history rather than consecrated by inner conviction," Schlesinger noted of JFK in his diary. He nevertheless abandoned Stevenson, with whom he had a genuine friendship, for Kennedy in 1960.

Mr. Aldous records that Kennedy tentatively offered Schlesinger an ambassadorship, a place in the State Department, or the job of special assistant. He took the last. The best explanation for his wanting to work for a politician at all is that he liked the action. Truth is, he didn't see all that much. He attempted to talk Kennedy out of the Bay of Pigs fiasco in Cuba, but, as we know, without success.

He was on the sidelines during the Cuban Missile Crisis, when, in the words of Kennedy's press secretary Pierre Salinger, his "official role was that of White House liaison with United Nations Ambassador Adlai Stevenson." His attempt to dissuade Kennedy from appointing John McCone head of the CIA also came to naught. Schlesinger had,

Mr. Aldous notes, "regular and privileged access to the president," but this never resulted in substantive results. Kennedy liked Schlesinger, enjoyed schmoozing with him about historical parallels to his own presidency, but, as Bobby Kennedy remarked, JFK "thought he was a little bit of a nut sometimes."

"The Imperial Historian" is especially good on the inner conflicts of presidential politics. Schlesinger was a facile writer; he could get up a 15-page position paper for the president in half a day. He could turn out, or tune up, a speech as quickly as anyone in the dubious business of political ghost-writing. During his years in the White House, this skill was curtailed by Ted Sorenson, who in his rivalrous relations with Schlesinger asked not what he could do for his country, but what he could do to advance himself. Schlesinger was pushed further out of the foreign-policy loop by the hide-

bound actions of Dean Rusk, Kennedy's bland secretary of state. Mr. Aldous writes: "the Kennedy team ultimately viewed him [Schlesinger] as a Stevenson man." His real role in the White House was as court historian. Kennedy's reputation, as Mr. Aldous writes, "the president himself seems to have decided, was safe in Arthur's hands." This was one decision that John F. Kennedy got indubitably right.

After the assassination of the president, Schlesinger got to work on his Kennedy book, "A Thousand Days: John

F. Kennedy in the White House" (1965), a tome Christopher Hitchens would call "the founding breviary of the cult of JFK."

Mr. Aldous titles his chapter on the book "A Thousand Pages."

Here is a sampler from the book, with a warning to diabetics not to read it without their insulin nearby:



Lifting us beyond our capacities, he [JFK] gave his country back to its best self, wiping away the world's impression of an old nation of old men, weary, played out, fearful of ideas, change and the future. He reestablished the republic as the first generation of our leaders saw it—young, brave, civilized, rational, gay, tough, questing, exultant in the excitement and

potentiality of history. He transformed the American spirit.

In this book, Schlesinger portrayed the Kennedy marriage as idyllic, neglecting to mention the rather relentless bonking the leader of the free world indulged in upstairs at the White House. He pumped up the president's few achievements. He led the way to establishing John F. Kennedy's place in the liberal pantheon as, in Malcolm Muggeridge's words, "The Loved One."

"A Thousand Days" was a grand commercial success. It won Schlesinger a National Book Award and a Pulitzer, and it depleted him entirely of the capital in objectivity so

Published in 1965, 'A Thousand Days' turned Kennedy the man into Kennedy the myth.

necessary to a serious historian. When, 13 years later, he wrote, at the request of Ethel Kennedy, another nearly 1,000-page book, "Robert Kennedy and His Times,"

the jig, you might say, was up. Reviewers called it "a 916 page promotional pamphlet of expunction and eulogy." William F. Buckley Jr. called the book "Grade A, Harvard BA, Harvard PhD Quality Lying." Even Mr. Aldous, who strains to be fair to Schlesinger, reviews his various coverups of Bobby Kennedy's more egregious behavior and concludes that "it is difficult for the reader not to wince."

After the assassination of Bobby Kennedy, Schlesinger wrote in his diary that "every political leader I have cared about is dead." When Teddy Kennedy emerged alone from the waters off Chappaquiddick a year after Bobby Kennedy's death, Schlesinger ran out of Kennedys. He continued to write books, he took up a professorship at City University of New York, he divorced his wife and married a woman 20 years younger and several inches

taller than he. ("There is Arthur and his new wife," said Lillian Hellman to a friend of mine, as the couple entered a Manhattan restaurant. "I wonder if he goes up on her?") He became a minor celebrity, invited to all the best parties, and a no longer credible historian.

Why, the question looms, did he do it? Why did Arthur M. Schlesinger Jr. give up a serious vocation for a minor place in a failed administration and a displeasing reputation as a shameless political flack? Mr. Aldous is not a biographer with a psychoanalytic bent, but he does remark on the effect upon Schlesinger, ever the good student, of having skipped two full years in grammar school, with the consequence that he always felt somewhat outside things. Of himself at 14, recently transferred to Phillips Exeter Academy, Schlesinger in his autobiography writes: "I was two years younger than the rest of my class, shy, stammering, bespectacled, and with a case of acne." John F. Kennedy, born in the same year, rich, good looking, at ease in the world, internationally powerful, may well have exerted an attraction that blinded Schlesinger to what he was losing by tossing in all his chips on a politician.

How else to explain, except through monstrous self-delusion, a once-respected historian writing of a president whose years in office were for the most part a botch: "He gave the world for an imperishable moment the vision of a leader who greatly understood the terror and the hope, the diversity and the possibility, of life on this planet and who made people look beyond nation and race to the future of humanity." And: "The energies he released, the standards he set, the purposes he inspired, the goals he established would guide the land he loved for years to come."

If you know anyone who believes that, please let me know. There is some real estate in Aleppo I should like to show him.

Mr. Epstein is the author of the forthcoming "The Ideal of Culture and Other Essays" and "Charm: The Elusive Enchantment."

## BOOKS

'Christians, hasten to help your brothers in the East, for they are being attacked! Arm for the rescue of Jerusalem under your captain Christ!' —Pope Urban II



CROSS PURPOSES Scene from a 15th-century French manuscript depicting battles between Christian and Muslim forces near Gaza around 1240, when the crusaders lost Jerusalem for good.

# Clerics, Conquerors & Quartermasters

## How to Plan a Crusade

By Christopher Tyerman

Pegasus, 400 pages, \$28.95

BY PATRICK GEARY

NAPOLEON PROBABLY never said, "In war there is nothing so rare as a plan," and if he did, he didn't mean it. Mobilizing a population to a war footing; recruiting, motivating and funding an army; and mastering the complex logistics necessary to equip, feed, transport, resupply and sustain thousands of fighting men in hostile territory have always required meticulous planning. Anyone who thinks that, in the Middle Ages, thousands of fanatic knights simply swarmed across the Mediterranean to liberate Jerusalem without careful planning and organization has seen "Monty Python and the Holy Grail" too many times. In "How to Plan a Crusade," Christopher Tyerman, a prolific scholar of the era, is out to disprove the popular perception that crusading was irrational exuberance in action.

Today the belief that God willed the liberation of lands conquered centuries before by Muslims—as well as the eradication of pagans in the Baltics and the slaughter of so-called heretics in southern France and Italy—may seem perverse. But at the time highly trained clerics argued that crimes had been committed, not simply against Christians but Christ himself, crimes that required punishment by all Christians of good faith.

Once this premise was accepted by the papacy and church hierarchy, recruiters and fundraisers fanned out across Western Europe in elaborately planned and often extremely successful campaigns to sign up warriors and to raise funds to send them against the perceived enemy. University-educated

clerics were particularly good at developing complex, rational arguments in support of crusading, which they disseminated in public assemblies, learned treatises and letters.

Nor were the audiences of these publicists and recruiters simple souls, easily moved to take the cross: Skeptical and no-nonsense nobles, knights, merchants and commoners had to be convinced by spiritual and temporal inducements. Chief among the former were indulgences, the promise of remission of purgatorial suffering should they join an approved Crusade. Among the latter were legal guarantees that froze their debts, exempted them and their families from taxes and protected them from lawsuits.

Crusades were expensive: Leaders needed to pay for weapons, horses, armor and supplies for extended campaigns. Even the most devout knight or lord expected to be paid for his service—as did his men at arms, quartermasters, cooks, servants and the ship masters and crews who were vital for transport and resupply. Mr. Tyerman details the complex system by which the vast funds needed were accumulated: Some came as outright donations from the great and the lowly. Those who had signed an oath to take up the cross could "redeem" their pledge by a cash payment if they had second thoughts or were prevented by age, infirmity or lack of military ability from actually making the journey. That individuals, including of course the recruiters, could launch brilliant careers selling the Crusades is hardly evidence of cynicism: Doing well by doing good was as much a part of crusading as it is of political campaigns today.

Since the pioneering work on the crusading King Louis IX of France begun by William Jordan in the 1970s, scholars have recognized just how complex and meticulous the planning of these expeditions had to be. Mr.

Tyerman expands on Mr. Jordan's insights, using detailed English fiscal records as well as picking out hints, in the narrative sources, of the complex systems of record-keeping and planning that went into crusading. The fiscal records of the reign of Richard the Lionheart demonstrate that royal officials could accurately calculate that it would cost £2,402 (plus 18 shillings and 4 pence) to pay for 790 soldiers to be transported in 33 ships for Richard's crusade in 1190.

Some logistical challenges were familiar: The European aristocracy had

All this required voluminous record-keeping, from the rolls kept of those who had taken the oath (and thus had to show up and be paid or pay up not to show) right down to the precise numbers of horseshoes, cured pigs' carcasses, cheese, beans, arrows and crossbow bolts needed for the armies. Mr. Tyerman argues that by and large, Crusade commanders solved the logistical and financial problems: No rulers went bankrupt, regardless of how disastrous the actual military expeditions turned out to be. In fact, crusading strengthened

among themselves and abandoned expeditions at crucial moments.

Nor did commanders have a clear understanding of the size, capabilities or resources of their enemies. Human intelligence came primarily from the Byzantines, uncertain allies at best, who both feared crusader intentions (rightly) and recognized the need to come to terms with the Muslim powers in the region. Additional information came from Italian merchant communities that were actively engaged in trading with the Islamic world, in defiance of papal prohibitions.

Something of a grand strategy did emerge: Early on, crusaders realized Jerusalem could not be secured without defeating Egypt, and into the 14th century missionaries such as William of Adam proposed comprehensive if illusory economic, military and cultural plans for isolating Egypt, cutting off its nautical trade routes and defeating it on the battlefield. In reality, however, expeditions against Egypt were disasters, as were attempts to make common cause with Mongols to the east. The armies marshaled by Western powers were hopelessly outmatched by the wealth, manpower and sophistication of the enemy. In Mr. Tyerman's words, "The abiding flaw in crusade strategy remained the impossible legacy of 1099, a cultural imperative in the end lacking adequate material reserves to be sustained, relying on an ideology that limited the necessary pragmatic accommodation to local conditions to succeed." Military adventures, however well planned and ideologically compelling, must in the end confront realities on the ground. Perhaps Napoleon meant to say: In war there is nothing so rare as a plan that succeeds.

Mr. Geary is a professor of history at the Institute for Advanced Study in Princeton, N.J.

The First Crusade was an astonishing success. The later wars were logistical miracles but military failures.

been professional warriors for centuries. But while the challenges of crusading in the Iberian Peninsula, the Baltic and the South of France resembled those of inter-Christian warfare, the Crusades to the eastern Mediterranean presented challenges unseen since the disappearance of the Roman military a half a millennium before.

Monarchs not only needed to raise massive amounts of money, which they accomplished through new taxes (including what might be called the first income tax), but also had to create a whole supply-and-transport infrastructure that would sustain an army thousands of miles away from home for years on end. They needed to create strong domestic institutions to govern their kingdoms while they were absent for years. And they needed to contract for passage with Italian cities (who alone had the ships, crews, and experience to transport armies across the sea) or else had to negotiate with the rulers of Hungary and especially the Byzantine Empire if they were to attempt to lead their armies by land.

rather than diminished royal power and prerogative.

But if the logistical and financial planning of the Crusades was brilliant, the same cannot be said of the military's command and control, especially in the crusades to the eastern Mediterranean. As a result, apart from the First Crusade, which by chance took place when divisions between Syria and Egypt allowed for the astonishing feat of capturing Jerusalem in 1099 and establishing a Latin Kingdom, these Crusades were at best indecisive and often catastrophic failures. Crusade armies were made up of trans-European units under different and often mutually hostile commands; while in theory they were under the aegis of the papacy, papal legates were in no position to dictate to the kings and great aristocrats who led the armies. The result was often what one might have imagined among the Allies had there been no Eisenhower to prepare and execute the Normandy landing: Kings and commanders jockeyed for precedence, feuded

## Adams and Jefferson, Friends Divided

Continued from page C5

the Federalists of corrupting the government by insidiously cultivating monarchy and aristocracy. In 1797, Adams succeeded Washington as president, while Jefferson uneasily became his vice president—and continued to lead the opposition. No longer friends, they competed in the nasty and pivotal presidential election of 1800, which Jefferson narrowly won and triumphantly insisted had saved the republic from "monarchs." Adams seethed in retirement, while Jefferson grew ever more popular, winning re-election in a landslide.

Mr. Wood has become the leading historian of the "Founding Fathers"—those who declared independence and wrote the first state and federal constitutions. Through a long, productive and celebrated career, he has sustained a remarkably consistent interpretation of the American Revolution as a middle-class movement by hard-working and ambitious common men seeking wealth and respect. Alarmed at British rule, they initially followed the enlightened lead of their better-educated and wealthier leaders—the Founders—in the fight for independence and republican government. After winning the war, common men completed the revolution through their own aggressive striving, which broke down traditional deference for the genteel elite. At the turn of the new century, middle-class manufacturers, newspaper editors and party politicians took over, shunting the increasingly

the older generation to create a speculative economy and democratic politics. The cleverest Founders, led by Jefferson, cleared the way, while the most conservative, especially Adams, became "irrelevant" by clinging to antiquated ideas of persistent social hierarchies.

Mr. Wood wants to admire the democratic Jefferson more than the skeptical Adams, but biographical details often pull the author toward reversing that assessment. If Jefferson was the smoother politician, Adams seems the better man to Mr. Wood. Adams developed a close, practically equal and always loyal marriage with the able, articulate and devoted Abigail Smith Adams. Jefferson, however, favored female inferiority, tried to seduce a friend's wife, married a woman who knew her subordinate place, and, after his wife died young, took an enslaved mistress whose children could never challenge the inheritance of his legitimate daughters. Adams lived within his means in a modest farmhouse, while Jefferson built and rebuilt a mountaintop mansion filled with fine art, furniture and wines—while his debts mounted ever higher, ultimately ruining his heirs. Mr. Wood also disdains Jefferson's dangerous naivety in supporting the increasingly

bloody and chaotic French Revolution of the early 1790s. Adams's early skepticism seems, by comparison, judicious and prescient.

Both men despised slavery in principle, but neither did anything to end it in practice. Adams, at least, never indulged in the pseudo-biological racist speculations that tainted Jefferson's book "Notes on the State of Virginia." Adams supported the black revolutionaries of Saint-Domingue (now Haiti), in the Caribbean, while

Virginia's leaders, Jefferson became more dogmatic and angry, denouncing every new economic and social trend as destructive to his rustic vision of America. Challenged by antislavery politics emerging in the northern states, Jefferson fiercely embraced the dogma of southern states' rights. While Jefferson became a crank, Adams belatedly warmed up, more serenely accepting the volatile new politics and economy as inevitable. "The two friends seemed to reverse their outlooks on the world,"

Mr. Wood concludes.

Indeed, he nearly dismisses Jefferson as shallow: "He had little understanding of man's capacity for evil and had no tragic sense whatsoever. That is, he possessed no sense of the circumstances impinging on and limiting human action, little or no appreciation of

the blindness of people struggling with a world they scarcely understood."

But, ultimately, this reversal will not do for Mr. Wood or, he insists, America. In the epilogue, he scuttles back to more-familiar assessments. "However true, however correct, however in accord with stubborn facts Adams's ideas might have been," Mr. Wood writes, "they were incapable of inspiring and sustaining the United States." In contrast with Jefferson, whose idealistic words Lincoln later drew upon, "Adams was too question-



Jefferson helped the French efforts to suppress their independence.

Mr. Wood's reversal seems complete as he turns to the last decades of his two subjects, when they renewed their friendship through an exchange of 158 letters. "You and I," Adams told Jefferson in 1813, "ought not to die, before we have explained ourselves to each other." Forthcoming and funny, Adams ranged widely and frankly, while Jefferson was more cagey, politely deflecting his old friend's most provocative points. Meanwhile, in letters to Vir-

ing, too contrarian, too cynical, to offer any such support for America's nationhood." In the book's ultimate reversal, Mr. Wood renews his vows to Jefferson as the crafter of an optimistic and inclusive creed that allegedly binds diverse Americans together in one inspirational nation. Never mind, that Jefferson's creed divided Americans along gender, racial and regional lines to frame fissures that endure in our politics. In the end, Mr. Wood casts Americans as needing consoling illusions because they cannot face "stubborn facts." If so, the true pessimist is not Adams but Mr. Wood.

We should not be so quick to dismiss Adams as "irrelevant." Indeed, contemporary politics render him alarmingly prescient. He astutely predicted, "Our Government must forever be a kind of War of about one half the People against the other." He warned Americans that they could never eliminate the voracious political power of wealth in an unequal society. Therefore, American constitutions needed to isolate that power in one branch of the legislature lest it, instead, seep into and take over every political institution while wearing the façade of democracy. He imagined the day when the pose of populism would empower a plutocracy. Never has John Adams been more relevant than today.

Mr. Taylor, a professor of history at the University of Virginia, is the author, most recently, of "American Revolutions: A Continental History, 1750-1804."

## BOOKS

'World is crazier and more of it than we think, / Incorrigibly plural.' —Louis MacNeice

# Didn't It Rain, Children?

### The Book of Dust: La Belle Sauvage

By Philip Pullman  
Knopf, 449 pages, \$22.99

BY MEGHAN COX GURDON

SEVENTEEN YEARS after Philip Pullman killed God in the final volume of his trilogy of fantasy novels, "His Dark Materials," the celebrated British atheist returns to the parallel world of Brytaine and the dreaming spires of Oxford in "The Book of Dust: La Belle Sauvage."

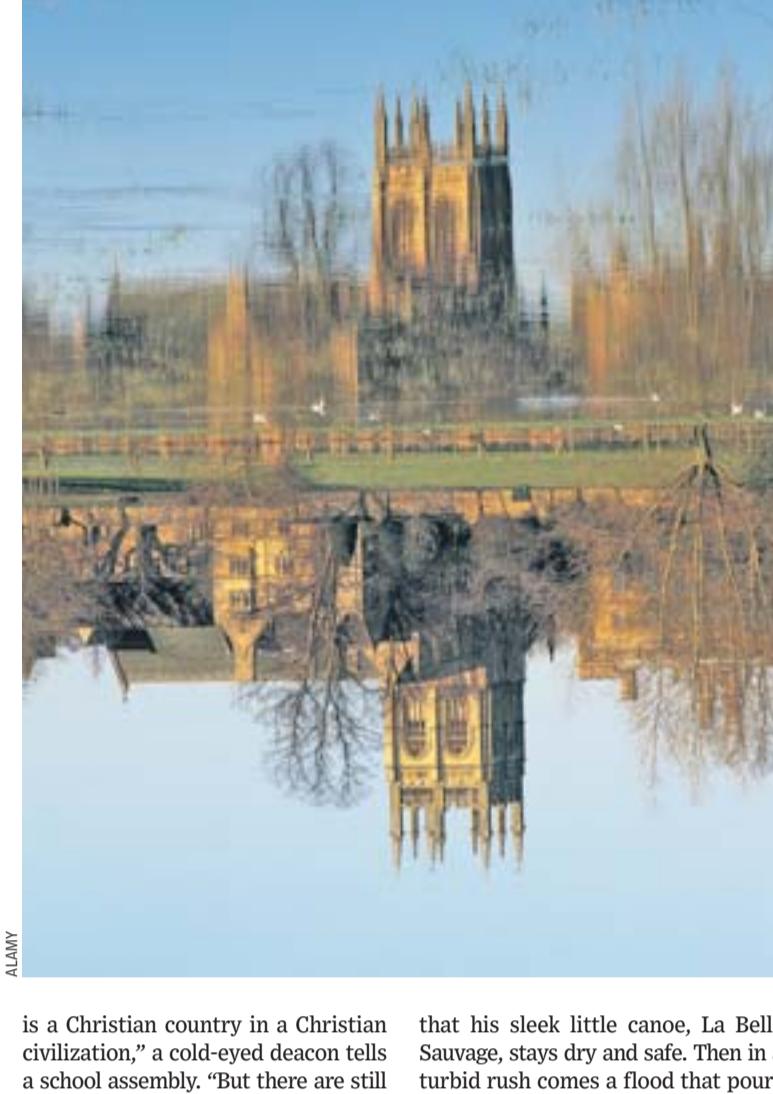
It is a massive publishing event, with a first-run printing of half a million copies in the U.S. and a publicity campaign that crosses the globe. "Is it a prequel? Is it a sequel? It's neither," the author has remarked. "In fact, *The Book of Dust* is . . . an equal."

It is an equal, certainly, in the sense that to enjoy this first volume of a planned second trilogy you need no acquaintance with the intricacies of Mr. Pullman's allegorical world-building. Nor do you need to know about Lyra Belacqua, the heroine of the previous books whom we first met at the age of 11.

This first "Book of Dust" is set in Lyra's world 10 years earlier, so we see her here only as a baby who laughs, squalls and snoozes. What a baby, though: Lyra is central to events in "La Belle Sauvage" in the way that Jesus Christ is central to the story of the Nativity. An enigmatic prophecy foretold her birth: She is "destined to put an end to destiny." The wise seek access to her; the quick-witted protect her. And the Herod of the story is the Christian church, which seeks to destroy the infant whose arrival threatens its earthly power. As readers of the "His Dark Materials" books will remember, Mr. Pullman draws from the cultural and literary legacies of Christianity even as he openly detests it in its organized, hierarchical form.

Our hero this time is another 11-year-old, Malcolm Polstead, a bright and intrepid redhead who lives with his parents at an inn a short distance upriver from Oxford. Serving customers and doing odd jobs for the nuns at the priory across the road has put Malcolm in a special position to notice growing disquiet in the adult world. He discovers that the nuns are hiding a mysterious infant. High-ranking laic figures, dreaded black-clad religious police and menacing individuals begin turning up at the inn, snooping around and asking questions about a baby.

Meanwhile, at school, the clerisy is enlisting children in a campaign to expose heretics and unbelievers. "This



is a Christian country in a Christian civilization," a cold-eyed deacon tells a school assembly. "But there are still enemies of the Church, new ones as well as old ones. There are people who say openly that there is no God. They become famous, some of them; they make speeches and write books, or even teach. . . . More important are the people we don't know about. . . . Have you heard anyone mocking the Church or criticizing it? Have you heard anyone telling lies about it?"

In this gripping, vivid and upsetting book, Oxford is awash with secrets and conspiracies; in the first half, it's also thrumming with rain. As the Thames rises, Malcolm finds himself drawn into a network of spies and scholars operating at great risk. Avowed enemies of the church, these people know only that Lyra is "of supreme importance in some way." They are also investigating a forbidden subject: the nature of a glittering particulate matter known as Dust. "Experimental theologians" suspect that Dust is conscious and that it pervades the universe. The idea, we read, has "shaken the Church to its foundations."

Meanwhile, the rain keeps hammering down. Warned that cataclysm is coming, like Noah, Malcolm ensures

that his sleek little canoe, La Belle Sauvage, stays dry and safe. Then in a turbid rush comes a flood that pours across the land and redraws reality, transforming Oxford into a churning, terrifying sea dotted with spires and towers and hilltops turned into islands. In the tumult, Malcolm barely

In this, the first volume of Pullman's second trilogy, Lyra—here a mere infant—begins her fatal journey.

escapes in his boat with the precious Lyra and with Alice, the inn's sour-faced young kitchen maid.

The second half of the novel follows the children on a phantasmagoric waterborne odyssey—a kind of flight to Egypt. Pursued by armed agents of the church and desperate to find sanctuary for Lyra, Malcolm and Alice have to navigate the floodwaters as well as contend with exhaustion and Lyra's food and hygiene needs.

Mr. Pullman is not a funny writer, at least not here, but there's quiet comedy in the high-low juxtaposition of the gravity of the children's predica-

ment and their constant battle with Lyra's stinky diapers.

The author also makes wonderful use in this book of what must surely be his most enchanting contribution to literature: the daemon. In Malcolm's world, everyone has a kind of expressive, external soul in the form of an animal. The daemons of children shape-shift all the time, but in adulthood daemons settle into a final form that reflects something important about a person's nature. (The most alarming character in the novel, a scientist who seduces a lascivious nun and, later, rapes Alice, has a daemon in hyena form.) For the novelist, and for the reader, daemons add a rich textual dimension: betraying the dark heart of a smiling villain; creating the opportunity for dialogue when a person is otherwise alone; allowing a character to hear and see things that his human senses might miss.

On their watery journey, the children encounter what C.S. Lewis, whom Mr. Pullman loathes, might have called a Deeper Magic: a river god, a witch, a faerie queen of Albion. The author accords these divinities a friendliness and respect that is largely missing from his depictions of Christianity. Mr. Pullman has explained that his animus is not toward one faith, per se, but toward theocracy and dogmatism in any form, even secular. He would strengthen his case, I think, if he were either less specific or more adventurous in his targets. How easy and safe to kill the Christian God; how much riskier to kill Lyra.

Mr. Pullman is a supple and formidable writer who has credited his aesthetic awakening in adolescence to his discovery of William Blake (his mind and body responded, he wrote, "with the joyful immediacy of a flame leaping to meet a gas jet") as well as of John Milton, whose epic poem "Paradise Lost" informed the language and structure of "His Dark Materials." Biblical mysticism and sublimity infuse the work of these writers, and of others, such as Edmund Spenser, who have moved and influenced the author, who was raised in, and left, the Church of England.

"I'm profoundly interested in religion," Mr. Pullman has written, "and I think it's extremely important to understand it. I've been trying to understand it all my life." That is the strange beauty, the fearful symmetry even, at the heart of his novels about Lyra. Philip Pullman is a Jacob, wrestling with an angel: He grapples and battles in the darkness, but he cannot let go.

Ms. Gurdon reviews children's books for the Journal.

### SCIENCE FICTION: TOM SHIPPEY

## Short, Sharp Shocks

FIFTY YEARS ago, sci-fi's dominant art form was the novella. Short enough that you only needed one idea, long enough to allow the idea to be developed. The waning of the magazine era made them unprofitable, but now Joe Hill—well-known for "NOS4A2" and "The Fireman"—has brought out four of his own in "Strange Weather" (Morrow, 432 pages, \$27.99).

Three could be classed as tales of urban horror. They start off in normal surroundings, and then something inexplicable turns the whole tone weird. In "Snapshot," an old lady stricken by dementia in 1988 California warns the teen who is helping her to beware of "the Polaroid man." Polaroids were high-tech back then, but this camera does more than take photos, it takes what photos are supposed to enshrine—memories, happiness.

In "Alot," a guy trying to impress a girl agrees to go skydiving, and is doing embarrassingly badly until he takes the plunge from the plane. Then things get much worse. The setting of

Joe Hill relishes that magical, bat-of-an-eye moment when the normal yields to the fantastic.

"Rain" is also fairly normal—for college-town Colorado, that is, with a lesbian couple, a Russian stripper in the apartment downstairs and a kid who thinks he's a vampire—but is hit by something worse than Biblical. Not rain, not hail, but crystal needles falling out of the sky, turning to nails, then daggers.

The novella form allows Mr. Hill to get you deeply fixed in the setting before the moment everything goes fantastic. But in "Loaded," the switch never comes. Once again, it's a sad but familiar scenario: an employee seduced and then fired by her boss, a security guard driven to distraction by his ex-wife's lawyers. But what turns hassle into tragedy isn't fantastical at all. It's guns. Everyone has one, or can get one, and the collateral damage keeps mounting, through twist after twist, till we reach a bitter and sardonic ending.

All four stories in "Strange Weather" are just the right length to read at a sitting, one at a time. Horror, they tell us, is only one step away.

### FICTION CHRONICLE: SAM SACKS

## The Uses of Enchantment

**I AM ALL FOR putting new wine in old bottles,**" wrote the British iconoclast Angela Carter, "especially if the pressure

of the new wine makes the bottles explode." Carter is known for her 1979 story collection "The Bloody Chamber," which refashioned the fairy tales of Charles Perrault and the Brothers Grimm using an unstable decoction of Gothic horror, Freudian symbolism, feminist theory and lush, operatic storytelling. Her project was openly radical. Fairy tales universalize experience, she thought, which makes them timeless but also static. We don't even notice the ways that they uphold conventions about sexuality and gender until someone forces us to imagine them differently. Carter's aim was to take those dusty, vintage bottles and turn them into Molotov cocktails.

Two debut short story writers, Carmen Maria Machado and Camilla Grudova, continue in what she called the "demythologizing business," with eerie and memorable results. Ms. Machado's collection, "Her Body and Other Parties" (Graywolf, 245 pages, \$16), a finalist for the National Book Award, finds supple material in classic ghost stories. "The Husband Stitch" reworks the campfire tale about the woman with a green ribbon tied around her neck, shaping a commentary on marriage and sexual possession. An epidemic in "Real Women Have Bodies" causes women to go "incorporeal"—they fade into the air like smoke from snuffed candles. In "Eight Bites," an overweight woman who has her stomach stapled is

haunted by the form of her old body, a "vague person-shaped lump" that gurgles beneath the floorboards like Poe's tell-tale heart.

As with Carter's reconfigurations, Ms. Machado's stories are frank, sensual, often raunchy. The mythologies they mean to dispel concern the female body and the ways that it's used, molded, mutilated, coveted, stigmatized or disregarded. Hidden within these objectified forms are the women's true selves, made of forbidden secrets and unruly desires. "Many people live and die without ever confronting themselves in the darkness," Ms. Machado writes in "The Resident."

That story, told by an obsessive loner in a lakeside writing residency, addresses the collection's greatest hurdle, that of originality. In the life cycle of an idea, something that was initially subversive is rapidly absorbed into the public consciousness and converted into yet another convention. "Do you ever worry about writing the madwoman-in-the-attic story?" a fellow writer asks the narrator. That "old trope" shadows the book, and related themes, like sexual trauma and dystopian horror, have had their edges softened by constant use. Ms. Machado's best stories—"The Husband Stitch" and "Real Women Have Bodies"—deliver high-voltage shocks to the system. The others show how difficult it is to outpace the status quo.

"Unstitching," the opening story of Ms. Grudova's "The Doll's Alphabet" (Coffee House, 162 pages, \$15.95), commences with another bodily unveiling: "One afternoon, after finishing a cup of coffee in her living

room, Greta discovered how to unstitch herself. Her clothes, skin and hair fell from her like the peeled rind of a fruit, and her true body stepped out."

The comic grotesqueries that emerge from this collection owe a bit to Dickens, Kafka and Heinrich Hoffmann's "Der Struwwelpeter," but their total effect is delightfully unclassifiable. The stories are unconnected but mostly of a piece: They take place in a ruined neo-Victorian setting of shantytowns, food rations

and dangerous factory work. A sort of reverse black magic is at play, as though these were steampunk fantasies where all the contraptions malfunctioned. A wunderkind in "Agata's Machine" invents a miraculous device that projects images from her mind's eye—except it only ever projects the same three images, and she fritters away her life staring at them. When a husband dies in "Edward, Do Not Pamper the Dead," his long-suffering widow still has to bring him treats every day while he lies in his coffin.

Ms. Grudova strikes a tone that is amusingly earnest, as though she intended to make these stories gallant and romantic but then screwed up the recipe. Everything is a little off, broken or soiled or deformed. A woman

trying on a crinoline dress looks like "a doll covered in cobwebs pulled out of an attic." A newlywed furnishes her husband's apartment with couches that resemble "two inedible prawns spat out by a disdainful and filthy mouth." Two stories feature the birth of disfigured babies. In "Waxy" the child looks like "a little cheese rind." His father, an undocumented vagrant, is blackmailed into sleeping with a



roommate who threatens to report him and the child's mother to the authorities. They end up living on the street, the baby stashed inside his father's coat "like a rancid molar in the back of one's mouth." This is the book's vision of domesticity, its happily-ever-after.

"The Doll's Alphabet" is clearly a revisionist undertaking. It unsettles assumptions about motherhood and marriage. But it also separates itself from its feminist predecessors. The world it inhabits—droll, inexplicable and even beautiful in its slovenly fashion—is unlike any other I've encountered.

What about the mythologies of

masculinity? In novels like "Paddy Clarke Ha Ha Ha" and "The Van," Irish writer Roddy Doyle has delved into the delicate subjects of machismo and male friendship. His characters' painstakingly laconic exchanges, which make Hemingway look chatty, speak to their emotional vulnerability, their terror of revealing too much. The fear of honest disclosure is central to Mr. Doyle's newest novel, "Smile" (Viking, 214 pages, \$25), about the lies men tell to make themselves appear normal.

The teller here is Victor Forde, a 54-year-old divorcee who whiles away his evenings at a local pub. There he runs into a distant acquaintance from Catholic school, and though he doesn't especially like the man, he slowly opens up to him over pints, talking of his childhood, his failed ambitions as a muckraking journalist ("I was famous for a book I was writing but didn't write") and his broken marriage to a gorgeous television personality.

It all makes for a good story, a convincing portrait of a middle-aged man enduring a rough patch after years of riding high. But worming through it are disturbing memories from his schooldays: a flirtatious comment from one of the Brothers who taught his French class, a grope at the hands of the wrestling instructor. Victor shrugs these things off, but gradually "the lies, the gaps, the facts, the bits of my life" that he's omitted come tumbling out. Mr. Doyle's signature clipped dialogue is still a feature of "Smile," but this short, effective novel is about the truths that emerge when, despite himself, Victor lets himself talk.

## BOOKS

'Science, which once took away the dragons and fairies, has now restored them both.' —St. Louis Post-Dispatch, Nov. 10, 1901

# Terrible Lizards and Fantastic Art

### Paleoart

By Zoë Lescaze

Taschen, 289 pages, \$100

### The Art of the Dinosaur

Edited by Kazuo Terakado

PIE International, 199 pages, \$49.95

BY BRIAN SWITEK

**ALMOST ALL THE DINOSAURS** are dead. Birds are the only members of their kind to carry on the title of the "terrible lizards," yet, wonderfully diverse as they are, ostriches and sparrows just aren't the same as a towering *Brachiosaurus* or fierce *Ceratosaurus*. We're more than 66 million years removed from our favorite dinosaurs, with no hope of a "Jurassic Park" innovation to show us what they were like in life. Still, since before the word "dinosaur" was even coined, we've been obsessed with envisioning what such strange creatures would have been like. This has been the province of "paleoart," where science and imagination meld together.

There's never been a better time for paleoart. From online communities like DeviantArt to university-generated press releases, we're awash in prehistoric imagery created by amateurs and professionals alike. Two new books highlight this bounty, offering a look at how the art of restoring the past has changed with the times.

"Paleoart," by art historian Zoë Lescaze, provides the deep context for the other title. It's not so much a coffee table book as a book that could serve as a coffee table, but this only helps to highlight every ink jet and brush stroke in the selected pieces in this oversize, lavishly illustrated book.

Depictions of prehistoric life didn't begin with the origin of paleontology. The cultural history of Native Americans, for example, reveals that they recognized fossil bones and footprints as signs of once-living animals before science itself had been invented. But what we typically think of as "paleoart" proper, Ms. Lescaze writes, got its start in the early 19th century. It was then, when religious dogma over the history of the Earth was being shrugged off in light of the evidence apparent in the rocks, that astonishing evidence of lost worlds began to inspire artists and scientists alike.

In this early stage, however, the art of the extinct wasn't quite like today's. Early engravings and watercolors of ancient life carried more emotional weight than modern depictions, translating the concerns and fears of their time into the past. Nineteenth-century paleoartists didn't have conventions to guide them outside the mediums they



RED IN SCALE AND CLAW 'The Primitive World' (1857) by Adolphe François Pannemaker exemplifies the dramatic license early paleoartists took.

worked in. "They were inventing new archetypes as they went along," Ms. Lescaze writes, "and each shattered skeleton was a tabula rasa upon which they could project their own imaginative whims, aesthetic preferences, and art historical allusions." Historic paleoartists often envisioned the past as incredibly violent reptilian conflict presaging the terror of war, or placed prehistoric creatures in the context of ascending scales of beings in order to highlight a sense of supposed progress in nature.

Yet, as paleoart came to serve science rather than complement it, the genre developed its own tropes and conventions. There's no better example than the early 20th-century dinosaurs. Even though some artists like Charles R. Knight and Rudolph Zallinger experimented with depicting active, hot-blooded dinosaurs—one Knight painting in "Paleoart" shows a smirking *Brontosaurus* chest deep in a Jurassic swamp, happy to wallow—the scientific consensus of their time cast the reptiles as drab-colored sluggards. So those are the images that went up on walls everywhere from Yale to the Natural History Museum of Los Angeles. It took another scientific revolution—the Dinosaur Renaissance of the 1970s and '80s, which turned the terrible lizards into hot-blooded creatures, and which Ms. Lescaze's book stops

just short of—to give us our modern, supercharged dinosaurs.

These overhauled saurians are at the center of an anthology of paleoart superstars—"The Art of the Dinosaur," edited by Kazuo Terakado. The Mesozoic celebrities that stalk this book are no longer rendered in oil paintings and lithographs. Paleoart

The old style of dinosaur art, which left room for a bit of whimsy, gave way to scrupulous accuracy.

has gone digital, with dinosaurs and other forms of prehistoric life presented in superbly crisp detail. "The Art of the Dinosaur" presents these pieces as they were meant to be seen, every scale shining and each serrated tooth gleaming.

The strength of "The Art of the Dinosaur" is that the artists are allowed to introduce their own work. This extends beyond the obligatory anthology introductions of how the artists found their way into this specialized field, but down to the captions as well. While some illustration captions are standard—naming the art medium and the animals—others offer readers a way to

drink in the mood of each piece. Feathered-dinosaur specialist Zhao Chuang, for example, offers a small story in each caption. Accompanying a piece depicting the fluffy raptor *Unenlagia*, which lived in what is now South America, Mr. Chuang reflects how hot a downy coat must have been in a hot climate: "It is worried that this despicable weather will affect its beauty."

These art books could be taken at face value, showcasing the evolution of a discipline that gives us our image of nonavian dinosaurs and other long-lost species. But they also highlight how—just like science—paleoart has become incredibly specialized over the decades.

Viewed against the background provided by Ms. Lescaze's book, today's paleoart has shifted from where it started. Many of the earliest images of monstrous dinosaurs and imposing Ice Age beasts, Ms. Lescaze points out, were influenced by the events of the day. Echoes of the Napoleonic Wars and violent military clashes are easy to pick out in the visions of reptiles red in tooth and claw. But today's paleoart has lost its attachment to the surrounding culture. Scientific accuracy has been the goal of modern paleoart for decades now—to envision long-dead creatures as they were in life. The work is not only inspired by science, then,

but also confined by it, paleoart more comfortable as a form of scientific illustration than as a part of a conversation with the wider culture.

To some extent, this division is unavoidable. When paleontologists commission an illustration of a new species of horned dinosaur, they want detail and precision, not social commentary. And yet paleoart should have the opportunity to stretch beyond the purely scientific.

Dinosaurs are the charismatic icons of the prehistoric past, and we've often looked to them to make sense of the world around us. During World War I, for example, some pacifists trotted out "Jingo" the Stegosaurus as a warning against military buildup and the dangers of "all armor plate, no brains." And it's no surprise that scientists in the 1980s immediately drew parallels between the asteroid strike that ended the Age of Dinosaurs and fears over mutually assured destruction. The world had already been through a catastrophe of such gigantic scale once and it would be best if we learned from the dinosaur's fate. Now that fears of apocalyptic conflict are again rampant, prehistoric creatures might again be utilized to have a vivid conversation with the past.

Mr. Switek is the author of "My Beloved *Brontosaurus*."

### MYSTERIES: TOM NOLAN

## Unexplained and Unresolved

**JON MCGREGOR'S** disturbing, one-of-a-kind "Reservoir 13" (*Catapult*, 291 pages, \$16.95), begins like many another tale of contemporary woe. Thirteen-year-old Rebecca Shaw, who lives in a rural English village, disappears into the inky black of a late December night. Authorities are alerted. Residents search. A description is issued: "When last seen she'd been wearing a white hooded top with a navy-blue body-warmer, black jeans, and canvas shoes. She was five feet tall, with straight, dark blond, shoulder-length hair."

Days pass, then weeks, then months. Rebecca is not found. Various citizens report having seen her walking here or there, but these sightings prove to be instances of mistaken identity or wishful hallucinations. Some local teens have information about Rebecca's plans on the night she vanished but they keep quiet out of guilt and fear. Once revealed, their secret proves of no value.

Most books involving crime and foul play provide the consolation of some sort of resolution. But Mr. McGregor's novel, which was long-listed for this year's Man Booker Prize, shows how life, however unsettlingly, continues in the absence of such explanation.

The everyday events of the village resume. Seasons come and go. The villagers' illnesses, births, affairs, separations and gestures of kindness

draw the omniscient attention of Mr. McGregor's narrative. Readers note possible clues—a dog tussles with an old navy-blue body-warmer found in a copse of trees—of which the book's characters remain oblivious. A plausible suspect—a creepy janitor with pornography on his computer—is allowed to go about his business. Hopes are dashed, genre expectations go unfulfilled. Yet Rebecca remains in the villagers' collective memory years later, a recurring figure in sleeping and waking dreams.

A missing-person mystery that defies resolution and becomes a meditation on the aftershocks of tragedy.

A different sort of ambiguity propels English author Stanley Johnson's outrageous political-espionage satire "Komprromat" (*Point Blank*, 302 pages, \$25.99), a rollicking work of fiction that sets conniving caricatures of real-life figures amid a diorama of recent world events.

Front and center is Ronald C. Craig, the "proud and manly" American TV-show host and entrepreneur running for president of the United States, who tweets and tub-thumps such campaign catchphrases as "Build the Wall!" and "Drain the Swamp!" Then there is the jet-flying Russian

president Igor Popov ("five eight in height [with] thinning hair, carefully brushed back to cover a bald spot"), whose high-profile mission to save the world's tigers serves as a mask for his high-tech meddling in elections from Germany to England to America. Not to be overlooked are various Chinese government operatives bent on persuading England, through fair

two Russian prostitutes. "Classic Komprromat stuff," a British Secret Service man scolds Barnard regarding the latter. "Ministers who go to Russia surely know the drill: don't talk to strange blonde women in hotel lobbies. Don't go upstairs with them. Above all, don't go to bed with them."

Mr. Johnson, a former member of the European Parliament and

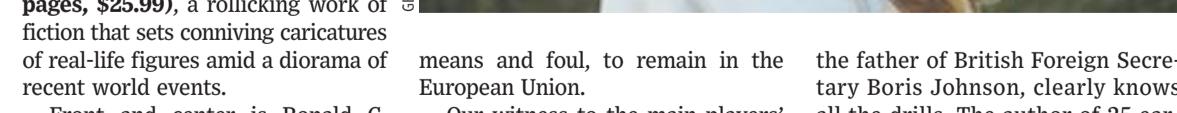
Chronological uncertainty heightens the suspense of talented author Joe Ide's impressively written, page-turning second novel, "Righteous" (*Mulholland*, 330 pages, \$26), the sequel to his 2016 debut, "IQ." Both novels center on African-American private investigator Isaiah Quintabe, who works on a semi-pro bono basis, solving local dilemmas ("The problems were important but mundane") in his East Long Beach, Calif. neighborhood.

"Righteous" finds the espresso-sipping, Segovia-listening Isaiah handling two separate—and decidedly nonmundane—cases. He's asked to rescue the half-sister of his late brother's former girlfriend from the clutches of a Las Vegas loan shark (and from the wrath of the girls' imperious Chinese "businessman" father). And he's probing the hit-and-run death of his brother 10 years ago, which he's become convinced was a homicide.

These dual quests are detailed in more or less alternating chapters, through multiple characters' points of view. But are they taking place in the same time frame? And what might they have to do with each other, if anything at all? The reader follows a rich cast of villains and heroes through a multistate, bullet-riddled adventure involving street crime, turf wars and human trafficking, but in due course Mr. Ide provides plenty of satisfying answers—and in a satisfyingly clever fashion.

means and foul, to remain in the European Union.

the father of British Foreign Secretary Boris Johnson, clearly knows all the drills. The author of 25 earlier works of fiction and nonfiction, he has a lifetime's expertise that adds comic credibility to a career combining the antic action of *Mad Magazine's* old "Spy vs. Spy" cartoons with the gonzo humor of Carl Hiaasen.



GETTY IMAGES

## BOOKS

'When falsehood can look so like the truth, who can assure themselves of certain happiness?' —Mary Shelley

# Natural Scientist

### The River of Consciousness

By Oliver Sacks

Knopf, 237 pages, \$27

BY LAURA J. SNYDER

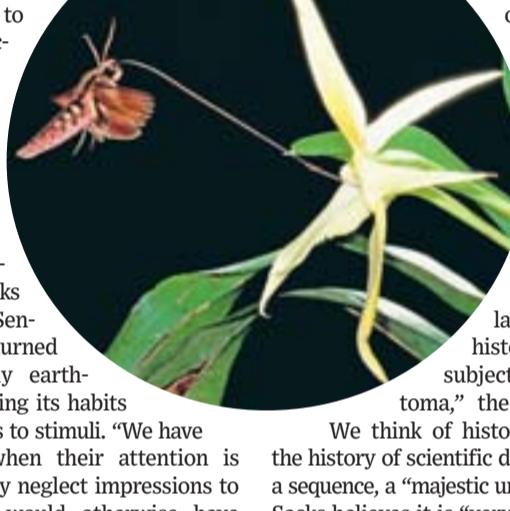
**AFTER ROILING THE WORLD** by publishing his book "On the Origin of Species," Charles Darwin retreated to his estate's conservatories, not to putter about in retirement but to seek further evidence for his theory of evolution by natural selection. His greenhouses became, in the words of Oliver Sacks, "engines of war, from which he would lob great missiles of evidence at the skeptics outside."

Sacks, the neurologist and writer who died in 2015 at age 82, relished writing about Darwin. "The River of Consciousness," a collection of 10 previously published essays, reveals Sacks as a gleeful polymath and an inveterate seeker of meaning in the mold of Darwin and his other scientific heroes: Sigmund Freud and William James.

In "Darwin and the Meaning of Flowers," Sacks writes that the naturalist "interrogated" orchids, learning how plants and pollinators coevolve, influencing each other's evolution. "You cannot conceive how the Orchids have delighted me," Darwin wrote to a friend. When a Madagascan orchid was found to have a nectar-secreting organ almost 12 inches long, Darwin predicted the existence of a moth with a proboscis long enough to reach the nectary's depths. The improbable moth was discovered decades later.

At the end of Darwin's life, Sacks tells us in "Sen-tience," he turned to the lowly earth-worm, studying its habits and reactions to stimuli. "We have seen that when their attention is engaged, they neglect impressions to which they would otherwise have attended," Darwin concluded. "Attention indicates the presence of a mind of some kind." Soon, George John Romanes demonstrated that jellyfish have nerve cells and centrally coordinated motions, and Freud realized these cells were the building blocks of the nervous system in both invertebrates and vertebrates (including humans). Insects were found to have rich mental lives; they can learn, remember, think and communicate. Paper wasps recognize the faces of other insects. Even plants, Sacks reports, register "what we would call sights, sounds, tactile signals."

From the mental lives of worms, wasps and jellyfish, Sacks turns to humans. He becomes his own best



case study. As his deafness increased, we learn in "Mishearings," he kept track of alterations in his auditory perception, recording what he comprehended in red, what was actually said in green and other people's reactions to his misunderstandings in purple. He revels, as will readers, in the droll way his interests and experiences turned "tarot cards... into pteropods, a grocery bag into a poetry bag, all-or-none-ness into oral numbness, a porch into a Porsche, and a mere mention of Christmas Eve a command to 'Kiss my feet!'"

In two essays—"Speed" and "The River of Consciousness"—Sacks explores our perception of time. Is

Madagascar's star orchid intrigued Darwin. He inferred a moth must exist that could reach its nectar.

time continuous, a "stream of consciousness," as James put it, or is it, as David Hume believed, "a succession of discrete moments, like beads on a string"? Sacks inclines toward the latter: "there is much to suggest that conscious perception... is not continuous but consists of discrete moments, like the frames of a movie." The film of time can be slowed down or sped up under the influence of neurological disturbances, emotional duress or drug use.

Time writ large—that is, history—is the subject of "Sco-toma," the final essay.

We think of history, including the history of scientific discoveries, as a sequence, a "majestic unfolding." But Sacks believes it is "very far from being a continuum." Instead it is a series of events, "just one damn thing after another," in the oft-quoted phrase. We see rivers and movies where there are beads and frames because we try to make sense of the world by constructing narratives connecting these discrete moments. Storytelling, Sacks tells us in the essay "The Creative Self," is one of our "primary human activities." As this volume reminds us, in losing Sacks we lost a gifted and generous storyteller.

*Ms. Snyder is the author of "Eye of the Beholder: Johannes Vermeer, Anton van Leeuwenhoek, and the Reinvention of Seeing."*

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## REVIEW



CHRIS SORENSEN FOR THE WALL STREET JOURNAL

WEEKEND CONFIDENTIAL: ALEXANDRA WOLFE

# Iestyn Davies

For his next act, England's esteemed countertenor returns to the U.S.

ON A RECENT rehearsal break at New York's Metropolitan Opera, singer Iestyn Davies let out a yodel to demonstrate his singing range. The highest point of his "yodel-ay-ee-oo!"—the "ee" part—is the range that he's known for. "The top bit is the bit that I do all the time," he says.

As a countertenor, he sings in a range that most men rarely reach. "It's not something you can do on a whim," he says, calling it the vocal equivalent of "being a contortionist."

As one of the world's best-known countertenors—a small group of male singers who have high, flutelike voices—Mr. Davies

has performed in major operas around the world, from "Death in Venice" at La Scala in Milan to "Written on Skin" at the Royal Opera House in London. For his contributions to music, the Englishman (whose first name is pronounced YES-tin) was recently honored as a Member of the Order of the British Empire. "You get to meet the queen!" he says—or, standing in for her, "Prince Charles in my case."

This fall, Mr. Davies, 38, will perform in two major New York productions: "The Exterminating Angel," a surreal, avant-garde opera by Thomas Adès opening Thursday at the Met, and "Farinelli

and the King," a Broadway play starting previews Dec. 5. Set in the 1700s, the play is about a castrato, Farinelli, who soothed the spirits of Spain's King Philip V (played by Mark Rylance). Mr. Davies performs Farinelli's arias; another actor plays the speaking parts.

The castrati were 16th- to 19th-century male singers who were castrated—often at their parents' direction—before puberty to prevent their voices from dropping and increase their chances of becoming a successful castrato, "the big moneymaking voice type of the day," Mr. Davies says. Their lack of testosterone left them with the voice box of a boy, and large chest

cavities gave them great lung power for singing. As opera tastes changed, heroic tenors started replacing the castrati, and Pope Leo XIII made castration illegal in the late 1800s. The countertenors bear the musical legacy of the castrati, says Mr. Davies.

His favorite music to sing is from the 18th century. Still, he finds that performing contemporary music—such as the new arias composed for "The Exterminating Angel"—lets him make the sound his own. "You're not being second-guessed by someone else who says, 'I've heard it differently,'" he says. "It's as close as you can get to being a pop singer."

When Mr. Davies was a teenager, a pop singer was what he wanted to be. He sang choir as a boy in York, but when his voice broke, he formed a band with his friends and they auditioned for Sony Records in London. His mother, who was also his grade-school history teacher, wanted him to prepare for university instead.

One day in choir rehearsal, while he was still aspiring to be a pop star, he started singing to himself in a high range. A classmate told him he sounded pretty good. With that encouragement, at age 16, he joined another cathedral choir and started singing falsetto.

"It wasn't pre-destined, but that felt like I'd climbed into the right sort of costume," he says. He was comfortable in the world of classical music: His father, a cellist, played in a string quartet.

At the University of Cambridge, he majored in archaeology and anthropology. "I didn't want to do music because it was very dry and academic," he says. After graduation, he studied at the Royal Academy of Music, where he is now a fellow.

A pivotal point in his career came in 2004, when he won second place in the London Handel Festival's singing competition. An agent discovered him and helped him land recording deals and auditions for opera productions. Mr. Davies went on to perform major roles such as Oberon, king of the fairies, in Benjamin Britten's "A Midsummer Night's Dream" in 2009 in Houston and in 2013 at the Met.

Mr. Davies is now in New York preparing for his fourth performance at the Met and his first on Broadway. He and his wife, a schoolteacher with whom he lives in York, came to the U.S. on the Queen Mary 2. Aside from Wi-Fi trouble, an elderly crowd and copious amounts of food, he says, it was a good vacation—though he's still living with the results. "I've never been 12 stone [168 pounds] before!" he says.

While stateside, he has noticed differences between U.S. and European audiences. In his experience, Americans dress more formally at opening galas, but European opera fans have better manners overall. Of all audiences, he says with a laugh, "I'm amazed at how loudly people think they can cough."

Mr. Davies realizes that opera's fans are mostly older, but he says the industry shouldn't fixate on trying to attract a younger crowd. The audience's age, in his view, has to do with the art form. "A 1-year-old is not expected to be able to read Proust because he can't," he says. "It's not that adults at 20 can't listen to the music, but they might not be ready to do it." Opera, he adds, "is elitist in a good sense."

Mr. Davies also sees opera as spiritual. He compares the stage to an altar and the conductor to a high priest. "It's very Catholic in that sense, and you can't force people to go to it." He says his job is to just perform the best he can. "If what we put on stage is very good and very high-end in terms of quality, then at least we can say we've done our bit."

## MOVING TARGETS: JOE QUEENAN

# These Earbuds Will Never Lie to You

GOOGLE HAS INTRODUCED an earbud that, when paired with a new handset, will automatically translate 40 languages into English. This is terrific news for aspiring American entrepreneurs who are constantly told that if they don't learn Mandarin, they'll never be able to compete in the global marketplace.

It's great news for American diplomats wondering what the North Koreans are whispering to the Chinese. And it's wonderful for soccer fans who will be able to understand exactly what the Romanian midfielders are screaming at the Swedish refs. Something about their lineage.

But an even more exciting innovation—one that our formidable artificial intelligence experts are doubtless developing—would be an earbud that takes sentences spoken in our own language and translates the actual meaning of the words.

English is an allusive language that relies on heavy doses of sarcasm and irony, so words do not always mean what you think they mean.

An instant translator of this type would help communicate innuendo, hidden meanings and implied threats. It would help hopelessly unsophisticated rubes understand baffling phrases like "I don't like the cut of your jib" or "I'd give that fellow a wide berth." Never again would anyone have to worry about a hapless interlocutor getting the gist.

For example, when parents say, "Skyler, would you like to set the table?" what they really mean is: "Look, kid, if that table's not set in 10 seconds flat, your PlayStation 4 is going in the trash."

Similarly, the Instant Honesty Earbud Translator could clarify seemingly pleasant comments.

Thus, when someone gets a pres-

**No need to worry about missing the gist with an instant honesty translator.**



ent and says, "Why, how very, very thoughtful!" the gift-giver might hear, "Do you really think I would wear that in public, you idiot? Well, I suppose this is payback for last year's orange tie."

Similarly, the device could clear up the misunderstandings that can distract from making sports-stadium events the joy they should be. Harried security guards have been taught to speak in a nonconfrontational fashion that fails to get the message across. Now, the security guard would be able to say, "Hello! Could I take a gander at those tickets?" knowing full well the earbud-carrying ticket holder will hear: "We don't let pathetic losers like you watch the game in the Platinum Level Skyboxes. Not now. Not ever."

Business would become a lot more transparent. For an earbud-wearing visitor, a contemptuous

administrative assistant's greeting of "And you are?" would immediately sound like "Do you really think I'd let a slob like you go in and talk to my boss?" And corporate representatives could no longer hide behind the classic line, "We refuse to dignify those slanderous accusations with comment," which would become, "Of course we're the ones who dumped all that dioxin in the river."

The translator would also do yeoman duty in warning people to avoid potentially dangerous situations. "Private party," a restaurant bouncer would say. "Your reservation's canceled."

But the words heard by the person with the Instant Honesty device would be: "The Cosa Nostra, the Medellin Cartel, 35 motorcycle gangs and several hundred alumni of the KGB are having their Christmas party inside. Why not go have a hot fudge sundae at Applebee's?"

## REVIEW

### EXHIBIT

# Animal Tales



**IN THE NEW BOOK "ENDANGERED"** (Abrams, \$65), photographer Tim Flach showcases more than 150 images of species at risk, from Siamese crocodiles to coral to chimpanzees. Mr. Flach traveled the world to capture close-up images of animals in zoos and in their natural habitats. Conservationists helped him map his candidates. His goal, he writes in the introduction, is to "invite same-ness by creating portraits of animals that emphasize their personality." —*Alexandra Wolfe*

**Top:** This young white-bellied pangolin is wrapped around its mother's tail. The animal is hunted for its scales, which go into traditional Chinese medicine; for its skin, used in handbags; and for its meat. **Top right:** The Philippine eagle was once widespread throughout the Philippines. As forests have disappeared, they now number fewer than 500. **Middle right:** Conservationists have engraved the backs of ploughshare tortoises, from northwest Madagascar, to prevent smugglers from taking the creatures and selling them in the pet trade. **Bottom right:** The Indian gharial, a type of crocodile, has seen its natural habitat disappear due to irrigation and engineering projects.

PHOTOGRAPHS BY TIM FLACH

### PLAYLIST: SCOTT KELLY

#### Coldplay's Space Trip

During a year in orbit, an astronaut was inspired by 'Speed of Sound'

Scott Kelly, 53, is a retired astronaut and veteran of four space flights, including a yearlong mission aboard the International Space Station. He is the author of the memoir "Endurance" (Knopf). He spoke with Marc Myers.

Ever since NASA's Space Shuttle program ended in 2011, we depend on the Russians to launch us into space. On my final mission to the International Space Station in March 2015, we took off from Kazakhstan and returned there a year later. Coldplay's "SPEED OF SOUND" was with me.

I first heard "Speed of Sound" when it came out on Coldplay's 2005 album, "X&Y." The song spoke to me of space exploration and discovery. I began taking the song on missions in 2007, when I commanded the Endeavour Space Shuttle flight to the station. NASA provided the crew with iPods and favorite songs, though they were afraid we'd crank up the volume and damage our hearing.

"Speed of Sound" opens with a piano and synthesizer playing a riff that's repeated throughout the song. Then the drums kick in and Chris Martin launches into his vocal. "Look up, I look up at night / Planets are moving at the speed of light." The chorus puts flight and space in perspective: "All that noise, and all that sound / All those places I have found / And birds go flying at the speed of sound / To show you how it all began."

On Saturdays, during my yearlong mission

#### Music for viewing Earth.

aboard the station in 2015, I'd get up early, go up into the station's cupola—the seven-window observatory—and open the debris shutters. There, I'd listen to my iPod and look out at Earth. "Speed of Sound" combined the feeling of being weightless with motion and velocity. We were traveling at 17,500 mph, orbiting every 90 minutes.

From space, Earth's color is the most beautiful blue you've ever seen. You don't see political borders, just shapes of continents. Everyone appears to be part of the same country. The pollution over Asia is obvious. So is the devastation that loggers have done to Brazil's rainforest. You get a sense that the planet needs protecting.

I retired from NASA in April 2016. Now, when I hear "Speed of Sound," it takes me back to those days at the station—the teamwork and the challenge of doing something really complicated and risky. I miss space.



CHRIS MARTIN of Coldplay performing in 2005.

EDDIE KEOGH/REUTERS

### HISTORICALLY SPEAKING: AMANDA FOREMAN

#### Power in a Few Pages

**THE REFORMATION** began on Oct. 31, 1517, when Martin Luther, as legend has it, nailed his "95 Theses" to a church door in Wittenberg, Germany. Whatever he actually did—he may have just attached the papers to the door or delivered them to clerical authorities—Luther was protesting Catholics' sale of "indulgences" to give sinners at least partial absolution. The protest immediately went viral, to use a modern term, thanks to the new "social media" of the day—the printed pamphlet.

The development of the printing press around 1440 had set the stage: In the famous words of the German historian Bernd Moeller, "Without printing, no Reformation." But the pamphlet deserves particular recognition. Unlike books, pamphlets were perfect for the mass market: easy to print and therefore cheap to buy.

By the mid-16th century, the authorities in France, Germany and England were fighting a rear-guard action to ban pamphlets. Despite various edicts in 1523, '53, '66 and '89, the pamphlet flourished—and gained some highly placed authors. Although she professed disdain for the medium, Queen Elizabeth I contributed speeches to a 1586 pamphlet that justified her decision to execute Mary, Queen of Scots. Two years later, the Spanish printed a slew of propaganda pamphlets that tried to turn King Philip II's failed invasion attempt of England into a qualified success.

By the 17th century, virulent "pamphlet wars" accompanied every major religious and political controversy in Europe. By then, pamphleteers needed an exceptionally strong voice to be heard above the din—something even harder to achieve once newspapers and periodicals joined the battle for readers as the century matured.

What is a pamphlet, anyway? One popular source says 80 pages; Unesco puts it as five to 48 pages. Shortness is a pamphlet's strength. Though the work did little to ease Ireland's poverty, the satirist

Jonathan Swift opened English eyes to the problem with his 3,500-word mock pamphlet of 1729, "A Modest Proposal," which argued that the best way to alleviate hunger was for the Irish to rear their children as food.

Half a century later, Thomas Paine took less than 50 pages to inspire the American Revolution with his "Common Sense" of 1776. A guillotine killed Marie Antoinette in 1793, but often-anonymous pamphlets had assassinated her character first in a campaign that portrayed her as a sex-crazed monster.

Pamphlets could also save reputations—such as that of Col. Alfred Dreyfus, the French-Jewish army officer falsely convicted in 1894 of spying for Germany. After realizing that Dreyfus was a victim of anti-Semitism, the writer Émile Zola published in 1898, first in a newspaper and then as a pamphlet, a 4,000-word open letter, "J'accuse...!"

which blamed the French establishment for a vast cover-up. His cry, "Truth is on the march, and nothing will stop it," was ultimately proved right; Dreyfus won a full exoneration in 1906.

What Zola achieved for religious equality, Martin Luther King Jr. did



THOMAS FUCHS

#### Pamphleteers included Queen Elizabeth I.

for the civil-rights movement with his "Letter from Birmingham Jail," written after his arrest for civil disobedience. Eventually published in many forms, including a pamphlet, the 1963 letter of about 7,000 words contains the famous line, "Injustice anywhere is a threat to justice everywhere." The words crystallized the importance of the struggle and made tangible King's campaign of nonviolent protest.

Not everyone has lost their belief in pamphlet power. Today, the best-selling "On Tyranny: Twenty Lessons from the Twentieth Century" clocks in at about 130 pages, but the author, Yale history professor Timothy Snyder, said he's comfortable with calling it a long political pamphlet.



## REVIEW

# Michelangelo's INDELIBLE LINES

A new exhibition focuses on the artist's drawings; a cat, a donkey, a portrait of Cleopatra and flashy calligraphy

BY BRENDA CRONIN

FOR MICHELANGELO, sculpting meant freeing the figure inside a block of marble. Carmen C. Bambach, curator in the department of drawings and prints at the Metropolitan Museum of Art in New York, sees a similar effort in the Renaissance artist's works on paper. "It becomes a process of liberating the form within," she said. "And when he draws, you kind of sense that approach as well.... You always sense this forcefulness of his strokes."

The Met has assembled the largest group of Michelangelo's original drawings ever for public display, said Ms. Bambach. "Michelangelo: Divine Draftsman and Designer" includes 128 drawings, three sculptures and a painting, all by the master.

The show, which opens Nov. 13, also offers glimpses of the artist's poetry and the calligraphy on which he prided himself.

A relentless taskmaster, Michelangelo polished his own penmanship, moving from an upright Gothic style to an elegant italic cursive by the time he was 25 years old. "We know that he loved beautiful handwriting, and he criticizes his nephews about the fact that they had really terrible handwriting," Ms. Bambach said, adding that in one letter, Michelangelo chided: "I don't know where you people learned to write! I haven't been able to read your letter because I began and I got a headache from reading it."

A natural leftie since his birth in 1475, he trained himself to write and draw right-handed but hammered with his left when sculpting.

Although Michelangelo's best-known works, such as the painted ceiling of the Sistine Chapel and his "David" and "Pietà" sculptures—are flashier, his drawings brim with revelations about their complex creator. "Drawings are one of the most intimate acts," Ms. Bambach said. "There is a tremendous sense of immediacy. You are really seeing the artist articulating ideas."

The show opens with a gallery devoted to Michelangelo's training as a teenager in the Florentine workshop of Domenico Ghirlandaio. He dazzled in unforgiving mediums such as pen-and-ink, in which mistakes were hard to erase or conceal. Although some biographers

cast Michelangelo as a revolutionary creator, he owes a substantial debt to late-15th century artists, such as Ghirlandaio, and their traditions, Ms. Bambach said.

The exhibit includes drawings and paintings by Ghirlandaio, including his "Drapery Study for a Standing Figure."

The work details techniques that Michelangelo would apply, such as cross-hatching in pen-and-ink and gouache to capture how garments sloped over the shoulders and bunched around the elbows.

In 1496, a 21-year-old Michelangelo arrived in Rome, where over the decades he produced most of his greatest works, many for the Vatican. Michelangelo's protean talent helped the patrons and pontiffs who admired his work to indulge his dyspeptic nature.

According to Ms. Bambach's catalog for the exhibit, Pope Leo X is said to have despaired that "one cannot work with him," while Pope Clement VII described the artist as "a man with whom Job would not have had patience for a single day."

The exhibit includes precise architectural drawings and lush figure studies. A room dedicated to the Sistine Chapel ceiling shows how Michelangelo progressed from tentative to bold in his drawings.

"The increasing self-assurance of the artist is noticeable," Ms. Bambach writes in the catalog, between his relatively timid study for the head of the prophet Zechariah and the "powerful drawing" for an imposing figure on the ceiling, a priestess known as the Cumae Sibyl.

A number of sketches hint at the artist's



MICHELANGELO'S 'Unfinished Cartoon for a Madonna and Child' (1525-30).

whimsy, such as a cat tucked into a domestic scene and a donkey faintly visible in his drawing "The Holy Family with Two Angels." Michelangelo reused paper and often crammed poetry and drawings on the same page.

In a letter written in 1519, the artist framed his words with sketches of a bird and the bones of a bird's foot.

The exhibition's name comes both from the poet Ludovico Ariosto, who labeled the artist the "divine" one, and Giorgio Vasari, one of Michelangelo's biographers, who placed him above all artists. The Italian word *disegno* means both a drawing, or a work of art on paper, as well as the conceptual aspect or design element, Ms. Bambach said. Michelangelo's obsession with sculpture and the human body affords his works on paper al-

most a third dimension, she added.

The show borrows from 50 lenders, including museums and private collections, in the U.S. and Europe.

One wall includes a cluster of Michelangelo's sketches of idealized "Divine Heads," many presented as gifts to friends or patrons. Among them is a black chalk rendering of an anguished Cleopatra in an elaborate headdress, her bare shoulders encircled by the asp that some say ended her life. In another, Michelangelo portrays his friend Andrea Quaratesi, a handsome young aristocrat from Pisa, in formal clothes with a pensive gaze.

Late in life, the artist softened his drawing style, Ms. Bambach said, creating works that seem "almost like pure spirit." He died in 1564, two weeks before he would have turned 89.

CASA BUONARROTI, FLORENCE

## MASTERPIECE: 'BIBLICAL SCENES FOR THE [150TH] ANNIVERSARY OF THE REFORMATION' (1667), BY ANNA BUMP

### A VERY MODERN TAPESTRY—FROM THE 1600S

BY PETER PLAGENS

A 12-FOOT-LONG, 21-inch-high tapestry woven in 1667 by a 23-year-old woman named Anna Bump is both a lens through which to look back on an intensely pious moment in northern Germany and a strangely modern-looking work of art. Known more or less officially as "Biblical Scenes for the [150th] Anniversary of the Reformation" (that is, Martin Luther's beginning it by nailing his 95 Theses to the door of the Wittenberg Cathedral), it consists of five horizontally contiguous panels that retell the life of Christ: his earthly birth, teachings, Crucifixion and final Ascension into heaven as "judge of the world." The centerpiece of an exhibition titled "Anna Weaves Reformation: A Tapestry and Its Histories," and accompanied by an elegant small catalog, it's on view at the Museum of European Cultures in Berlin through Jan. 28, 2018.

In the tapestry, hundreds of small figures, with skin rendered in near-white neutrals and clothing in mostly blood- or rust-red, along with details proffered in forest green, almost crowd out the black background. Blue is as rare as heaven, and just as startling when it appears. The pictorial space is as flat as a Parchesi board and equally jazzy. The second panel includes a depiction of two soldiers rolling dice for Christ's robe—a six + one, and a three + four!—that's so cartoonishly simplified it seems almost contemporary. The overall look of Bump's great work lies somewhere between a Hieronymous Bosch vision of heaven and hell and a parade of holy Gumbys.

The first panel depicts scenes from the life of Jesus from his birth to the Temptation, the second from the Last Supper to the Entombment after the Crucifixion. Panels three and four cover the supernatural, from the Resurrection to the Last Judgment. The finale fifth gives us the "agony of the condemned." Select



IT LIES SOMEWHERE between a Bosch vision of heaven and hell and a parade of holy Gumbys.

single words from the Lutheran Bible form a border around the extended narrative.

The border is part of the Gobelin style, whose name derives from a 17th-century French weaving factory. This method of weaving dispenses with knots and, moreover, requires the weaver to work from the back of the tapestry, using a mirror to keep track of progress. Scholars speculate that Bump learned the technique from weavers or sellers traveling through the Dithmarschen region on the coast of the North Sea.

Relatively little is known about Bump. As was the custom for the well-off, her family owned several pews in the church in Hennstedt where it worshiped, and where the tapestry was probably first displayed. Their wealth

gave their daughter the time and materials necessary to complete so taxing a project in less than a year. Bump was probably an inward-looking woman, and it's possible a physical handicap kept her from marrying. The reasons for undertaking the enormous project, however,

likely ran deeper than patronage and pride. The Lutheran Church—the primary societal glue in Dithmarschen—was more a community of equals than the top-down quasi-governmental Catholicism it replaced. Protestantism's mutual equality permitted Bump to weave according to her personal faith and visual imagination.

The path of the tapestry from its creation to its display in the Museum of European Cultures includes two major detours. It somehow

landed in the U.S., either in the belongings of one of the many German immigrants in the late 1800s, or through an art dealer who brought it to America for sale. In 1955 it went to Jerusalem, a gift to the Bezalel National Museum from Jacques Barley, a major player in the American Fund for Israel. Later, after representatives from the Bezalel showed black-and-white photographs of the tapestry at a museum conference in Berlin, negotiations began to return it to Germany. The German Folklore Museum—founded with many Jewish supporters in 1889—agreed to give some of its Judaica collection to the Jerusalem institution in exchange for the tapestry. In 1999, the Folklore Museum was merged with other museums to form the Museum of European Cultures.

"Modernity's radical orientation to the world of the senses," the catalog concludes, "presents an uncompromising obstacle to even a rudimentary understanding of Anna Bump's hope in the eternal."

Is this really true? "Biblical Scenes" may be a late 17th century work of art whose warp and woof even appear Medieval, but with its textile equivalent of large pixels, it makes those of us in the 21st century feel at least partly at home. While fully experiencing the fire of Bump's faith may be difficult for most of us moderns, 3½ centuries after she finished weaving—on the day we now call Halloween—those of us fortunate enough to see this humbly magnificent object in the museum, or the many more who simply view the catalog illustrations, can sense some of Anna Bump's hope for eternity. We may live in a vastly noisier and more secular time than hers, but this stunning tapestry offers us a glimpse of a possible hereafter.

Mr. Plagens is an artist and writer in New York.

Christian  
Louboutin  
knows almost  
as much about  
travel as shoes  
**D9**



# OFF DUTY



How Chevy beat  
Tesla in the race  
to produce a truly  
mass-market  
electric vehicle  
**D11**

EATING | DRINKING | STYLE | FASHION | DESIGN | DECORATING | ADVENTURE | TRAVEL | GEAR | GADGETS

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THE WALL STREET JOURNAL.

Saturday/Sunday, October 21 - 22, 2017 | **D1**



## Room and Smorgasbord

Hotel room service was a dying art. But the rise of in-house celeb chefs and food-delivery services are offering guests new ways to combine privacy and gluttony

**PIG HEAVEN** New York City's Beekman hotel, which offers room service from Tom Colicchio's on-site Temple Court restaurant. Pajama Top, \$228, and Pants, \$268, [sleepyjones.com](http://sleepyjones.com).

BY LAUREN LIPTON

**T**HERE COMES A MOMENT during every long trip when you run out of energy to leave the hotel and forage for a meal, and you begrudgingly consider ordering room service. The food will be mediocre and expensive, but at least you can stay in. My most recent room-service capitulation came during a hectic week in Los Angeles. But instead of the cold fries and soggy Caesar I'm accustomed to, I found myself in my

room at the LINE hotel slurping savory yakisoba noodles delivered to my door from the hotel kitchen. The next night, when my husband and I moved to the SLS Beverly Hills, we tested fate again: We ordered up a burger and a Mediterranean salad, and both were surprisingly delicious. It seems that traditional room service is improving—finally—as hotels adapt to dramatic changes in the way their guests prefer to travel, eat and interact with staff.

At the year-old Beekman in lower Manhattan, guests need not even put on pants to enjoy Dover sole or bacon-wrapped rabbit mortadella

from Tom Colicchio; all the à la carte items from his on-premises restaurant, Temple Court, are available via room service. The Citizen Hotel in Sacramento, Calif., recently launched more "shareable" items for in-room dining, including a whole roast chicken and seasonal side dishes prepared by its farm-to-fork restaurant. The five newest private cabins at the rustic-glam Inn at Dos Brisas, outside Houston, were built with butler's entrances through which the staff can come and go unseen; meals now materialize as if conjured by house elves. Last year the Diplomat

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#### DOLLING UP DIGITALLY

Instructional makeup videos are no longer just for the young **D4**



A THRIFTY TIME WAS HAD BY ALL  
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Our expert found a winning trio **D3**



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These long, linear chandeliers snake way down—sometimes to the floor **D8**



SAVING WINE COUNTRY  
Our wine columnist on the fires devouring California's vineyards and how to help **D6**

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# STYLE & FASHION

FÊTE ACCOMPLI

## Looks of Love

ONE OF THE TRADITIONS of the Golden Heart Awards, an annual fundraiser for God's Love We Deliver held at Tribeca's Spring Studios, is that guests often show up in Michael Kors dresses. The designer has committed deeply to the charity, which brings meals to seriously ill people in the New York City area. In 2015 he was involved with opening a 48,500-sq-ft building for the nonprofit, and every year he bestows an honor for Outstanding Community Service.

This year, that award went to his friend Gwyneth Paltrow, who worried that her long-sleeved silver Michael Kors number was transparent. "This better not be see-through," Ms. Paltrow said, using an expletive somewhere in the middle of her statement.

Other members of the Kors army included Kate Hudson, Maggie Gyllenhaal, Joan Smalls and Blaine Trump. "I love seeing people of every age wearing my clothes," said Mr. Kors, as he surveyed the sold-out room. "My favorite is when people do their own thing." Ms. Gyllenhaal, he noted, threw a print jacket over her printed Kors dress. "It was divine," Mr. Kors said. "I should have shown it that way."

Of course, a few guests bucked the trend. Ariana Rockefeller wore all-black Givenchy purchased this summer in Paris. Theater producer Jordan Roth, who was given the Golden Heart for Lifetime Achievement, chose an Alexander McQueen suit. "I'm having a McQueen moment," he said. At the after party, Leonardo DiCaprio was having a baseball-cap moment as he chatted up models. —Marshall Heyman



GETTY IMAGES (PALTROW); BILL FARRELL AGENCY (7)

### LUST OBJECT

#### THE CAT'S MEOW

What would it feel like to wear Cartier's \$1.56 million panther bracelet? Besides overwhelming, that is?

**THERE IS A NEW kitten** among the cats at Cartier. A descendant of the panther pieces that have prowled the French jeweler's house since 1914, this feline has a functional heartbeat, so to speak. The 62.48-carat oval ruby that the cat cradles is a hinged lid that flips open to reveal a watch.

The covetable piece is part of the Résonances de Cartier collection of high jewelry designed around the qualities of gemstones: their shapes and colors. "The serene attitude of the panther, lying down and protecting the stone, was inspired by the

cabochon-cut ruby," explained Pierre Rainero, Cartier's director of image, style and heritage. The bracelet's price, however, may rattle whatever serenity you possess yourself: Based on the current exchange rate, it will set you back about \$1.56 million.

**Why it's so very expensive** The creation of a high jewelry piece parallels the couture process in fashion: It took over 1,000 hours to make the white-gold-and-ruby watch. Over 30 carats of diamonds sparkle on it. Teensy emeralds accent the cat's eyes; black onyx forms its spots.

**Where we'd wear it** We'd bide our time until the next black-tie occasion and pair it with an entrance-making look such as Balenciaga's pointedly bold polka-dot couture gown.

Yet, "It's a playful piece," said Mr. Rainero. Might it not be amusing to clasp on when taking your Shiba Inu pup to the dog park in jeans? No, it wouldn't. We'd be too anxious about saliva damage.

**How we'd feel wearing it** While some might find it gaudy, to us, it's legitimately grand and telegraphs high

drama, and not of the cheesy Broadway "Cats" variety, despite the big kitty connection.

Whoever wears it must be comfortable attracting a lot of attention, even controversy. After all, everyone from the Duchess of Windsor to Jay Z has been seen in the klieg lights in their own gem-encrusted Cartier panther. That's interesting company.

If you want to take a closer, wistful look, it will be in the Cartier Haute Joaillerie Exhibition with other high jewelry pieces at the Cartier Fifth Avenue flagship in New York from Oct. 21 to 29.



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## STYLE & FASHION

**THE WATCH MAN** HOROLOGICAL EXPERT MICHAEL CLERIZO ANSWERS YOUR TIMELY QUESTIONS



# Penny-wise Advice on Mechanical Watches

**Q** I'm paying off my student loan and about to take on a mortgage. I want a good mechanical watch, but the price has to be really low—less than \$250. Is there any hope?

**A** Mechanical watches often seem out of reach for many people, partly, I think, because of watch writers like me. We hyper-ventilate about timepieces by famous brands with price tags that cause billionaires to mutter: "Hmm, not sure I can afford this. I think I'll buy that aircraft carrier instead."

Let me make up for my past excesses and provide some reassurance: *Good mechanical watches can be had for \$250 and less.* Of course, you have to make certain sacrifices, so let's start with full disclosure on what exactly you give up when you buy such a thrifty watch.

The first thing is weight. Unlike many expensive watches, a sub-\$250 one will likely be lightweight

and less effective when it comes to toning your bicep. Why the diminished heft? Affordable watches are made with fewer traditional brass and steel components than you'll find in pricier models, and the case and the movement parts are typically thinner.

You also give up the human touch. While most affordable versions are still assembled by hand, computer-controlled machines rather than skilled workers produce their parts. In addition, a \$250 watch offers little or none of what the watch industry calls "finish"—or what results, when a team of dedicated crafts-people polish, engrave, decorate, gild and bevel the edges of a movement's components in a time-consuming and expensive process.

What you won't be giving up, however, are reliability and accuracy. The watch industry knows how to produce affordable movements that keep ticking. And, at that price, you can still get good design, innovation or extra features, called complications, that provide information beyond time.

One watch to consider in this price range is the Defender from the Japanese brand Orient. It boasts a Japanese movement and design inspired by military watches. The watch's dark gray or black dial features luminous white hands—marking hours, minutes and seconds—that are easily visible in low-light situations.

As for the Defender's complications: a sub-dial indicates the day of the week; a 24-hour dial gives you military time; and a window located at six o'clock displays the date. Significantly, the Defender is



**TIME FOR CHANGE** From left: Defender Watch, \$250, [orientwatchusa.com](http://orientwatchusa.com); Sistem Ash Watch, \$150, [swatch.com](http://swatch.com); Seiko 5 Automatic SNZG15 Watch, from \$80, [amazon.com](http://amazon.com)

water-resistant to 100 meters underwater, a claim many dearer watches can't make. Even with an unapologetically sporty, stainless-steel case, the Defender can coexist comfortably with a suit.

Though Seiko, another Japanese brand, forges its share of grand timepieces, it also creates a range of low-cost, dependable mechanical watches in its Seiko 5 Collection. By low cost, I mean under \$100.

One model, the SKN809, also takes its cues from military design with a black dial and luminous markers—hours on an inner ring,

minutes and seconds on outer rings. Complications include a day/date display at 3 o'clock. If you're headed to a San Sebastian pintxos bar, flip the day setting from English to Spanish to promote the illusion that you're passably bilingual.

With a stainless steel case, a canvas strap and the choice of a beige, blue or green dial, the watch is consummately casual.

Now for the Swiss option (you knew there would be a Swiss option, didn't you?): I suggest looking into a Swatch Sistem 51. While a standard mechanical watch has

around 130 components, this admittedly simple watch makes do with 51. Any brand that can create a mechanical watch that handsomely functions with only 51 components impresses me.

There's also a noteworthy range of looks in the collection. The first 51 debuted in 2013 with a bluish, Star Trek-esque dial. A slew of others with more sober countenances followed, like the version shown here with its eminently readable numbers and rubbery band, yours for an equally sobering price: \$150.

Good luck with the mortgage.

You often don't have to give up good design or features in a \$250 watch.



### FAST FIVE

## URBANE JUNGLE

This fall, combat boots are both officers and gentlemen

**SOPHISTICATED**, even formal, these military-inspired boots are work-appropriate. Shiny or matte pebbled leathers elevate the sturdy surplus-store classic. From left: 1. Burford Boots, \$670, [trickers.com](http://trickers.com) 2. Leander Boots, \$315, [grenson.com](http://grenson.com) 3. Barolo Boots, \$1,100, Bottega Veneta, 800-845-6790 4. Alfie Boots, \$1,100, [santonishoes.com](http://santonishoes.com) 5. Vladimir Boots, \$545, [usonline.apc.fr](http://usonline.apc.fr) —Jacob Gallagher

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## STYLE & FASHION

# Vanity, Thy Name Is YouTube

Most people think makeup videos are for millennials, but a new breed of addictive how-tos are taking mature viewers hostage, too

BY SHERRI GARDNER

**S**OME 10 YEARS ago, before YouTube launched in 2006, women had limited options when it came to learning how to apply makeup. They could look at magazines' beauty pages, or subject themselves to a makeup-counter makeover; perhaps ask a know-it-all sister how to wield a sable blush brush. "I just started experimenting when I was about 15," said Karen Kelsky, 53, the founder and president of The Professor Is In, a career development service based in Eugene, Ore. But for the past two years, Ms. Kelsky has found it "challenging to figure out what products work for middle-aged skin." Testing them was costly, ineffective and time-consuming.

A growing number of online makeup tutorials play to over-35 viewers.

So she turned to YouTube beauty tutorials, long thought to solely target 'tweens, teens and millennials desperate to rip off Rihanna's swoopy eyeliner effect or diamond-studded nails. What she found was a growing number of beauty vloggers—such as makeup artist Lisa Eldridge and Alissa Zinnerman of Alissa Ashley—who addressed her older-woman concerns. Beauty channels such as Monique Parent or Hot and Flashy ("a very funny name," said Ms. Kelsky) cater to her generation.

While channels aimed at millennials still draw the largest audience, the growing number of viewers over 35 have different needs where beauty tutorials are concerned. The most important factor is time. "I look for videos that are short and

precise," said Anwar Kishawi, 50, a bank vice president in Chicago. For Janet Manley-Norkin, 36, a senior features editor at Romper, a parenting advice website based in New York City, "every YouTube video is too long. There is too much talking."

These time-conscious viewers have options. Timed tutorials such as "My 5-Minute Makeup Look" by Ms. Eldridge, where a clock ticks down as she goes from a scrubbed face to a makeup enhanced one, are popular. So too are videos that speed through boring interludes, sequences during which, say, the vlogger interminably blends in face primer. Sugar Puff and Fluff's vlogger Nisha shortened a "Hooded, Droopy Eyes" video; while it's still long (19 minutes), it now has over 2.3 million views. Ms. Kishawi simply fast forwards, she said: "I skip a lot. On a 10-minute video, I might watch four minutes total."

Most older women prioritize videos that focus on natural-looking makeup over goth extremes. Kristine Hernandez, a 51-year-old bookkeeper in Orange County, Calif., searches for vloggers who are aware that women over 50 rarely covet sooty raccoon eyes. "Most are for very young people and involve lots of makeup," she said. Ms. Eldridge, who is also creative director at Lancôme, a beauty brand known for its age-aware marketing, does videos that address the needs of those with older skin, or skin affected by rosacea and vitiligo. Alissa Ashley's Ms. Zinnerman offers tips for "fresh-faced makeup."

Of course, older women sometimes like to glam it up or be edgy. Ms. Hernandez perfected her cat-eye swoop, she said, by watching the Cherry Dollface channel. Mykie, the L.A.-based vlogger behind the Glam & Gore channel, has a few minute-long videos of techniques that work for any age. But feel free to skip the "Red Glitter Eyebrows" portion of her curriculum unless you want to scare Halloweeners.



WENJIA TANG

## Daring

**HELLO DALI** A glimpse into the galleries of "Dali & Schiaparelli," an exhibition in St. Petersburg, Fla., running through Jan. 14.



## THE MUSEUM OF MODERN...SHOPPING?

These major fashion exhibits offer more than just a style education: They also function as boutiques

BY KIMBERLY CHRISMAN-CAMPBELL

**IF FALL'S MUSEUM** fashion exhibitions put you in the mood for a shopping spree, you won't have to go far to flex your Amex. The institutions' gift shops have been stepping up their game after the success of shows like the 2011 blockbuster "Alexander McQueen: Savage Beauty" at New York's Metropolitan Museum. Beyond the usual T-shirts and coffee mugs, visitors can score limited-edition fashion pieces they can't buy anywhere else.

"Dali & Schiaparelli" at the Salvador Dali Museum in St. Petersburg, Fla. (Oct. 18-Jan. 14) celebrates both the friendship between Surrealist artist Salvador Dali and couturière Elsa Schiaparelli and the duo's clever collaborations, among them the Shoe Hat from Schiaparelli's Winter 1937-1938 couture collection. While the infamously bizarre shoe hat isn't for sale, the museum shop is hawking a relevant reproduction: Dali's 1949 Ruby Lips brooch, which is modeled, like his Mae West Sofa (also on display), on actress Mae West's lips.

Museums that once avoided explicitly commercial fashion exhibitions that might blur the line between gallery and gift shop are increasingly featuring living designers and active labels. "Items: Is Fashion Modern?" at New York's Museum of Modern Art

(through Jan. 28) singles out 111 iconic garments and accessories, such as the little black dress and the white T-shirt. MoMA Design Store merchandisers reached out to a dozen designers and brands, including Issey Miyake, Champion and Ray-Ban to do MoMA-branded versions of items, said Emmanuel Plat, director of merchandising at MoMA Design Store. Issey Miyake's 1980 cotton turtleneck, for example, is now in seamless polyester. The museum shop serves as an extension of the curatorial concept.

The theme of workmanship runs through three major exhibits: "Balenciaga: Shaping Fashion" currently running at London's Victoria & Albert Museum (through Feb. 18); "Volez, Voguez, Voyagez—Louis Vuitton," which highlights the history of the company's leather goods at the American Stock Exchange building in lower Manhattan (Oct. 27-Jan. 7); and "Veiled Meanings: Fashioning Jewish Dress" at New York's Jewish Museum (Nov. 3-March 18). In all three cases, stylish souvenirs are on offer: from a Balenciaga-inspired blouse and a Louis Vuitton bag to scarfs patterned after the Jewish Museum show's ornate Uzbekistan scarfs (all shown left).

Selfishly, we're secretly hoping that MoMA will merchandise a version of the iconic silver Elton John platforms on display before "Items" closes up shop.

\*

## EATING & DRINKING

# Dessert Should Always Be Imminent

Do as pastry chefs do, and keep a stash of your favorite cookies, cakes and other sweet treats in the freezer, ready to bake

BY GABRIELLA GERSHENSON

**A**S I WRITE this, I'm nibbling on a warm, gooey chocolate chip cookie I baked on a whim, without any messy measuring or mixing. It's a trick I learned from home-baking guru Dorie Greenspan: Make the dough, portion it out with an ice cream scoop, freeze those nuggets of goodness, then bake them on demand. The upside? Hot cookies in 10 minutes, whenever you feel like it. The downside? Hot cookies in 10 minutes, whenever you feel like it.

I've discovered that professional pastry chefs are also in the habit of stockpiling desserts. While savory chefs fixate on cooking to order, the unspoken craft of pastry lies in working ahead—way ahead.

At Walnut Street Café in Philadelphia, head baker Melissa Funk Weller, a veteran of restaurants such as Babbo and Per Se, pulls many of her pastry goods—scones, pies, cookies—straight from the

The unspoken craft of pastry lies in working ahead—way ahead.

freezer. "All we do is pop them in the oven in the morning," said Ms. Weller. "It's just a matter of how much can you do ahead. You want to make the work for the person who comes in the next day easy."

Freezing isn't just about time management. Certain foods improve after they've had a chance to rest. "When you age dough, sometimes it tastes better," said Ms. Weller. "That's the case with bread, and it's the case with some cakes, too." One such dessert is a zucchini-olive oil cake she adapted from the late Gina DePalma, another Babbo alum. To appeal to health-conscious customers, Ms. Weller makes the recipe vegan by using a binding mixture of flax meal and water in place of eggs. "We have six of them in the freezer at a time," she said. "There's no shame in it." And because the cake contains olive oil and zucchini, it actually gets more moist each day after baking, even after it's thawed. "It keeps so well, it's amazing."

More-elaborate desserts get the make-ahead treatment, too. Natasha Pickowicz, the pastry chef at Flora Bar and Café Altro Paradiso in New York City, has earned a reputation for her finely honed seasonal fruit crostatas. "Baking from frozen is the key to their success," she said of her single-crusted pies. "That's

how you're going to get the best bake." The walk-in freezer at Café Altro Paradiso always contains a week's worth of crostatas stacked on sheet trays, ready for prime time. "It's like a party trick," she said. "You can just throw it in the oven. It's like having a frozen pizza—but you made it."

And it's just a superior way to make a tart. For starters, freezing preserves fruit at its peak. "It will hold its shape, it won't oxidize or color, it won't mush out or ripen," said Ms. Pickowicz. Then there's the crust, which must be flaky. To achieve this, she makes dough speckled with bits of butter, and freezes the crostata solid. It hits the oven, and magic happens. "When you flash pastry at high heat you're shocking it," she said. "As the butter melts it creates steam, and the force of the steam separates the layers of flour and creates the flakiness. If the butter is really cold, it doesn't melt out right away."

Not all frozen desserts are destined for the oven. Hillary Sterling, the chef at Vic's, an Italian restaurant in Manhattan, swears by her semifreddo, a three-ingredient

wonder made from honey, egg yolks and heavy cream that comes to the table frozen—or, "semi-frozen," the literal translation of the name. "I like semifreddo because we can make it in one large batch and slice it when we need it, and the texture of it never changes," she said of the creamy dessert. "The honey brings down the freezing point, and the egg yolks prevent the semifreddo from being icy, and keeps it all together. It's like a cold slice of fluff."

Though Ms. Sterling molds her semifreddo in a large terrine, you can use a simple loaf pan, or even muffin tins for individual portions. "These desserts are designed for quick plating," she said. For home cooks, it's remarkably convenient. "You can make this on Tuesday if you're having a dinner party on Saturday," she added. "It's all good."

► Find a recipe for early-fall crostata at [wsj.com/food](http://wsj.com/food)



### Zucchini Olive Oil Cake

This cake offers the surprising benefit of becoming more moist each day after it's baked. It's an ideal cake for breakfast, a snack or dessert. It also happens to be vegan. If you want to fancy it up a bit, ice the cake with a simple citrus glaze.

ACTIVE TIME: 30 minutes TOTAL TIME: 1½ hours SERVES: 8 to 10

For the cake:

Nonstick cooking spray  
1½ cups flour, plus more  
for dusting  
3 tablespoons flaxseed  
meal  
½ cup whole-wheat

pastry flour

¾ teaspoon fine sea salt  
1 teaspoon baking powder  
½ teaspoon baking soda  
½ teaspoon nutmeg  
2 small to medium,  
zucchini, trimmed

1 cup plus 2 tablespoons

granulated sugar  
Zest of 1 orange  
⅓ cup extra-virgin  
olive oil  
For the citrus glaze  
(optional):

2 tablespoons lemon

juice  
2½ tablespoons orange  
juice  
1 cup powdered sugar,  
sifted

1. Make cake: Place rack in middle of oven and preheat to 350 degrees.

Spray a 9-inch springform pan with nonstick cooking spray and dust inside with flour, tapping out excess.

2. In a small bowl, combine flaxseed meal and 3 tablespoons warm water, and mix to combine. Set aside and let mixture soak 10 minutes.

3. In large bowl, whisk together whole-wheat pastry flour, salt, baking powder, baking soda and nutmeg. Set aside.

4. Place a box grater on a clean kitchen towel. Grate zucchini on large holes of grater. Wrap grated zucchini in

towel and wring out as much water as possible. Set aside.

5. Use an electric mixer fitted with paddle attachment to beat sugar and orange zest on low speed until zest is evenly distributed, about 20 seconds.

Gradually add olive oil and beat on medium speed until incorporated, 30 seconds. Add soaked flaxseed meal and beat on medium speed to aerate and emulsify batter, 1 minute. Add zucchini, and mix on low speed to distribute.

6. Pour batter into prepared pan. Use

a spatula to smooth surface. Bake until cake is brown on top, pulls away from sides of pan and springs back when gently pressed, 55–60 minutes. Cool in pan 10 minutes. Remove sides of pan and let cake cool slightly on rack.

7. Meanwhile, make citrus glaze: In a small bowl, whisk together lemon and orange juices and confectioner's sugar until no lumps remain. Place a baking sheet under cooling rack. Use an offset spatula to spread glaze over cake.

—Recipe adapted from Melissa Funk Weller of Walnut Street Café, Philadelphia

### Honey Semifreddo With Toasted Almonds

ACTIVE TIME: 30 minutes TOTAL TIME: 8½ hours (includes freezing) SERVES: 6–8

½ cup honey, plus more  
to drizzle

8 egg yolks

1 cup heavy cream

Chopped toasted  
almonds, to serve

1. Spritz a 9- by 5-inch loaf pan with water, then line pan with plastic wrap, leaving a generous overhang on

long sides.

2. Attach a candy thermometer to a small saucepan. Pour in honey, set over medium heat and heat to 240 degrees.

3. Use an electric mixer to beat egg yolks at low speed. With motor running, slowly add heated honey in a

steady stream. Continue to beat until mixture is pale and has doubled in volume, about 7 minutes.

4. In a medium bowl, beat cream until stiff peaks form. Fold whipped cream into yolk mixture. Pour mixture into prepared pan, smoothing surface with a spatula.

Fold plastic wrap overhang across surface to cover, and freeze overnight.

5. To serve, slice semifreddo into 2-inch-thick slices. Sprinkle chopped toasted almonds over top and drizzle with honey.

—Adapted from Hillary Sterling of Vic's, New York

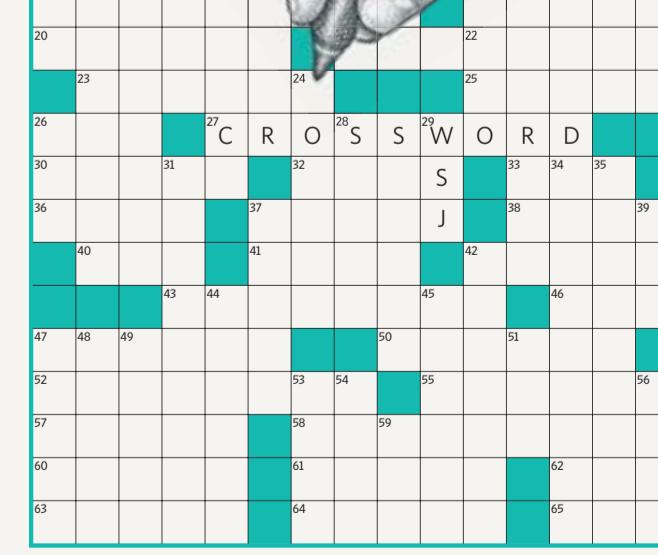
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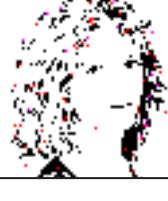


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## EATING & DRINKING

ON WINE LETTIE TEAGUE



# What Can We Do to Help Wine Country?

**THE WORDS** "wine country" usually evoke a verdant landscape of vineyards and rolling hills, not burned-out buildings and scorched earth. But that's what parts of California look like right now. Napa and Sonoma have been under siege by fires these past two weeks. As winery owner Sam Coturri of Sonoma's Winery Sixteen 600 put it, "Wine country is being attacked by a faceless, malicious enemy."

With multiple fires all over both counties and in neighboring Mendocino and Solano as well, it's impossible to predict the ultimate impact of the conflagration that consumed this beautiful part of the world. Wineries, hotels, restaurants and vineyards, not to mention thousands of homes, have been destroyed; as of this writing, at least 42 people have died and many are still missing. The fires are the worst in the history of California. And yet the winemakers, grape growers and vintners I spoke with last week ended their stories of struggle and loss on a note of resiliency and a shared sense of community.

"Winemakers are being helped by winemakers, growers are being helped by growers. There is a total collective approach that's not surprising, but it's beautiful to see," said Jeff Bundschu, president of Gundlach Bundschu winery in Sonoma. Mr. Bundschu's family has been making wine in Sonoma for 160 years, and they've dealt with various fires as well as earthquakes over the years. On his Facebook page, Mr. Bundschu has been chronicling the current fires, sometimes hour by hour, often including photographs of the "local heroes"—firefighters and first responders.

The Bundschus and their winery staff began battling the flames themselves on the night of Sunday, Oct. 8, when the fires in both counties began, and worked until the flames subsided on the 14th. A concert at the winery had just ended when Mr. Bundschu noticed "an orange ball" on the ridge of the Mayacamas Mountains that divide Napa and Sonoma. Fires aren't unusual in wine country at this time of year, when the air is dry and the



JOHN W. TOMAC

winds are strong, but this one looked uncommonly large. Mr. Bundschu called his parents at their home at the bottom of the ridge, warning, "There's a glow coming. Pay attention to it."

Mr. Bundschu's father, a former firefighter, tried taking on the flames with a garden hose but soon evacuated. Less than two hours later, his house burned down. The family and their winery team spent the rest of that night and early morning fighting the fires that soon surrounded their winery. Jeff Bundschu called 911 three times before finally reaching someone who was almost in tears. "He said, 'I can't help you. There's no one to send,'" Mr. Bundschu recalled.

The Bundschus fought to save their winery through the night and the rest of the week, before the flames in the immediate area abated and the winery emerged unscathed. Meanwhile, in nearby Glen Ellen, Sonoma Valley, Lauren Ben-

ward Krause and her family were desperately trying to save their family's historic Beltane Ranch Estate Vineyard. "The air was dry and the winds were almost howling," Ms. Benward Krause said. "We were surrounded 360 degrees by the fire." The sound of trees falling and propane tanks exploding was terrifying, she said.

Ms. Benward Krause and her family, along with their neighbors, battled the blaze until the fire department arrived and brought ranch guests and animals to safety. They worked with shovels and rakes; a neighbor arrived with a tanker truck of water. And while they lost a great deal of wine as well as a few guests' cars, they saved the important buildings—and escaped with their lives.

Chris Benziger, a vice-president of Benziger Family Winery, was at home in Nuns Canyon, Sonoma, when the fires began. He described his ordeal as "like being in the middle of Fourth of July fireworks" as he and his family escaped their burning house. When we spoke last week, he had just been "chased out" of their evacuation house in Sonoma by another fire. "We have no place to live right now," he said. Like many Sonoma vintners, Mr. Benziger was in the middle of harvest when the fires began, and he estimated that some 30% of his grapes had yet to be picked. The grapes he did harvest were fermenting in his Sonoma winery, but

with the evacuation order still in effect, he couldn't get in there at all for a couple of days. "There are power lines down, open propane tanks, a thousand booby traps," he said. Later that week, his crew was able to get to the winery, under police escort, for just a few hours at a time.

**'Napa Valley will get back to business. Supporting our wines in the international and national markets will help us.'**

Aaron Pott of Napa Valley's Quixote Winery, who is a consulting winemaker and also produces wine under his own label, was actually able to ride his bike past the police blockade set up along Napa's Silverado Trail last week to reach his winery and visit his clients. In Napa, the fires started high in the hills of the Atlas Peak area—where residents had to be rescued by helicopter—and crept along the southern end of Silverado Trail, completely burning down Signorello Estate, a fixture in the region since 1977, as well as homes on the nearby Silverado Resort and Spa. Mr. Pott was "hiding out" at his winery when we talked via FaceTime. (Cell service has been

spotty.) His family had evacuated their home on Mt. Veeder, across the Valley from where Mr. Pott was huddled in the Stag's Leap district. With his wife and children safe in San Francisco, Mr. Pott remained at the winery, tending to the wine, working by candlelight when the power went out and putting out small fires set by drifting sparks—one of which came within 15 feet of a diesel tank, he reported rather nonchalantly. He was pretty sure his vineyard and his house had burned down but chose to look on the bright side. "My only solace is that we have a lot of rodents in our house and they might all be dead," he said. When I checked in a few days after our call, Mr. Pott reported that his house and vineyard had both survived, but his immediate neighbors weren't so fortunate.

While parts of Napa and Sonoma remain untouched by the fires, no one is untouched by their neighbors' plight. The Martinellis in Russian River Valley, Sonoma, opened up their property to evacuees who needed a place to keep their cars. Lee Martinelli, Jr., has also been helping newly homeless friends find places to live. "A lot of people I know got out with just what they were wearing," Mr. Martinelli said.

At Pride Mountain Vineyards, which straddles the Napa-Sonoma line on top of Spring Mountain, Stuart Bryan, family member and winery principal, noted that so far the fires had spared them. But he was concerned about erroneous reports he'd heard. "I saw a television reporter standing in an empty vineyard talking about 'smoke taint' in the wines," he said. "That field was completely empty; the grapes had been harvested." He added that the Napa harvest was "about 90% complete" when the fires began.

Misinformation and fear that people will stay away from the region are among producers' long-range concerns. Of more immediate urgency is ensuring the safety, well-being and livelihood of their staff. Local residents need jobs and places to live. They also need people to buy their wine.

There is wine in barrels, tanks and bottles already on the market. "Napa Valley will get back to business," said Ray Signorello, Jr., whose Napa winery burned to the ground. "Supporting our wines in the international and national markets will help us." Sonoma producer Sam Coturri echoed that thought: "My message to the world is, 'Send money to our relief efforts and buy our wines. Life around here depends on people buying our wine.'"

► Email Lettie at [wine@wsj.com](mailto:wine@wsj.com).

### HOW TO HELP NOW// Local Organizations Accepting Donations

The **Napa Valley Community Foundation** has mobilized a Disaster Relief Fund ([napavalleycf.org/fire-donation-page](http://napavalleycf.org/fire-donation-page)). Community Foundation Sonoma County has set up the Sonoma County Resilience Fund ([sonomacf.org/sonoma-county-resilience-fund](http://sonomacf.org/sonoma-county-resilience-fund)). The **Community Foundation of Mendocino County** administers the Disaster Fund

for Mendocino County ([community-found.org/for-donors/donate-today/community-funds/disaster-fund-for-mendocino-county](http://community-found.org/for-donors/donate-today/community-funds/disaster-fund-for-mendocino-county)).

Rebuild Wine Country is a wine industry and **Habitat for Humanity** partnership to raise funds to rebuild homes destroyed by the wine country fires ([rebuildwinecountry.org](http://rebuildwinecountry.org)). —L.T.

### SLOW FOOD FAST SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES

## Rib-Eye Steaks With Lemon-Herb Butter



**The Chef**

Erin French

**Her Restaurant**

The Lost Kitchen,

in Freedom, Maine

**What She's Known For**

Making her tiny town a dining destination.

Forthright New England cooking punctuated with fresh surprises.

**ONE NIGHT**, exhausted after a long shift at her previous restaurant, Erin French made the questionable choice of logging on to TripAdvisor to check her reviews. Sure enough, she found a blistering critique of a steak she'd served. But she did not become dejected. "I became obsessed," she said. "I needed to know where I'd gone wrong. I researched and cooked steak after steak until I understood the rules."

Six years later and at the helm of the Lost Kitchen in Freedom, Maine, Ms. French has mastered the steak. For her third Slow Food Fast recipe, she shares her go-to rib-eye, seasoned with nothing more than salt and pepper, finished with a

scrumptious lemon-herb compound butter.

Ms. French advised that the pan should be ripping hot before you lay in the steaks. "Let the meat sear and smoke up your kitchen," she said. (Those with sensitive smoke alarms will want to turn on a fan.) A couple minutes before cooking is complete, baste the steaks with plain butter. Let the meat rest at least five minutes before serving, to allow the juices to redistribute. Then dot the juicy rib-eyes with the lemon-herb butter.

Ms. French's steaks now draw rave reviews from her guests. "This recipe taught me patience and timing," she said. "I pushed to do better." —Kitty Greenwald

TOTAL TIME: 20 minutes SERVES: 4

**Kosher salt and freshly ground black pepper**  
**2 (14-ounce) rib-eye steaks**  
**8 tablespoons (1 stick)**  
**unsalted butter, at room temperature**

**1 tablespoon chopped fresh marjoram**  
**1 tablespoon chopped fresh dill**  
**2 teaspoons chopped fresh thyme**

**Finely grated zest of 1 lemon**  
**2 tablespoons canola or vegetable oil**

1. Season steaks generously with salt and pepper. Set meat aside at room temperature.
2. Meanwhile, make lemon-herb butter: Use an electric mixer to whip 6 tablespoons butter until pale and fluffy, 2 minutes. Whip in  $\frac{1}{2}$  teaspoon salt, marjoram, dill, thyme and lemon zest until combined. Refrigerate until firm.
3. Set a large, heavy pan over medium-high heat. Pour in oil and sprinkle meat lightly with more salt and pepper. Once oil is very hot and beginning to smoke, lay in steaks, making sure not to overcrowd. (Cook in batches if nec-

sary.) Once one side is nicely browned, after 3-4 minutes, flip steaks and sear reverse side. Continue to cook steaks to medium-rare or until a meat thermometer inserted into the thick part of meat reads 135 degrees, 7-8 minutes. A couple of minutes before cooking is complete, add remaining plain butter to pan. Once butter has melted, spoon it over meat to baste. Transfer steaks to a cutting board and let rest at least 5 minutes before serving.

4. Dot meat generously with lemon-herb butter and serve immediately.



**BURN NOTICE** For a good, flavorful sear, the pan must be smoking hot before you lay in the steaks.

# DESIGN & DECORATING

## Art Deco By Way of Shanghai

These jazz-era carpets raise the question:  
Who even knew China had a jazz era?

BY DORIS ATHINEOS

**IN 1925, SHANGHAI** was the world's third largest city, known as the Paris of the East. That year, France hosted the Exposition Internationale—the fair that promoted modern design in the decorative arts, which came to be known as Art Deco—with a Chinese pavilion by Paris-trained architect Liu

'You don't see this palette in Persian or other Chinese rugs.'

Jipiao. Within a couple of decades, a crescent of Art Deco banks and hotels rimmed Shanghai's waterfront, many still standing.

Though few people associate the luxurious but pared-down interwar style with China, interior designers today are mining that country's iteration of Art Deco, especially the vibrant, sparsely patterned carpets that came out of Tianjin and sold in Shanghai. Ramin S. Hakimi of the Antique Rug Studio in Manhattan said he recently shipped some to a new boutique hotel in Charleston, and

added that hotelier Sean MacPherson, the man behind New York hipster hotels the Ludlow and the Jane, ordered a stack for his forthcoming reboot of the city's storied Hotel Chelsea. (Mr. MacPherson's publicist could not confirm the rugs will feature in the final design.) And in a Manhattan apartment, color-besotted designer Miles Redd planted a lavender-fielded rug in a little girl's bedroom.

"You never see this palette in Persian or other Chinese rugs," said Mr. Redd. "Turkish rugs are reds, browns and navy." In the Chinese Art Deco carpets, central expanses in heady amethyst purple, emerald green, citrine yellow, fuchsia, teal and midnight blue are scattered with peonies and pagodas rendered in a simplified, stylized manner. Bamboo stalks and weeping willows sweep across the wide, contrasting borders. The late Elizabeth Bogen, a scholar of Chinese Art Deco rugs, observed that their designers clearly studied abroad and were exposed to Art Nouveau, Fauvist and Cubist art.

"It's not hard-edge Deco," explained Manhattan rug consultant Peter Saunders of the floral motifs found in circa-1920s rugs. By the 1930s, the borders had entirely dis-



PHOTO: WARNER OTTO ARCHIVE (INTERIOR)

appeared and flowers had given way to bolder, geometric shapes more commonly associated with Art Deco.

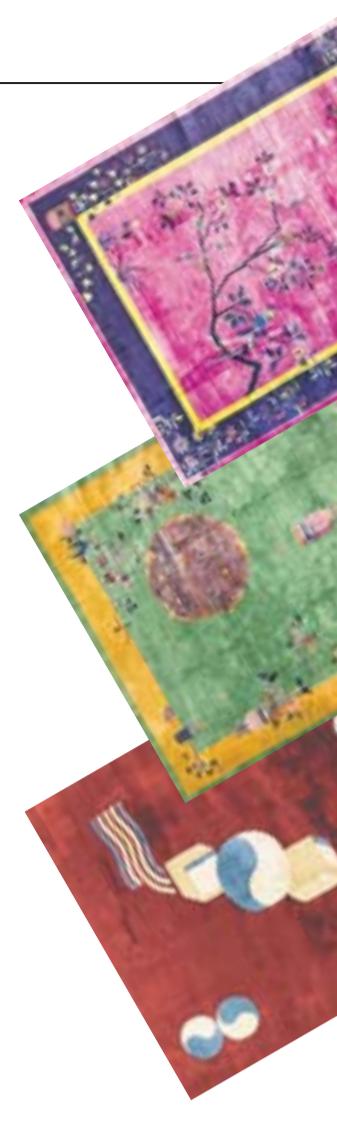
The lustrous, deep-pile heavyweights boast distinctive motif placement as well. "Peking rugs [feature] more allover patterning, usually with a central medallion," said Mr. Saunders, whereas most Deco designs are asymmetrical.

"Asymmetrical is anti-Persian and anti-Chinese," said Elisabeth Poole Parker, a consultant and former international head of Christie's carpet department, with a laugh. "You would never see wildflowers in one corner but not the other on traditional rugs."

The best-known manufacturer was Walter Nichols, a New Yorker who operated

from Tianjin, China, until he fled the invading Japanese in 1935. His wool carpets were sold in Shanghai, and in the U.S., through luxury department stores such as B. Altman and W. & J. Sloane. "He stamped his rugs 'Made in China by Nichols' on the backside of the woven fringe," said Mr. Hakimi.

Design pros value the carpets' aesthetic versatility.



**DECO-RATED**  
Left: In a Brooklyn brownstone, WRK Design paired a Chinese Art Deco carpet with a markedly modernist Saarinen chair. Right from top: Eli Peer rug, 6 feet by 9 feet, \$5,000, 1stdibs.com; 9 feet by 12 feet, \$8,000, antiquerugstudio.com; similar styles available at dorisleslieblau.com

WRK Design paired a blue example with an emphatically modern red Saarinen womb chair and a plastic storage table (see above). For the aforementioned girl's bedroom, Mr. Redd gave his lavender rug a more traditional spin, pairing it with a Louis XV chair in green velvet and trellis wallpaper—albeit on the ceiling.

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## DESIGN & DECORATING

# Hang 'Em High

Vertical statement chandeliers don't merely illuminate art. Hung from the ceiling to as low as the floor, they are the art



**BEAM ME DOWN** In a converted Charleston, S.C., carriage house, a long Workstead Lodge Pendant eliminates the need for a bedside table lamp.

KATHRYN O'SHEA-EVANS

**T**HOUGH IT'S somewhat hackneyed, the adage that one can never be too rich or too thin certainly applies to the latest "it" chandeliers, which are both exceedingly lanky and fashioned of opulent materials. Many are meant to hang from ceiling to floor and—in the manner of certain nosy socialite dinner guests—are migrating far beyond the dining room, making themselves comfortable in any part of the house.

Take the new Kingdom Column Chandelier, created by Karl Zahn, design director of Lindsey Adelman Studio in New York. The vertical strand of glass teardrops represents a radical departure from Ms. Adelman's influential Branching Bubble chandeliers—treelike systems of rods and blown-glass globes so popular they've inspired scads of knockoffs.

"Kingdom Column is still in our comfort zone of metal and glass, but Karl took it in such a different direction," said Ms. Adelman. The column can be shortened for use over a dining table, but Ms. Adelman added that the studio "has been doing a lot of proposals these days for long, skinny chandeliers."

The idea was to make a fixture that was really long and customizable and could be really extreme.'

"The idea was to make a fixture that was really long, customizable and could be really extreme," said Mr. Zahn, who noted that the design was inspired by a succulent plant called burro's tail, whose plump orzo-like leaves spring from trailing stems. "Architecture can be stark, and statement chandeliers help make the cubes we live in feel alive."

Compared with the wide-armed glitz of Versailles-style chandeliers, these vertical options serve as visual exclamation points in a room, their powers of illumination almost besides the point. "People perceive

these not just as fixtures but as part of their overall art and design collections," said David Alhadoff, founder of The Future Perfect, which sells fixtures by Ms. Adelman as well as ones by London-based designer Michael Anastassiades.

In April at Salone del Mobile in Milan, Mr. Anastassiades launched Mobile Chandelier II, an almost 6-foot fixture inspired by artist Joan Miró that suggests two full moons tethered to curlicues of whisker-thin black wires. "Michael's silhouettes are all about restraint, but this has more whimsy to it than previous iterations," said Mr. Alhadoff.

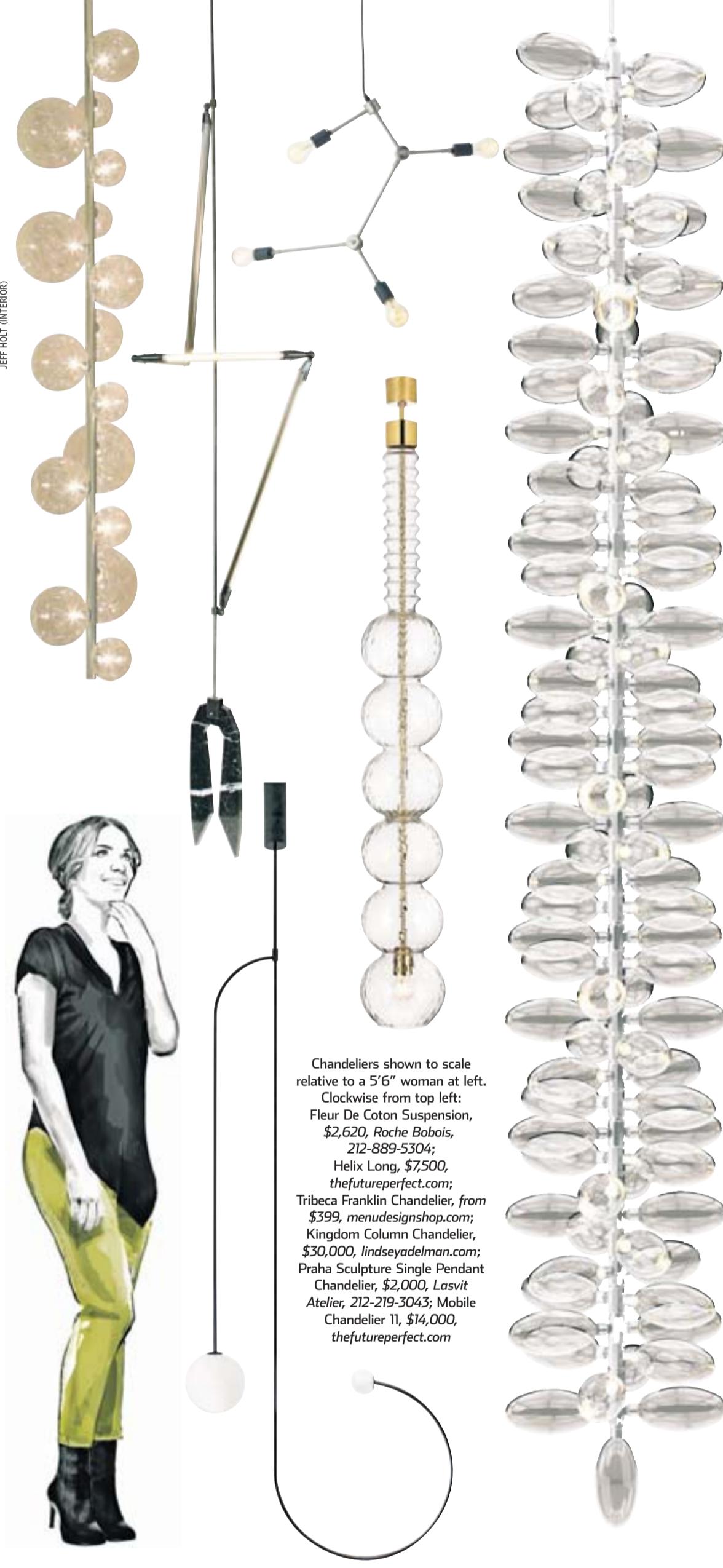
Attenuated chandeliers function variously. "If you have a room with a 9-foot ceiling, you could drop a long, skinny chandelier in the corner, and then it replaces a floor light," said Ms. Adelman, who also noted an increase in requests for lights that plunge almost interminably down a stairwell past multiple floors. Both placements have historical precedent. "In the 19th century, chandeliers weren't hung over only the dining room table—they were in hallways, or in the middle of salons," said Judith Gura, a design historian and member of the New York School of Interior Design faculty.

"A lot of people are using these as bedside lighting, instead of a table lamp or sconce," said Robert Highsmith, who designed Workstead's turned-oak Lodge Pendant, available up to 4 feet long, or longer as a custom order. "It frees up all this space around the bed."

Ms. Adelman also likes these daring dangles over a coffee table: "If it's a fixture you can see through or past, it's beautiful to start it really high and let the light element cascade down so it's hovering above the tabletop." Mr. Alhadoff has even seen versions strung alongside the mirror in a powder room.

You'll want to use LED bulbs so you don't have to teeter on a ladder to replace them every few months. "They now have LED filaments that look like old-fashioned incandescents, whether you want a chandelier that blends in as ambient lighting or a sculptural focal point," said Michael Murphy, interior design and trends producer at Lamps Plus.

Investing in a showstopper might just buoy your mood. Said Ms. Adelman: "For me, light really does embody a sense of hope and optimism beyond the product."



Chandeliers shown to scale relative to a 5'6" woman at left.

Clockwise from top left:

Fleur De Coton Suspension, \$2,620, [Roche Bobois](http://RocheBobois.com), 212-889-5304;

Helix Long, \$7,500, [thefutureperfect.com](http://thefutureperfect.com);

Tribeca Franklin Chandelier, from \$399, [menudesignshop.com](http://menudesignshop.com);

Kingdom Column Chandelier, \$30,000, [lindseyadelman.com](http://lindseyadelman.com);

Praha Sculpture Single Pendant Chandelier, \$2,000, [Lasvit Atelier](http://LasvitAtelier.com), 212-219-3043; Mobile Chandelier II, \$14,000, [thefutureperfect.com](http://thefutureperfect.com)

## FLOWER SCHOOL



**THE INSPIRATION**

Crenulated cockscomb mimics the pattern in the tabletop, and slumping Amaranthus 'Love Lies Bleeding' evokes the desperate attitude of the figure in Edvard Munch's 'Melancholy, Laura' (1899).

Vessel, designer's own



**THE ARRANGEMENT**

## FLOWERS THAT GLOWER

Floral designer Lindsey Taylor captures Edvard Munch's angst

**IN LIGHT OF** approaching All Hallows Eve, I decided to use this month's arrangement to channel the fear and spooky angst conveyed by the paintings of Edvard Munch (1863-1944).

The Norwegian expressionist, an exhibit of whose work opens at New York's Met Breuer on Nov. 15, doggedly captured anxiety, most notably in "The Scream" (1893). The woman in this 1899 painting, "Melancholy, Laura," who seems almost frozen in terror, has turned her back to the world.

I imagined a floral arrangement both tense and collapsed, like a person overwrought to the point of weariness. The heavy, rounded ceramic vessel captures the figure's

hunched posture, its small opening encouraging flowers to spill despondently over the rim.

The dark drama of fall annuals nods to Munch's palette. The quirky cockscomb matches the pattern and color of the table. Eerie, weepy Amaranthus 'Love Lies Bleeding' apes the sitter's attitude, especially her hands. To me, dark chocolate cosmos suggest the hollowness of her eyes, while small spiky balls of gomphrena embody the pricks of discomfort Munch's work provokes. Finally, the last of the buttery yellow cosmos in the garden pick up on the warmly sunlit interior wall, perhaps suggesting a hint of optimism, if only Laura could turn around and enjoy it.

# ADVENTURE & TRAVEL

## 20 ODD QUESTIONS

# Christian Louboutin

The footloose shoe designer on getting an in-flight buzz and why he hates being a house guest

**IF YOU'VE EVER** had the opportunity to observe J. Lo, J. Law, Princess Caroline of Monaco or Ryan Gosling from ground level—either in person or in the pages of a tabloid—you probably know that any shoe with a scarlet lacquered sole is the handiwork of Christian Louboutin. Beyond this trademark, his exuberant designs often reveal multicultural influences, which isn't surprising given the global wanderings of their maker. With a château in the French Vendée, apartments in Paris and Lisbon, a sun-washed compound near the Portuguese town of Melides, a houseboat on the Nile, and houses in Los Angeles, Luxor, and, as far as he knows, Aleppo ("I haven't been in a while..."), Mr. Louboutin travels the world merely by going home.

Earlier this month, the Paris-based designer debuted a limited collaboration with acclaimed Indian couturier Sabyasachi Mukherjee. Featuring just over a dozen styles, the shoe collection showcases one-of-a-kind sari fabrics and ribbons and can be found in only eight stores around the globe, including Harrod's in London, Bergdorf Goodman in New York and Dubai's Level Shoes. "With some, there was a piece of fabric that was just enough for a heel or maybe two or three pairs of shoes," said Mr. Louboutin. "It was interesting to do things that are not repetitive." In addition to the women's line, the collection includes men's shoes, a handbag and a *poupette* (doll) charm. Mr. Mukherjee called Mr. Louboutin's designs "bespoke delights for cultural magpies." An ardent shopper himself, Mr. Louboutin has learned a thing or two about impulse purchases on the road: "If you really like something, buy it," he advised, "because you won't see it again." We recently caught up with him to get his thoughts on other joys and pitfalls of travel.

**My last vacation was in:** Switzerland, a place called Château-d'Oex, in the mountains, in a chalet. It was my first time in the Swiss mountains in the summer. I loved it.

**My travel wardrobe essentials include:** Lacoste polos, which I don't have to bring because I have them in every home that I own. Sizes 3 and 4. Sometimes I find sizes 5 and 6 and am having nightmares that I ever needed them. And a jacket with pockets with buttons. The last time I didn't have that, I lost my sunglasses, which was fine [since] they weren't prescription. That is the worst nightmare.

**I only check baggage:** if I go to America, because there is no problem [claiming it again]. Paris is horrible. I don't check when I go to Italy either, never Venice. They often lose your luggage. When I travel in Cuba, never, never, unless I have a book that is long and extremely exciting, because it is an hour, minimum, once you're out of Customs to get your luggage back. Egypt, for some reason, is very easy.

**My preflight rituals include:** taking half a sleeping tablet just before I board a night flight. With a good glass of Bordeaux, it goes straight to your head. I like to be a little dizzy when I

arrive on the plane. Bordeaux is the best because it has a little more sugar than other wines; small quantity, big knockout, and you don't have to go to the loo 25 times. Avoid beer.

**My usual onboard snacks are:** the salted vinegar chips I bring. They're fantastic with Port.

**To pass the time on flights:** I keep a pile of magazines and newspapers, thinking, the next time I'm on the plane I will read that article. In general, it takes me two or three trips before I read everything. I never go to the cinema in Paris, so I see every French movie on Air France. Otherwise, I [fly on] Emirates because they have the best selection of movies from all around the world: Its American selection is good. The Korean, the Japanese and the Indian are excellent. The Egyptian, too, is fantastic.

**My favorite street market is:**

the Chor Bazaar in Mumbai. There is also a fantastic textile bazaar in Timpu, Bhutan. I love



Bhutan. I go every year.

**My best bazaar purchase was:** a Moghul swing in green enamel. Beautiful! I just got it at the Chor Bazaar. It's for two people.

**If you asked me "house guest or hotel guest?" I'd say:** hotel for sure. Depending on people can be painful. In France, we have this comic book called Asterix, the story of the French against the Romans. The last image is always of an entire village having a banquet at a long table. I love the idea of several small houses, instead of a big house—like my beach [compound] in Portugal—and everybody gets together for lunch and dinner but otherwise is free.

**As for "street food vs. restaurants," it depends:** on the country. The best street food is in Vietnam and the Philippines. But the best-best-best is Vietnam.

**My favorite botanical garden is:** the one in Rio [Jardim

**HEAD ABOVE THE REST**  
A Buddha bust from the Gandhara period, at Pakistan's Lahore Museum, among Mr. Louboutin's favorites.

Botanico do Rio de Janeiro], at the end of Ipanema. It's by the mountains and has animals and old trees. It's also lovely in the evening.

**The best museum is:** the Cairo Museum of Egyptian Antiquities. And the Lahore Museum in Pakistan has the most beautiful collection of Gandhara statues and miniatures.

**The first thing I do in a hotel room is:** go straight to the fruit basket. Fruits are different in each country and I like to try every fruit that I don't know.

**When I'm exploring a new place:** I always have a planned itinerary, which I'm totally happy to shake and to abandon completely.

**I take pictures with:** my phone but not frantically. If I'm in the car going from Point A to Point B, I really have my nose and my lips glued to the window. Sometimes it's an effort but it always pays.

**I love to sketch:** on the deck of my boat on the Nile River. You move without moving. I am completely peaceful but at the same time have the feeling of movement. I never get bored with the panorama—it is always changing.

**SOLE SEARCHER** Clockwise from left: Christian Louboutin in his shop on Mount St. in London; Missamita flats from his new capsule collection; Rio de Janeiro Botanical Garden; Mr. Louboutin's usual in-flight snacks; the designer's compound in Melides.



For some reason the river is a fantastic place to concentrate.

**The most stylish women in the world live in:** India. South India.

**The most stylish men in the world live in:** North India, Punjab. Also in Bhutan. Super stylish. And, judging from photographs I've seen, Afghanistan.

**Places I've never been but want to visit include:** Mongolia, Tasmania, Galapagos and Easter Island. I've never been to Yemen but it's not a good time. And Afghanistan, but again, it's not a good moment.

**The one place I try to avoid is:** Marseille. I hate Marseille. Twice I got my phone stolen and people took my wallet. I stayed in a hotel and they made me pay a huge fee for the person before me, who probably didn't pay. I said, "I didn't drink 25 bottles of vodka—I just arrived three hours ago." They threw me out and the police made me pay. It was probably 30 years ago and I haven't been back since.

—Edited from an interview by Margot Dougherty

## SITES & SIGHTINGS

### ROADS LESS TRAVELED

Whether you're a hiker, cyclist or roadtripper, here are our favorite new ways to trail blaze from Australia to Atlanta

#### GEORGIA, U.S.

##### **The Civil Rights Trail**

For the paved-streets-and-steering-wheels set (not to mention American history hounds), the forthcoming Civil Rights Trail zigzags through the state of Georgia. The 250-mile trail, debuting in spring 2018, links the old and the new with roadside posts marking historical events. Until the new trail's website launches early next year—with maps and history lessons that put the civil-rights movement into a historical and cultural con-

text—you can cobble together your own self-guided tour. Stop at the three-year-old National Center for Civil and Human Rights in Atlanta; Martin Luther King Jr.'s birthplace, also in Atlanta; and the newly restored Mt. Zion Baptist Church in Albany, which exhibits photos and documents of the civil rights struggle. Then meander through the Ralph Mark Gilbert Civil Rights Museum in Savannah, which documents the state's oldest African-American community, from slavery on.

[exploregeorgia.org](http://exploregeorgia.org)



HOP TO IT Part of the Kangaroo Island Wilderness Trail off Australia's southern coast.

#### AUSTRALIA

##### **The Kangaroo Island Wilderness Trail**

Just off the coast from Adelaide, Kangaroo Island's year-old, 38-mile hiking trail takes wanderers along rugged coastlines and through forests inhabited by wallaby, large lizards and, the island's namesake, kangaroo. Four campsites along the trail (each one with tents and food prep areas) allow you to spread the hike out over five days. Tempted as you might be, no lingering permitted—trekkers are only allowed one night per campsite. If you're more of a leisurely stroller than a serious backpacker, hire an outfitter to transport your pack to each site ([kangarooislandwildernesstrail.sa.gov.au](http://kangarooislandwildernesstrail.sa.gov.au)).

Butterfield & Robinson also leads cushy trips on part of the trail ([butterfield.com](http://butterfield.com)).

#### BOSNIA & HERZEGOVINA AND CROATIA

##### **The Ciro Trail**

If ghost towns, hidden caves and religious shrines are more your speed, consider two-wheeling around the Balkans. A new 100-mile bike path (paved and gravel), the Ciro Trail, runs along an erstwhile Austro-Hungarian rail line that stretches from the Bosnian town of Mostar to the walled city of Dubrovnik on the Dalmatian Coast in Croatia. Along the way, bikers pass former railway stations (some, like Stanica Ravno, have been turned into hotels) and villages that have been abandoned since the Balkan wars of the early 1990s. Take a detour to the nearby town of Medjugorje, the pilgrimage site where six children famously claimed to have seen an apparition of the Virgin Mary in 1981, or the ancient Vjetrenica Caves, both of which are just a few miles from the paved route. [ciro.herzegovinabike.ba](http://ciro.herzegovinabike.ba) —David Farley



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#### Ka Moloka'i Makahiki 2018

January 25-27, 2018, Moloka'i

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[gohawaii.com/maui](http://gohawaii.com/maui)

Events are subject to change.

## ADVENTURE & TRAVEL

# ROOM SERVICE, RETHOUGHT

Continued from page D1

Beach Resort near Miami killed its traditional room-service kitchen and replaced it with delivery from six new on-site restaurants, with cuisine ranging from pizza to Nuevo Latino to "Coastal American."

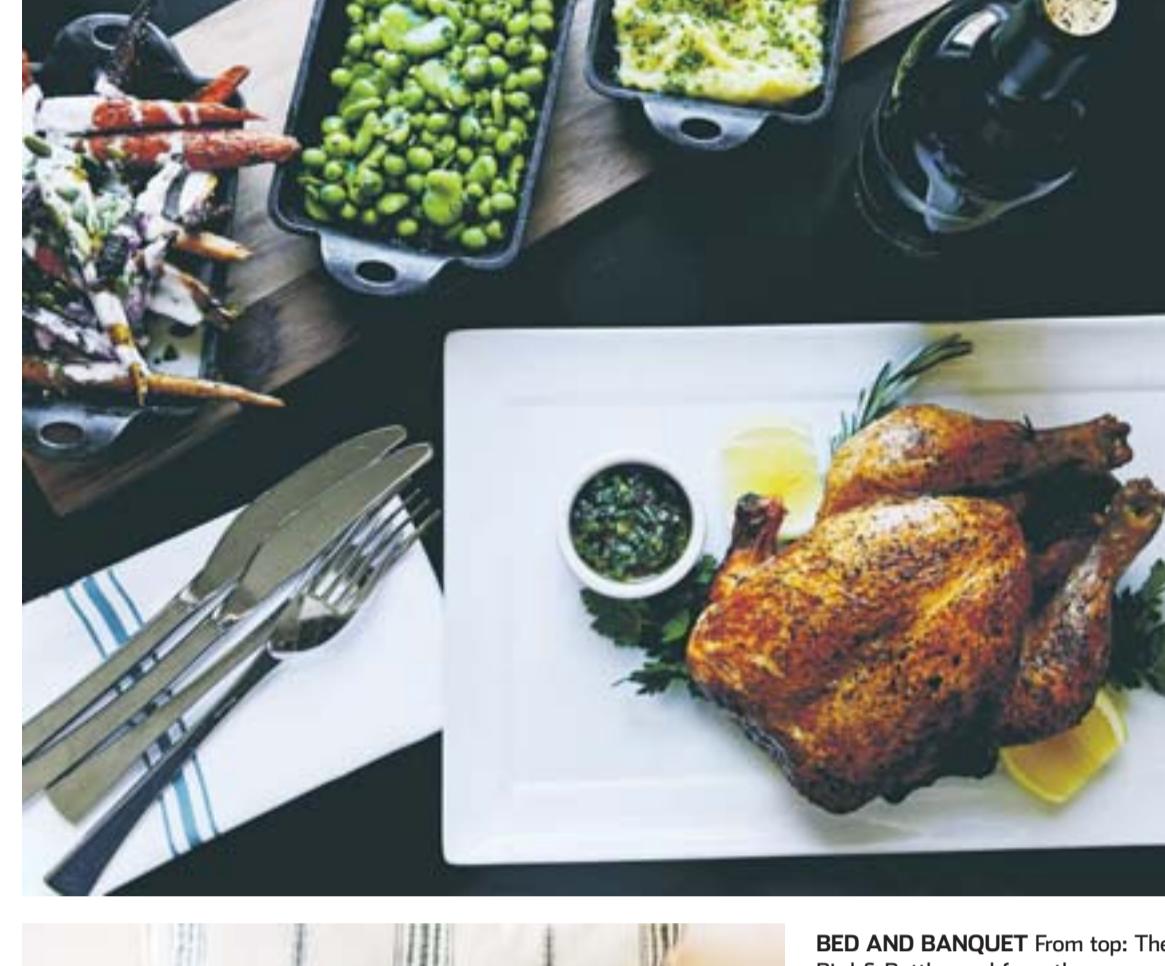
"The older model of room service really needs to evolve," said Howard Wein, who oversees the resort's restaurants. "That's part of what we're doing."

Travelers such as Lande Ajose, a nonprofit executive director from Oakland, Calif., would say it's about time. After braving a red-eye last month, Ms. Ajose found herself on the phone in a Washington, D.C., hotel, trying to order room service. "I asked, 'Do I get a choice between toast and a muffin?' and the guy said, 'Yeah, I guess; which do you want?'" said Ms. Ajose, who specified a blueberry muffin. "Then I said, 'Don't I get a choice of juices?' and he said, 'Oh, yeah; what would you like?'" A few minutes later, she received a follow-up call from a different staff member who explained that the continental breakfast didn't come with a muffin. Though her "not delicious, not terrible" \$22 coffee, toast and juice arrived quickly, she said, "The ordering was more difficult than it ought to have been."

The \$227 billion U.S. hotel industry has been rethinking room service ever since the 2008 financial crisis. In-room food and beverage sales dropped 20% at luxury properties and 40% at hotels overall between 2007 and 2016, according to CBRE Hotels Research in Atlanta. On the lower end, some properties are deciding that the traditional perk is more expensive and cumbersome than it's worth. In 2013, the New York Hilton Midtown replaced room service with a grab-and-go market called Herb N' Kitchen; guests also can have food from the market brought up and left at the door in a shopping bag, knock-and-drop style. The 1,900-room hotel calls the move a win-win; it gives guests more flexible dining options and has cut operating costs—and 55 jobs. (Some affected employees took alternate positions within the hotel, a spokeswoman said.)

The Hilton's move underscores the biggest problem hotels have with traditional in-room dining: Getting even the most banal meal up to a guest's room requires significant manpower. "In the kitchen, the execution of a restaurant meal and a room-service meal is not much different," said Hussain Zouhbi, executive chef of the SLS Beverly Hills. But the process gets complicated once the food is ready. The server must assemble the meal, cover everything for the journey in the elevator, and place it all on a rolling table. Once at the room, "It's not 'knock at the door and shove a table in,'" Mr. Zouhbi said. "Every lid comes off, all of the plastic wrap comes off, you present the food, thank the guests for the business, double-check and triple-check that it's all there, because once you're gone, you're gone, and if you forget something the guest's dining experience is suffering."

Though suffering is certainly an overstatement, I ran into my own room-service glitch at the LINE, located in L.A.'s newly hip Koreatown neighborhood. In-room dining by Roy Choi, a pioneer of the Southern California gourmet food truck scene who also oversees the hotel restaurant, is a featured amenity, listed right below the complimentary yoga on the LINE website.



Our order of yakisoba with shrimp, steak and fries arrived in stacked stainless-steel containers wrapped in a traditional Korean cloth. After our server handed us our bundle and left, we realized that to open the wine we'd either have to chew out the cork with our teeth or make a second call to room service and again have to talk to an actual human being. The server cheerfully returned minutes later with a corkscrew, but this was hardly the efficiently antisocial transaction we were hoping for.

Judging by our experience, it's easy to understand why industry experts say a single delivery—which may also include fielding unrelated guest questions like how to turn on the TV—can take 30 minutes. The labor-intensive process requires extra staffing, chefs and managers said, which is reflected in the delivery fees associated with room service.

The in-room meals at the SLS Beverly Hills also come from the hotel restaurant, Tres by José Andrés, where \$152 bought an in-room dinner for two that included a burger on a homemade brioche bun, a cucumber-tomato-feta Fattoush Salad with prawns and lemon-sumac dressing; a bottle of Villa San Juliette Merlot and four handmade chocolates for dessert, plus a \$5 delivery charge and 20% gratuity. The food was fresh and flavorful, and the fries accompanying the burger were just-out-of-the-fryer hot and crispy—no easy logistical feat, I have since learned.

Guests' tastes have changed with the times, hoteliers said. Younger, more sophisticated travelers don't want a generic meal in their room; they want to sample

the unique local cuisine. According to a 2016 survey by Topdeck Travel, a tour operator catering to millennials, nearly 70% of 18- to 39-year-olds cited eating local food as a motivation for taking a trip. If it can be consumed in bed while watching TV at odd hours, so much the better.

This renewed focus on hotel room service also comes at a time when home food delivery, once a feature available in only a few major cities, has become commonplace. Takeout apps such as GrubHub, which launched in 2004, went public in 2014, and serves hundreds of U.S. cities; and Caviar, which specializes in elite restaurants, has taken the mystery out of finding local hot spots that deliver, making out-of-towners more comfortable ordering from them. "People are very familiar with these apps," says Kareem Spahi, a graduate of Cornell University School of Hotel Management who is developing room-service technology for hotels. "You can open your phone anywhere, Google 'pizza,' and you'll find it."

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RAW DEAL The 'Fresh Fridge' mini bar at Nobu Hotel Epiphany in Palo Alto, Calif.

**BED AND BANQUET** From top: The Bird & Bottle meal from the room-service menu at the Citizen Hotel in Sacramento, Calif.; the Chicago Athletic Association hotel offers delivery from Shake Shack.

Some smaller hotels are outsourcing their room service, either to completely unrelated restaurants or to on-site eateries run by an outside entity. The 4-month-old Lokal, a boutique inn in Philadelphia, supplies its guests with iPads loaded with apps, including Caviar, from which guests can order delivery. Lokal also has arrangements with two nearby restaurants to bring over breakfast for guests who request it. In New York City's Chinatown, the new Hotel 50 Bowery curates local-delivery recommendations for their guests. And at the Chicago Athletic Association hotel, room service comes courtesy of Shake Shack, the popular fast-food chain. One big upside to these vetted entities—they'll deliver straight to your room. Otherwise, for security reasons, you may have to wander the lobby looking for the takeout guy. (For other innovative room-service alternatives, see "Happy Meals," below.)

In fact, the provenance and plating of the food may be irrelevant to many room-service users. In June, Lisa Gabor and her husband Stephen Segaller stayed at the white-glove Lanesborough London and chose room service for virtually every meal. They weren't lured in by the hotel's boast that its menu is overseen by the Lanesborough's Michelin-starred chef, Florian Favario. They simply had no choice. Somewhere over the Atlantic, Mr. Segaller, a television executive in New York, fell ill, forcing the couple to remain in the hotel for most of the trip. The presentation of room service became a main source of entertainment during a vacation that was otherwise a bust.

"The room service was fabulous—so old, old, old school, with tablecloths and silver domes they removed with great flourish," said Ms. Gabor, the co-founder of a branding and digital content firm. "I was almost expecting Bugs Bunny to be underneath."

What exactly did they eat?

"I don't remember," Ms. Gabor said.

## Breakfast-in-Bed Trade Secrets

"It is extremely difficult to serve a good quality product in an expedient manner at a fair price," said Patrick Bottiglieri, a career hotelier and professor in the food business management program at the Culinary Institute of America in Hyde Park, N.Y. We asked him, as well as other industry experts and frequent travelers, how to get the fastest, most satisfying meal at the best possible value.

### 1.

#### Manage your breakfast.

"Breakfast is the busiest and most frenzied meal period," said Mr. Bottiglieri. Streamline your breakfast by filling out the door-knob menu the night before; those menus are picked up during the predawn hours and really do help the staff get your food to you more expediently. Choose a room-temperature croissant, which travels better than toast.

### 2.

**Order off the menu.** It's perfectly acceptable to ask for small modifications to an order. Magazine editor Brian Pontolilo, a mostly vegetarian who uses room service frequently on his business travels, has learned that some room-service dishes are easy to customize: Leaving the seafood out of a pasta dish with seafood and fra diavolo sauce, for example. He has also learned to order salads with dressing and cheese on the side. "It's a little bit of a surprise when you order a salad thinking it's going to be a healthy option, and it comes smothered in cheese," he said.

### 3.

#### Temper your expectations.

At the Inn at Dos Brisas, the restaurant's gazpacho with edible flowers and avocado sorbet is not on the room-service menu for a good reason: The property is big, the Texas climate can be hot and humid, and by the time the dish arrives at your room via SUV or golf cart, "The flowers will be dancing around the bowl, and the sorbet will be melted," said general manager Ruben Cambero. You can order it anyway, but just understand that while "it's going to taste the same, it won't look the same."

### 4.

#### Stick to the basics.

Stephen Harvill, a business consultant who travels at least 45 weeks a year, orders the same thing at every hotel: A club sandwich. "You can ask for a medium-rare burger and it comes rare, but sliced turkey on bread is impossible to screw up. I have eaten \$15 club sandwiches, and I have eaten \$50 club sandwiches, and the only discernible difference between them is the address of the hotel."

### 5.

#### Don't assume anything.

A hotel's celebrity-chef restaurant may also handle in-room meals, but you can't be sure. Ask if the room-service menu comes from the restaurant or another kitchen.

—L.L.

FROM TOP: AUBRIE PICK; CHICAGO ATHLETIC ASSOCIATION; NOBU HOTEL EPIPHANY

HAPPY MEALS // HOTELS AROUND THE COUNTRY ARE COOKING UP NEW APPROACHES TO IN-ROOM DINING. HERE, FOUR METHODS YOU MIGHT ENCOUNTER



### You're On Your Own

The Lokal in Philadelphia's Old City neighborhood (from \$215 a night, staylokal.com) lacks a central kitchen.

Instead, each of its six rooms comes with an iPad loaded with food-delivery apps with which guests can order in. The Lokal also has package deals with city restaurants Fork and High Street to deliver breakfast to guests on request. The new Hotel 50 Bowery in New York City's Chinatown (from \$325 a night, jdvhhotels.com) has no room service (yet) but does offer local-delivery recommendations from chef Dale Talde, who operates its ground-floor restaurant, Rice & Gold. Guests in the log cabins at Big Cedar Lodge in Missouri (cabins from \$500 a night, bigcedar.com) can order a "Backyard Basket," with steak, chicken, burgers or hot dogs they can grill on their cabin's deck.



### Inside Job

For hotels with on-site restaurants, delivery from an unaffiliated eatery can mean lost business—not to mention the potential security headache

of unvetted delivery people roaming the halls. The solution: cleverly packaged "delivery" from their own restaurants. The Tilden Hotel in San Francisco (from \$799 a night, tildenhotel.com), which opened in March, boasts "brown bag room service" from its Douglas Room restaurant; menu items include duck confit wings, quinoa salad and a Philly cheesesteak. Guests at the Chicago Athletic Association (from \$249 a night, chicagoathleticassociation.com) can order up a ShackBurger from the Shake Shack outpost in its lobby. The Diplomat Beach Resort in Hollywood, Fla. (from \$199 a night, diplomatrestart.com), offers delivery from six of its 10 on-site eateries.



### Human-Free

After hearing from female travelers that they don't love opening the door for room service, the new Inn at 500 Capitol in Boise, Idaho (from \$205 a

night, innat500.com), fit each room with a butler's pantry. Staff can slip food and dishes in and out through an external compartment. The Inn at the 5th in Eugene, Ore. (rooms from \$209 a night, innat5th.com), includes the same feature. The haciendas at the Inn at Dos Brisas, in Texas, also come with a butler's pass (haciendas from \$650 a night, dosbrisas.com). Meanwhile in California, at the Nobu Hotel Epiphany in Palo Alto, (from \$299 a night, nobuhotels.com), the restaurant will stock in-room fridges with fresh fruit and salads, and at the Aloft Cupertino (from \$139 a night, aloftcupertino.com), "Botlr," a robot printed with a butler's bow tie, can deliver snacks to guests' rooms.



### Star Power

U.S. hotels with in-room dining menus from famous chefs include: New York's the Beker (Tom Colicchio), the Mark (Jean-Georges Vongerichten) and

the Surrey (Daniel Boulud); Chicago's Waldorf Astoria (Michael Mina); and L.A.'s SLS Beverly Hills (José Andrés). Though it probably goes without saying: Just because the room service menu was "designed" by a boldface name does not mean that chef is there, personally flipping your room-service burger. ("They're not," said Mr. Colicchio.) One exception: Roy Choi works in the kitchen at the LINE in L.A. (from \$240 a night, thelinehotel.com) several times a week. The hotel's tongue-in-cheek promotional materials even say that Mr. Choi will come up to tuck guests in if they want him to. "No one has ever taken me up on that," the chef said, "but the offer is still valid."

## GEAR & GADGETS

ELECTRICITY PLANNING The Bolt has a 238-mile range, acquiring 25 miles per hour of charging at 240 volts/32 amps.



CHEVROLET

RUMBLE SEAT DAN NEIL



### Chevy Bolt: An All-Electric Family Hatchback

**WELL, THAT** was easy. Twenty years and a million tears after General Motors' senior scientists built a fleet of nimble, lovable all-electric cars (the EV1) and then crushed them—an episode told in Chris Paine's film "Who Killed the Electric Car?"—GM has delivered the world's first affordable, long-range EV, the Chevrolet Bolt, with an EPA-estimated range of 238 miles and an MSRP of \$37,495, before the \$7,500 federal tax credit.

GM reached this mark a few months sooner than industry pioneer Tesla, which is only now ramping up production of its Model 3 compact sedan to satisfy some 450,000 preorders. The Bolt—a compact four-door, five-seat hatchback, assembled at the Orion plant near Detroit—offers about the same range and acceleration as reported for Model 3 with the standard battery (50 kWh) and a bit more cargo flexibility, owing to the hatch design.

The situation is ironic, since building a mass-market EV has been Tesla boss Elon Musk's goal all along, whereas GM management had to be dragged to it, kicking and screaming. But there is value in being first. Wait-times for new orders of the Model 3 stretch from 12 to 18 months. While no raving beauty—rather like a glass boot—the Bolt is certainly good enough to peel some off the Tesla waiting list. If nothing else they can lease the Chevy until their Model 3 arrives.

Obviously, these machines have very different pedigrees—Tesla the disrupter, GM the disrupted—and hold out contrasting owner narratives. The Bolt doesn't reinvent GM's wheel entirely. My butt could tell those seats blindfolded. Also, in our \$43,905 Premier test car, the driver's door's inner seam wasn't quite plumb. They do that to make me crazy.

But the Bolt is a hell of a car, the quickest soulless appliance you could ask for, an absolute hoot in the sack. It dominates the BMW i3 and the Nissan Leaf, with more room, more power and more range. That's amazing when you think about it: Nissan sank an entire year's worth of R&D, \$6 billion, tooling up for the Leaf. If the Bolt team had been given \$6 billion they could have made it fly.

What made the difference? At the risk of being reductive, the falling cost of automotive-

grade lithium batteries. And while the Bolt's liquid-cooled battery pack certainly boasts some respectable numbers, volts- and amps-wise, mostly it's just big: 60 kWh sandwiched between the floorboards. The Bolt is all about the battery.

While they were flirting with innovation, the designers worked to keep the human interface familiar. Unlike Tesla products, the Bolt waits for the driver to press the start button before the instrument panels bloom (the Tesla unlocks as you approach and lights up when you touch it). The Bolt's gear selector is conventional in position and operation (you have to remember to press the P for park button). It's not nearly as fun as the BMW i3 gear selector, like turning the right bolt in Frankenstein's neck.

At a stop, if you release the Bolt's brake the car will start creeping forward, as if it had an engine and automatic transmission. As owners become more familiar with regenerative braking—one-pedal operation, whereby the car slows when you lift the e-throttle—they can slip the gear selector into L mode. One-pedal operation is more intuitive and safer than conventional foot controls and is one of the benefits of EVs.

But after my first week

with the Bolt, I would say the Bolt's primary innovation is emotional. It's the Prozac of range anxiety.

Your humble correspondent is learning as I go. I had a Level 2 charger installed at my house this year; the Bolt is the first test car to get home-charging treatment. At 240 volts/32 amps, the Bolt can acquire 25 miles of range per hour of charging, amounting to a full charge overnight. At a fast-charge station (480 volts) those figures are 90 miles of range in 30 minutes, but that

Ironically, GM management had to be dragged, kicking and screaming, to produce this EV.

requires the optional fast-charge hardware (\$750).

Not being the fretful sort, I didn't think I suffered from range anxiety, the fear of being stranded on the road with a flat battery. Even in EVs with less than 100 miles range, the charging duties seemed manageable. But, in retrospect, those ever-dwindling states of charge were never far from my mind, always in the corner of my eye. I



2017 CHEVY BOLT

**Base price** \$37,495, less available \$7,500 tax credit

**Price, as tested** \$43,905 (premium trim, plus options)

**Powertrain** All-electric, with 200 hp (150 kW), 266

pound-feet, front-mounted AC motor/generator; liquid-cooled 60 kWh lithium battery pack; high-voltage DCFC

charging (optional, \$950)

**0-60 mph** 6.5 seconds

**Range** EPA-estimated 238 miles

**Estimated fuel cost savings, compared to average new vehicle** \$4,250 over 5 years

**Charging** 25 miles of range per hour at 240 V/32 amps;

90 miles per half-hour with DCFC quick charge

**Length/track width/height/wheelbase** 164.0/59.1/62.8/102.4 inches

**Vehicle weight** 3,563 pounds

**Passenger/cargo volume** 94.4/16.9 cubic feet

never registered this gloom until it was lifted.

The Bolt's +200-mile range puts it beyond the nagging agues of range anxiety. I drove more than 170 miles in a day last week, mostly highway miles between 70 and 80 mph, with no apprehension. Just as important, the Bolt's long legs means the average owner can skip several days between charges. If I owned a Bolt, I'd plug in about as often as I take the family van to the gas station now. And the bathrooms at home are cleaner.

The Bolt's mighty electron reserves change the experience fundamentally. It's amazing how much fun EVs are when you're not worried sick about running out of juice.

What follows only sounds controversial but it's not: For a general audience, electric vehicles will offer a better driving experience than cars with internal-combustion engines. It's in the nature of the mechanism, which dispenses with the trembling gas-fired whirrigig under the hood, the transmission, gas tank and tailpipes, in favor of a murmuring electric motor(s), a single gearset, soft-singing voltage controllers and low-slung batteries.

For example, auto makers spend millions of development dollars keeping engine noise, vibration and harshness away from the cabin, lately including exotica like active noise cancellation, dynamic engine mounts and damping flywheels in the transmission. The Bolt doesn't have any of that and at 70 mph it was so quiet in the cabin I could hear my wristwatch ticking, and my hearing ain't all that good.

It's also quiet on the outside. I'm afraid I surprised a squirrel.

Efficiency? The energy content of a gallon of gas is about 33 kWh, which means that the Bolt travels 238 miles on the equivalent of less than two gallons of gas (128/110/119 mpg-e, city/highway/combined.)

Did somebody say acceleration? The Bolt is as good as its name. From a standstill, and hampered by its low-rolling-resistance tires, the Bolt hits 60 mph in less than 6.5 seconds, officially. But once it's rolling, say, between 20 and 60 mph, the Bolt is outrageously, throw-your-head-back quick, stealthy and spontaneous. With 266 lb-ft of torque on hair-trigger alert, this little family car squirts past slower cars like a Subaru

WRX STI, except nobody thinks it's an air raid. The Bolt should come with a traffic attorney on retainer.

As with other such EVs, the battery pack (960 pounds) imbues the Bolt with a low center of gravity, which is all the more palpable from the elevated perch of the driver seat. The low C-of-G does nice things for the Bolt's standard-issue small-car suspension (struts in front and torsion-bar rear), like lead in a keel. With its low C-of-G and minimal body roll, the Bolt gives and gives in corners until the tires chirp their surrender.

That, right... there ... is gasoline's Achilles' heel: the comparative user experience. In the end, it will not matter how much the Big Oil spends propagandizing against electric cars or if gasoline goes back to 30 cents a gallon. Gainsayers need only run down to a Chevrolet dealership and drive, back to back, dollar for dollar, one of the company's anodyne family haulers and the Bolt. Which one is quieter, more refined, quicker around town (much!), with better ride and handling? Which one feels like the future and the past? See? I told you it was easy.

Panasonic

The Gift Of Grooming



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